

COURT FILE NUMBER 1201-05387

COURT COURT OF QUEEN'S BENCH OF ALBERTA

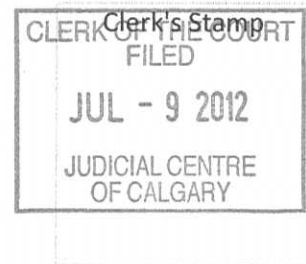
JUDICIAL CENTRE CALGARY

PLAINTIFF HSBC BANK CANADA

DEFENDANTS X-TREME ENERGY GROUP INC.

APPLICANT ERNST & YOUNG INC. in its capacity as Court-appointed Receiver of the assets, undertakings and property of X-TREME ENERGY GROUP INC.

DOCUMENT SALE APPROVAL AND VESTING ORDER



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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I hereby certify this to be a true copy of
the original Order
Dated this 9 day of July 2012
for Clerk of the Court

Attn: Kevin E. Barr
File No.: 284665

DATE ON WHICH ORDER WAS PRONOUNCED:

July 5, 2012

NAME OF JUDGE WHO MADE THIS ORDER:

The Honourable T.F. McMath

SALE APPROVAL AND VESTING ORDER

UPON THE APPLICATION of counsel to Ernst & Young Inc. in its capacity as Court-appointed receiver (the "**Receiver**") of the assets, undertakings and property of X-Treme Energy Group Inc. (the "**Debtor**"); **AND UPON HAVING READ** the pleadings, proceedings, orders and other materials filed in this action, including the First Report of the Receiver, filed (the "**First Report**") and the Confidential Addendum to the First Report (the "**Confidential Addendum**"); **AND UPON HEARING** counsel for the Receiver and from any other interested persons who may be present, including the purchaser; **AND UPON IT APPEARING** that all interested and affected parties have been served with notice of this application; **AND WHEREAS** all capitalized terms not defined herein shall take the meaning ascribed to

them in the APA (as that term is defined below); **AND UPON IT APPEARING** that the sale of the Purchased Assets (as that term is defined below) as proposed is just, fair and appropriate in all the circumstances;

THE COURT IS CONVINCED AND HEREBY ORDERS AND DECLARES THAT:

SERVICE

1. Service of the notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTIONS

2. The Asset Purchase Agreement (the "**APA**") attached to the Confidential Addendum, including the sale of the Purchased Assets (as that term is described in the APA) is hereby approved and ratified, and it is hereby declared that the APA is commercially reasonable.
3. The Receiver is authorized to conclude the transactions contemplated by the APA (the "**Transactions**") and to take all such steps and execute all such deeds, documents and instruments as may reasonably be necessary to consummate the Transactions in accordance with the APA, subject to such amendments as the parties thereto may approve which do not materially and adversely alter the Transactions.

VESTING OF PROPERTY

4. Upon closing of the Transactions and the issuance of the New Title (as defined below), all of the Debtor's right, title and interest, estate and equity of redemption of the Debtor, if any, in and to the Purchased Assets shall, without further instrument of transfer or assignment, vest in the Purchaser as contemplated by the APA, absolutely and forever, free and clear of and from any and all claims by, through, or under the Debtors, and any of them, and free and clear of and from any and all estate, right, title, interest, and liens, including but not limited to, claims, hypothecs, mortgages, charges, liens (whether contractual, statutory or otherwise), security interests, assignments, actions, levies, taxes, judgments, writs of execution, trusts or deemed trusts (whether contractual, statutory or otherwise), options, agreements, disputes, debts, easements, covenants, caveats, encumbrances or other rights, limitations or restrictions of any nature whatsoever including, without limitation, any rights or interests of any creditors of the Debtor whether or not they have attached or have been perfected, registered or filed, whether secured or unsecured or otherwise, whether liquidated, unliquidated or contingent (all of the foregoing being collectively referred to hereinafter as the "**Claims**"), excepting only the

