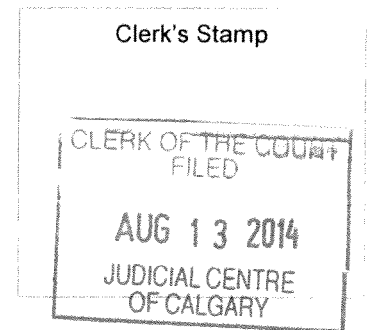


COURT FILE NUMBER 1401- 08528
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANT EAGLE RANCH RESOURCES LTD.
DOCUMENT AFFIDAVIT OF ELIZABETH PINEDA



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
McCARTHY TÉTRAULT LLP
Barristers & Solicitors
Sean F. Collins / Walker W. MacLeod
Suite 3300, 421-7th Avenue S.W.
Calgary AB T2P 4K9
Phone: 403-260-3531/403-260-3710
Fax: 403-260-3501
Email: scollins@mccarthy.ca
wmacleod@mccarthy.ca

AFFIDAVIT OF ELIZABETH PINEDA

Sworn on August 13, 2014

1. I am a manager with the National Bank of Canada ("**NBC**") and am responsible for NBC's relationship with Eagle Ranch Resources Ltd. ("**Eagle Ranch**"). I have reviewed the books and records maintained by NBC in the ordinary course of business in connection with this matter and as such have personal knowledge of the matters herein deposed except where stated to be based on information and belief, in which case I verily believe such matters to be true.

2. On the within application, NBC seeks the limited appointment of Alvarez & Marsal Canada Inc. ("**Alvarez**") as the receiver of the books and records of Eagle Ranch (the "**Records**"). NBC is a secured creditor of Eagle Ranch and has been attempting to facilitate a review of the Records, as provided for by the Security (as defined herein), for the past several months. The Records, which pertain to the business, assets and affairs of Eagle Ranch, are critical to NBC's ability to assess its present security position and potentially recover on the indebtedness owed to it by Eagle Ranch.

3. The Records are situated in the office premises of Elkwater Resources Ltd. ("**Elkwater**"). Elkwater and Eagle Ranch share office space and Eagle Ranch was reliant on services provided by Elkwater in respect of maintaining its business records. On or about June 25, 2014, Elkwater announced that it had entered into a definitive reorganization and investment agreement which, among other things provides for: (i) a non-brokered private placement of up to an aggregate of approximately \$25 million; and (ii) the appointment of a new management team and a board of directors (collectively, the "**Elkwater Transactions**"). On August 8, 2014, NBC was advised by Elkwater that it would be vacating its current office premises at the end of August and that all of the records pertaining to Eagle Ranch would be abandoned as part of Elkwater's move. Accordingly, NBC seeks the immediate intervention of this Honourable Court to preserve and protect the Records through the appointment of Alvarez as receiver of the Records.

The Credit Facilities and the Security

4. The Defendant, Eagle Ranch is a body corporate incorporated pursuant to the laws of Alberta carrying on business in the City of Calgary in the Province of Alberta. Attached hereto and marked as Exhibit "**A**" to this my Affidavit is a copy of an Alberta Corporate Registry Search with respect to Eagle Ranch dated August 8, 2014.

5. Pursuant to a commitment letter, dated September 24, 2012, as amended and restated from time to time (collectively, the "**Loan Agreement**") NBC advanced various demand credit facilities (collectively, the "**Credit Facilities**") to Eagle Ranch. A true copy of the Loan Agreement is attached hereto and marked as Exhibit "**B**" to this my Affidavit.