Permitted Encumbrance (as that term is described in the APA), and whether such Claims came into existence prior to, subsequent to, or as a result of any previous order of this Court, by or of all persons or entities of any kind whatsoever, including, without limitation, all individuals, firms, corporations, partnerships, joint ventures, trusts, unincorporated organizations, governmental and administrative bodies, agencies, authorities or tribunals and all other natural persons or corporations, whether acting in their capacity as principals or as agents, trustees, executives, administrators or other legal representatives (collectively, the "**Claimants**"), including for greater certainty and without limiting the generality of the foregoing: (i) the Claims held by or in favour of the individuals and entities served (either directly or through their solicitors) with this Application; and (ii) the beneficiary of any Claims created or provided for pursuant to any previous Order of this Court in these proceedings. For greater certainty and in no way limiting the foregoing, subject to the Claimants under the Permitted Encumbrances, the Purchasers (as that term is described in the APA) shall, by virtue of the completion of the Transactions, have no liability of any kind whatsoever to any Claimants to the Purchased Assets and/or the Debtors, or either of them.

5. The Transactions shall not be void or voidable at the instance of Claimants and shall not constitute nor shall be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other challengeable or reviewable transaction under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended or any other applicable federal or provincial legislation, and the Transactions, or any actions taken in connection therewith, shall not constitute conduct meriting an oppression remedy.
6. The Receiver is authorized and directed to deliver to the Purchasers at the closing of the Transactions an instrument of transfer of the Purchased Assets signed by the Receiver, along with all specific conveyances necessary to convey title to the Purchased Assets to the Purchasers or the Purchasers' nominee and to complete the Transactions, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the appropriate government authorities are hereby directed to register such transfers, discharges, discharge statements or conveyances, as may be required to convey clear title to the Purchased Assets to the Purchasers or the Purchasers' nominee.
7. For greater certainty and in no way limiting paragraph 6, upon the delivery of a certified copy of this Vesting Order to the Registrar of Land Titles for the South Alberta Land Registration District (the "**Registrar**") and a written request from the Receiver or the Receiver's counsel to do so, the Registrar shall:
 - (a) cancel certificates of title to the real property listed in Schedule "A" (the "**Real Property**");

- (b) issue a new certificate of title to the Real Property in the name of the Purchasers or their nominee (the "**New Title**"), which shall include the encumbrances listed in Schedule "B" to this Vesting Order; and
 - (c) discharge any and all of the encumbrances from the New Title that are not listed in Schedule "B" to this Vesting Order.
- 8. The Registrar shall perform the steps specified in paragraph 7 of this Vesting Order:
 - (a) in the order specified in paragraph 7 of this Vesting Order; and
 - (b) notwithstanding the requirements of section 191(1) of the *Land Titles Act*, R.S.A. 2000, c. L-4 (the "LTA").
- 9. Upon the Registrar completing the steps identified in paragraphs 7 and 8 of this Vesting Order, the Registrar shall forthwith make available to the Purchasers' counsel a certified copy of the New Title.

NET PROCEEDS

- 10. The Receiver shall hold the proceeds from the sale of the Purchased Assets, less closing costs of the Receiver (the "**Net Proceeds**") pursuant to and in accordance with the terms of this Vesting Order.
- 11. The Net Proceeds shall stand in the place and stead of the Purchased Assets and any Claimants may assert their Claims against the Net Proceeds with the same right and priority that the Claimants had against the Purchased Assets immediately prior to the sale of the Purchased Assets, as if the Purchased Assets had not been sold and remained in the possession and control of the Debtor.
- 12. The Net Proceeds shall not be disbursed by the Receiver unless an Order allowing for a disbursement of the Net Proceeds is issued by this Court.

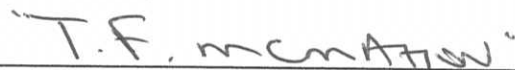
ASSIGNMENT OF POPLAR GROVE LEASE

- 13. The assignment to the Purchasers of the Debtor's interest in the Poplar Grove Lease (as that term is described in the APA) executed between Poplar Grove Property Development Inc. and the Debtor (October 14, 2008) is approved.