6. Eagle Ranch granted various security to NBC in order to secure its obligations to NBC pursuant to the Loan Agreement and the Credit Facilities which included, *inter alia*, the following documents:

- (a) \$25,000,000 Fixed and Floating Charge Demand Debenture, dated July 11, 2006, granted by Eagle Ranch in favour of NBC (the "**Debenture**");
- (b) \$1,700,000 Acknowledgment of Debt Revolving Demand Credit Agreement, dated August 18, 2011, granted by Eagle Ranch in favour of NBC;
- (c) Pledge Agreement, dated July 11, 2006, granted by Eagle Ranch in favour of NBC;

- (d) Negative Pledge and Undertaking, dated July 11, 2006, granted by Eagle Ranch in favour of NBC;
- (e) General Assignment of Book Debts, dated July 11, 2006, granted by Eagle Ranch in favour of NBC; and,
- (f) Subordination agreement granted by Elkwater in favour of NBC, dated December 20, 2007;

(collectively referred to as, the "**Security**")

True copies of the Security are attached and marked collectively as Exhibit "**C**" to this my Affidavit.

7. NBC has perfected the Security by the registration of financing statements concerning the security agreements and land charges against Eagle Ranch in the Alberta Personal Property Registry (the "**Alberta PPR**"). True copies of Alberta PPR searches in respect of Eagle Ranch, dated August 8, 2014, are attached hereto and marked as Exhibit "**D**" to this my Affidavit.

8. As of August 13, 2014, Eagle Ranch was indebted to NBC in the sum of \$605,392.76 exclusive of costs and legal fees on solicitor and own client full indemnity basis (the "**Indebtedness**"). The Indebtedness continues to accrue interest and other fees and expenses, including legal fees on a solicitor and his own client, full indemnity basis.

The Default Events

9. Pursuant to the Loan Agreement, Credit Facilities and Security (which are payable on demand by NBC), Eagle Ranch is obligated, *inter alia*, to: (i) maintain a working capital ratio of not less than 1.00:1.00; (ii) ensure that its assets are free and clear of encumbrances and maintain certain accounts payable to prevent potential encumbrances; (iii) comply with certain ongoing reporting obligations; and, (iv) ensure that no material adverse effects occur.

10. In or about June, 2014, Eagle Ranch committed the following default events pursuant the Loan Agreement, the Credit Facilities, and the Security:

- (a) Failing to comply with the following reporting obligations:

- (i) Monthly production and revenue reports as at March 31, 2014 in final form due May 31, 2014;
 - (ii) December 31, 2013 annual audited consolidated financial statements and compliance certificate due April 30, 2014;
 - (iii) March 31, 2014 quarterly unaudited consolidated financial statements including balance sheet, income statement and cash flow statement and compliance certificate due May 31, 2014;
 - (iv) December 31, 2013 annual independent engineering report in final form due April 30, 2014;
 - (v) F2014 annual consolidated budget including production, cash flow and capital expenditures forecasts due April 30, 2014;
 - (vi) A copy of Eagle Ranch's sub-ledger associated with joint venture billings and amounts owing to Elkwater;
- (b) As a result of the following Material Adverse Effects occurring:
- (i) Property operator Elkwater withholding the Borrower's monthly production to offset amounts owing to them by Eagle Ranch Resources Ltd. for unpaid joint venture billings;
 - (ii) Loan value attributed to Eagle Ranch Resources Ltd.'s proved developed producing petroleum and natural gas assets as outlined in GLJ Petroleum Consultant Ltd.'s draft third party engineering report with an effective date of December 31, 2013 is less than the Maximum Amount of \$600,000 under Credit Facility "A"; and,
- (c) Failing to maintain its current account at NBC's Calgary Branch through which Eagle Ranch was to conduct all of its banking activities.

(collectively, the "**Default Events**")

11. As a result of the Default Events, NBC informed Eagle Ranch of its default under the Loan Agreement, Credit Facilities, and the Security and furthermore, concurrently, reserved and affirmed any and all of NBC's rights, interests, powers, privileges, and remedies against Eagle Ranch, as set out in the notice of default and reservation of rights letter, dated June 10, 2014 (the "**Notice of Default and Reservation Letter**"). A true copy of the Default Notice and Reservation Letter is attached hereto and marked as Exhibit "E" to this my Affidavit. In addition, Eagle Ranch has committed additional events of default by failing to pay interest on the Credit Facilities due on July 28, 2014.

12. The Security, and in particular section 11(f) of the Debenture, obligates Eagle Ranch to keep proper books and records covering its books and affairs and permit NBC, at reasonable times, to enter Eagle Ranch's premises to inspect the books and records of Eagle Ranch. The Notice of Default and Reservation Letter requested various records and documentation from Eagle Ranch. Eagle Ranch has periodically provided information requested of it to NBC but has failed to provide NBC with the entirety of the information that was requested by NBC as part of the Security. A comprehensive listing of the information requests that remain extant is provided at paragraph 18 of this Affidavit. In addition, NBC subsequently requested that Eagle Ranch consent to the appointment of Alvarez as NBC's financial advisor and grant Alvarez with access to Eagle Ranch's books, records and office premises. Eagle Ranch failed to provide its consent to the appointment of Alvarez in June 2014. As a result of the lack of Eagle Ranch's failure to respond to the various requests for information and consent to the engagement of Alvarez, NBC elected to issue a demand on the Loan Agreement and Credit Facilities.

Demand and Notices

13. On or about June 25, 2014, NBC, through its counsel, demanded repayment of the amounts owing under the Loan Agreement and Credit Facilities (the "**Demand**") and delivered a *Notice of Intention to Enforce Security*, pursuant to and in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada) on Eagle Ranch (the "**Notice**"). A true copy of the Demand and the Notice is attached hereto and marked as Exhibit "**F**" to this my Affidavit.

14. As of the date of this my Affidavit, Eagle Ranch has failed to repay the Indebtedness owing to NBC.

Difficulty in Accessing Books and Records

15. Following the Demand, on or about June 26, 2014, counsel for Eagle Ranch sent correspondence to counsel for NBC in relation to the Loan Agreement and counsel for NBC replied to such correspondence on or about June 27, 2014. Copies of this correspondence are attached and marked collectively as Exhibit "**G**" to this my Affidavit. In its correspondence of June 27, 2014, NBC again requested various information from Eagle Ranch in respect of the Loan Agreement and the Credit Facilities. In addition, NBC also again requested that Eagle Ranch consent to the appointment Alvarez as NBC's financial advisor in respect of Eagle Ranch.

16. On July 11, 2014, Eagle Ranch consented to the appointment of Alvarez as NBC's financial advisor. Unfortunately, following the appointment of Alvarez, Eagle Ranch failed to provide Alvarez with records and access to information to allow Alvarez to complete its mandate as financial advisor of NBC. In particular, I am advised by Mr. Orest Konowulchuk, a representative of Alvarez, that (a) as further particularized herein, Eagle Ranch has not provided all of the various information requested of it by Alvarez as part of its appointment as financial advisor to NBC and (b) notwithstanding that Alvarez was engaged as financial advisor on July 11, 2014, Eagle Ranch has failed to provide Alvarez with access to its office premises and computer, software and electronic records. Access to these records is critical to Alvarez's ability to fulfill its role as financial advisor.

17. I am advised by Walker W. MacLeod of McCarthy Tetrault LLP, solicitors for NBC, that on July 17, 2014, he spoke with Douglas Stuve of Burstall Winger Zammitt LLP, solicitors for Eagle Ranch, and during this conversation Mr. Stuve communicated the following information to Mr. MacLeod in respect of Eagle Ranch:

- (a) Elkwater and Eagle Ranch shared office premises and space and the books and records of Eagle Ranch were situated in Elkwater's offices;
- (b) Mr. Don Brown had previously been a director and officer of both Elkwater and Eagle Ranch. Mr. Brown was removed as a director and officer of Elkwater pursuant to the Elkwater Transactions on June 25, 2014;
- (c) Mr. Stuve was uncertain if Mr. Brown remained a director and officer of Eagle Ranch, but confirmed that Eagle Ranch did not have any other employees, directors or officers (other than, potentially, Mr. Brown) at this time; and
- (d) Mr. Brown had been endeavouring to respond to the various information requests of NBC and Alvarez but had struggled to do so because Mr. Brown had previously been reliant on the use of Elkwater personnel and office premises in the operation of Eagle Ranch, but no longer had access to such personnel and office premises because he was no longer serving as a director and officer of Elkwater due to the Elkwater Transactions.