ENCUMBRANCES

14. Upon the granting of this Vesting Order, the Receiver shall serve a copy of the Receivership Order and this Vesting Order on each of the holders of registrations (as of the date of this Vesting Order) under the LTA against the Real Property and registrations under the *Personal Property Security Act*, RSA 2000, c P-7 against the Debtor (collectively, the "**Registrants**").
15. To the extent the Registrants are unsatisfied with this Vesting Order, the Registrants may file an application (on reasonable notice to the Receiver and the Debtor) seeking to amend or strike this Vesting Order (the "**Registrant Application(s)**"). The Registrant Application(s), if any, must be filed on or before July 12, 2012 and heard on or before July 17, 2012. Registrants that do not file a Registrant Application on or before July 12, 2012 are hereby deemed to have consented to this Vesting Order.
16. This Honourable Court hereby requests the aid and recognition of any court or administrative body in any province of Canada, the Federal Court of Canada, any administrative tribunal or other court constituted pursuant to the Parliament of Canada or any of its provinces or territories and any federal or state court or administrative body or any other foreign courts to act in aid of and to be complimentary to this Court in carrying out the terms of this Order.
17. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by facsimile, electronic mail, personal delivery or courier and, if served by facsimile or courier, service is deemed to be effected the next business day following the transmission or delivery of such documents. The Receiver shall post a PDF copy of this Vesting Order on the Receiver's website at:

<http://documentcentre.eycan.com/Pages/Main.aspx?SID=246>
18. Except as otherwise provided herein, service of this Order on any party not attending this application is hereby dispensed with.
19. The Receiver and/or the Purchasers are at liberty to reapply for further advice, assistance and direction as may be necessary to give full force and effect to the terms of this Order.



Justice of the Court of Queen's Bench of Alberta

Schedule "A"

REAL PROPERTY

LEGAL DESCRIPTION	TITLE NUMBER
PLAN 7921753 BLOCK 71 LOT U1 EXCEPTING THEREOUT ALL MINES AND MINERALS	062 475 556
PLAN 0420312 BLOCK 71 LOT 15 EXCEPTING THEREOUT ALL MINES AND MINERALS AREA: 0.661 HECTARES (1.63 ACRES) MORE OR LESS	062 475 280 +1
LEGAL DESCRIPTION PLAN 0420312 BLOCK 71 LOT 14 EXCEPTING THEREOUT ALL MINES AND MINERALS AREA: 0.661 HECTARES (1.63 ACRES) MORE OR LESS	062 475 280
PLAN 7921753 BLOCK 71 LOT 3 EXCEPTING THEREOUT ALL MINES AND MINERALS AREA: 1.66 HECTARES (4.1 ACRES) MORE OR LESS	062 475 556 +1
PLAN 0624793 BLOCK 71 LOT 18 EXCEPTING THEREOUT ALL MINES AND MINERALS AREA: 0.607 HECTARES (1.5 ACRES) MORE OR LESS	062 481 118 +1
PLAN 0624793 BLOCK 71 LOT 17 EXCEPTING THEREOUT ALL MINES AND MINERALS AREA: 1.867 HECTARES (4.61 ACRES) MORE OR LESS	062 481 118

Schedule "B"

Permitted Encumbrances

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
1005PC	15/11/1966	EASEMENT
6783UG	17/12/1973	EASEMENT
792 168 155	18/07/1979	UTILITY RIGHT OF WAY
852 097 637	15/05/1985	UTILITY RIGHT OF WAY
922 091 831	07/04/1992	CAVEAT
042 028 223	19/01/2004	UTILITY RIGHT OF WAY
042 028 224	19/01/2004	UTILITY RIGHT OF WAY
042 072 363	19/02/2004	CAVEAT RE: RIGHT OF WAY AGREEMENT, ETC.
042 083 606	26/02/2004	UTILITY RIGHT OF WAY
112 014 484	17/01/2011	UTILITY RIGHT OF WAY