18. As of the date hereof, Eagle Ranch has failed to provide NBC with copies of the following documents and records, all of which have been requested of Eagle Ranch by NBC:

- (a) Relevant documents or correspondence associated with the subordination agreement dated December 20, 2007 given by Elkwater to NBC with respect to Eagle Ranch;
- (b) A complete copy of Eagle Ranch's sub-ledger associated with any joint venture billings and/or any other documents evidencing or describing any amounts owing to Elkwater, along with any documents and records related thereto;
- (c) F2014 annual consolidated budget including production, cash flow and capital expenditures forecasts;
- (d) Compliance certificate based on December 31, 2013 year-end review engagement financial statements;
- (e) March 31, 2014 interim financial statements, in final form, and relevant Compliance Certificate; and
- (f) Updated monthly production and revenue reports for the months ended April 30, 2014 and May 31, 2014.

Urgent Need for Relief

19. On or about June 25, 2014, Elkwater announced that it had entered into the Elkwater Transactions. A copy of the press release relating to Elkwater Transactions is attached hereto and marked as Exhibit "H" to this my Affidavit.

20. As previously indicated, Elkwater and Eagle Ranch share office premises. On or about August 8, 2014, Karen Koury, a senior manager with NBC, and myself, had a conference call with Mr. Doug Bailey, the President and Chief Executive Officer of Elkwater. During this conference call Mr. Bailey advised that:

- (a) Elkwater would be relocating from its present office space at the end of August 2014; and
- (b) It was the intention of Elkwater to abandon all of the books and records of Eagle Ranch that were presently situated at the Elkwater office premises.

The Necessity of the Appointment of a Receiver With Respect to Eagle Ranch

21. I believe it is appropriate for a receiver and manager to be appointed over all of the books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of Eagle Ranch for the following reasons:

- (a) NBC has endeavoured to work cooperatively with Eagle Ranch through the production of the Records to Alvarez and/or NBC, but multiple record requests remain extant;
- (b) The Records are part to the assets that are subject to the Security and will be lost, abandoned and/or destroyed without the immediate intervention of this Honourable Court;
- (c) The loss and/or destruction of the Records would irreparably prejudice and harm Eagle Ranch's efforts to complete a transaction in respect of its assets and NBC's efforts to recover on the Indebtedness;
- (d) The proposed order is limited in scope so as to extend only to the Records, and not to the other assets, properties and undertakings of Eagle Ranch;
- (e) Given that Eagle Ranch is insolvent and no longer has any active employees or personnel to maintain or keep the Records there is no alternative available (other than the appointment of Alvarez) to secure the Records;
- (f) Access to the Records (at section 11(f) of the Debenture) and the appointment of a receiver (at sections 14 and 15 of the Debenture) is expressly contemplated as a remedy of NBC as part of the Security.

22. Alvarez has gained some knowledge and insight into the assets, property, and undertakings of the Eagle Ranch. In the interest of assisting with the cost of administration and leveraging off the knowledge gained by Alvarez, NBC applies to have this Honourable Court appoint Alvarez as receiver with respect to the Records.

23. Tim Reid is a licensed trustee in bankruptcy and the managing director of Alvarez. I believe Alvarez possesses the requisite experience and expertise to serve as receiver and

manager on the basis of my experience in working with distressed credits on behalf of NBC and in having worked with Alvarez both in court-supervised and out of court restructuring matters. Alvarez has consented to the appointment of receiver over the Records.

24. I swear this affidavit in support of an application for, *inter alia*, the following relief:

- (a) appointing of A&M as receiver and manager over the Records; and,
- (a) such further and other relief as may be incidental to the foregoing.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
13 day of August, 2014.)



A COMMISSIONER FOR OATHS)
in and for the Province of Alberta)

Frances L. Candy
Student-at-Law



ELIZABETH PINEDA

Government of Alberta ■ Corporation/Non-Profit Search Corporate Registration System

Date of Search: 2014/08/08
Time of Search: 03:52 PM
Search provided by: MCCARTHY TETRAULT LLP

Service Request Number: 21888746
Customer Reference Number: 065094 – 463517/tc

Corporate Access Number: 2011667355
Legal Entity Name: EAGLE RANCH RESOURCES LTD.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2005/04/27 YYYY/MM/DD

Registered Office:
Street: 1600, 333 - 7TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 2Z1

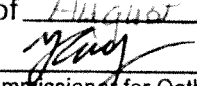
Records Address:
Street: 1600, 333 - 7TH AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P 2Z1

Directors:

Last Name: BROWN
First Name: DONALD
Middle Name: J.
Street/Box Number: 40 GLADSTONE GARDENS SW
City: CALGARY
Province: ALBERTA

THIS IS EXHIBIT " A "
referred to in the Affidavit of
Elizabeth Pineda

Sworn before me this 13
day of August, 20 14


A Commissioner for Oaths in and for the
Frances L. Candy
Student-at-Law

Postal Code: T3E 7E4

Last Name: FESCHUK

First Name: RUSS

Street/Box Number: 2306 BOWNESS ROAD NW

City: CALGARY

Province: ALBERTA

Postal Code: T2N 3L5

Last Name: MAZURKEWICH

First Name: BARRY

Street/Box Number: 107 EVERGREEN HEIGHTS SW

City: CALGARY

Province: ALBERTA

Postal Code: T2Y 3Y9

Last Name: ZADAN

First Name: LARRY

Street/Box Number: 147 WOOD WILLOW CLOSE SW

City: CALGARY

Province: ALBERTA

Postal Code: T2W 4H2

Transfer Agents:

Legal Entity Name: OLYMPIA TRUST COMPANY

Corporate Access Number: 301301081

Street: 2300, 125 - 9 AVENUE S.E.

City: CALGARY

Province: ALBERTA

Postal Code: T2G 0P6

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SHARE STRUCTURE SCHEDULE ATTACHED HERETO

**Share Transfers
Restrictions:** NO RESTRICTIONS

Min Number Of Directors: 1

Max Number Of Directors: 15

Business Restricted To: NO RESTRICTIONS

Business Restricted From: NO RESTRICTIONS

Other Provisions: SEE OTHER RULES OR PROVISIONS SCHEDULE ATTACHED
HERETO

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2013	2013/05/24

Outstanding Returns:

Annual returns are outstanding for the 2014 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2005/04/27	Incorporate Alberta Corporation
2005/06/03	Change Director / Shareholder
2006/06/30	Change Address
2006/11/01	Name/Structure Change Alberta Corporation
2013/05/24	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2005/04/27
Restrictions on Share Transfers	ELECTRONIC	2005/04/27
Other Rules or Provisions	ELECTRONIC	2005/04/27
Other Rules or Provisions	ELECTRONIC	2006/11/01

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.





RECEIVED

OCT 19 2012

Writer's Direct Line
(403) 294-4920THIS IS EXHIBIT "B"
referred to in the Affidavit of
Elizabeth Pineda

September 24, 2012

Sworn before me this 13
day of August, 2014Francis L. Candy
A Commissioner for Oaths in and for the
Province of AlbertaBY COURIER**Frances L. Candy**
Student-at-LawEagle Ranch Resources Ltd.
1100 - 8 Avenue SW, Suite 300
Calgary, AB T2P 3T8ATTENTION: **Mr. Russell Feschuk**
President

Dear Sir:

RE: CREDIT FACILITIES - NATIONAL BANK OF CANADA / EAGLE RANCH RESOURCES LTD.

We are pleased to advise that National Bank of Canada has approved the following revised Credit Facilities for Eagle Ranch Resources Ltd., subject to the terms and conditions set out herein. This Offering Letter contains all the terms and conditions pertaining to the availability of Credit Facilities from National Bank of Canada and as a result it amends, incorporates, and restates the terms and conditions of all existing and new commitments.

BORROWER: EAGLE RANCH RESOURCES LTD. (the "Borrower" or "Loan Party").**LENDER:** NATIONAL BANK OF CANADA (the "Bank").**CREDIT FACILITY A:** REVOLVING OPERATING DEMAND LOAN (the "Credit Facility A").**MAXIMUM AMOUNT:** \$1,000,000.**PURPOSE:** Credit Facility A shall only be used for the Borrower's general corporate purposes including capital expenditures.**AVAILABILITY:** Prime Rate loans ("Prime Rate Loans"). Revolving in whole multiples of Cdn\$25,000.

Letters of credit and/or letters of guarantee ("L/C/Gs") (maximum term one year). The aggregate Face Amount of L/C/Gs issued and outstanding at any time limited to \$50,000 in any currency acceptable to the Bank.

REPAYMENT: Interest only but always subject to Availability, Review, and the Bank's right of demand.**INTEREST RATE:** **Prime Rate Loans**

The Borrower shall pay interest calculated daily and payable monthly, not in advance, on the outstanding principal amount of Prime Rate Loans drawn under the Credit Facility A at a rate per annum equal to the Prime Rate as designated from time to time by the Bank plus one and one-half percent (Prime Rate + 1.50% p.a.). Interest at the aforesaid rate shall be due and payable on the 26th day of each and every month until all amounts owing to the Bank are paid in full. Interest shall be paid via automatic debit to the Borrower's account at the Calgary Branch of the Bank.

RECEIVED

OCT 19 2012

Writer's Direct Line
(403) 294-4920

THIS IS EXHIBIT "B"
referred to in the Affidavit of
Elizabeth Pineda

September 24, 2012

Sworn before me this 13
day of August, 20 14

A Commissioner for Oaths in and for the
Province of Alberta

BY COURIER

Eagle Ranch Resources Ltd.
1100 - 8 Avenue SW, Suite 300
Calgary, AB T2P 3T8

ATTENTION: Mr. Russell Feschuk
President

Dear Sir:

RE: CREDIT FACILITIES - NATIONAL BANK OF CANADA / EAGLE RANCH RESOURCES LTD.

We are pleased to advise that National Bank of Canada has approved the following revised Credit Facilities for Eagle Ranch Resources Ltd., subject to the terms and conditions set out herein. This Offering Letter contains all the terms and conditions pertaining to the availability of Credit Facilities from National Bank of Canada and as a result it amends, incorporates, and restates the terms and conditions of all existing and new commitments.

BORROWER: EAGLE RANCH RESOURCES LTD. (the "Borrower" or "Loan Party").

LENDER: NATIONAL BANK OF CANADA (the "Bank").

CREDIT FACILITY A: REVOLVING OPERATING DEMAND LOAN (the "Credit Facility A").

MAXIMUM AMOUNT: \$1,000,000.

PURPOSE: Credit Facility A shall only be used for the Borrower's general corporate purposes including capital expenditures.

AVAILABILITY: Prime Rate loans ("Prime Rate Loans"). Revolving in whole multiples of Cdn\$25,000.

Letters of credit and/or letters of guarantee ("L/C/Gs") (maximum term one year). The aggregate Face Amount of L/C/Gs issued and outstanding at any time limited to \$50,000 in any currency acceptable to the Bank.

REPAYMENT: Interest only but always subject to Availability, Review, and the Bank's right of demand.

INTEREST RATE: Prime Rate Loans

The Borrower shall pay interest calculated daily and payable monthly, not in advance, on the outstanding principal amount of Prime Rate Loans drawn under the Credit Facility A at a rate per annum equal to the Prime Rate as designated from time to time by the Bank plus one and one-half percent (Prime Rate + 1.50% p.a.). Interest at the aforesaid rate shall be due and payable on the 26th day of each and every month until all amounts owing to the Bank are paid in full. Interest shall be paid via automatic debit to the Borrower's account at the Calgary Branch of the Bank.

As of this date, the Bank's Prime Rate is 3.00% per annum.

STANDBY FEE:

One-quarter percent per annum (0.25% p.a.), based on a 365 or 366 day period, as the case may be, on the undrawn portion of the Credit Facility A (the "Standby Fee"), payable monthly on the first Business Day of each month.

L/C/G FEE:

One and one-half percent per annum (1.50% p.a.), based on a 365 or 366 day period, as the case may be, of the issue amount, payable at issue (the "L/C/G Fee"). This non-refundable, upfront fee is to be based on the number of months the L/C/G is to be outstanding with any portion of 31 days to be considered a complete month.

**DRAWDOWN,
NOTIFICATION,
AND CONVERSION:**

All Advances under Credit Facility A may only be drawn on a day that is a Business Day.

Prime Rate Loans

As required.

EVIDENCE OF DEBT:

Revolving Demand Credit Agreement and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

CREDIT FACILITY B:

BRIDGE DEMAND LOAN (the "Credit Facility B").

MAXIMUM AMOUNT:

~~\$600,000.~~ ^{\$500,000} RF

PURPOSE:

To assist with the disposition of assets at Esther, Alberta/Saskatchewan.

AVAILABILITY:

Prime Rate loans ("Prime Rate Loans") in Canadian dollars, available by way of multiple draws. RF

REPAYMENT:

Interest only, but subject to Availability, interest, and the Bank's right of demand, with this Credit Facility B being due and payable in full no later than November 1, 2012, OR

INTEREST RATE:

AS DETERMINED BY CLOSINGS OF OILWELL PROPERTY SALES.
The Borrower shall pay interest calculated daily and payable monthly, not in advance, on the outstanding principal amount of Prime Rate Loan(s) drawn under the Credit Facility B at a rate per annum equal to the Prime Rate as designated from time to time by the Bank plus five percent (Prime Rate + 5.00% p.a.). Interest at the aforesaid rate shall be due and payable on the 26th day of each and every month until all amounts owing to the Bank are paid in full. Interest shall be paid via automatic debit to the Borrower's account at the Calgary Branch of the Bank.

As of this date, the Bank's Prime Rate is 3.00% per annum. RF

EVIDENCE OF DEBT:

Variable Rate Demand Promissory Note and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter. VOR

CREDIT FACILITY C: **MASTERCARD FACILITY** (the "Credit Facility C").

MAXIMUM AMOUNT: \$10,000.

PURPOSE: Credit Facility C shall only be used by the Borrower to facilitate travel, entertainment, and supplier expenses for company officers.

REPAYMENT: Payment in full, monthly.

INTEREST RATE: Standard rates as established from time to time by MasterCard.

EVIDENCE OF DEBT: MasterCard monthly statements and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

FOR ALL CREDIT FACILITIES

DEFINITIONS: In this Offering Letter, including the Appendices hereto and in all notices given pursuant to this Offering Letter, capitalized words and phrases shall have the meanings given to them in this Offering Letter in their proper context, and words and phrases not otherwise defined in this Offering Letter but defined in Appendix C to this Offering Letter shall have the meanings given to them in Appendix C to this Offering Letter.

INTERPRETATION: In this Offering Letter, unless otherwise specifically provided, words importing the singular will include the plural and vice versa, words importing gender shall include the masculine, the feminine and the neuter, and "in writing" or "written" includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including by facsimile.

FEES: *MF* *\$6,500* *\$1,500 FOR REVOLVING LOAN NOW. \$5,000 UPON CLOSURE OF PROPERTY SALES FOR BRIDGE FACILITY MF*
R ~~\$7,500~~ payable upon provision of this Offering Letter. Non-refundable. This fee includes the Bank's engineering expenses incurred for this Review. This fee is in addition to and not in substitution for any other fees due and payable under this Offering Letter.

SECURITY: The following security shall be completed, duly executed, delivered, and registered, where necessary, to the entire satisfaction of the Bank and its counsel. All present and future security (the "Security") and the terms thereof shall be held by the Bank as continuing security for all present and future debts, obligations and liabilities (whether direct or indirect, absolute or contingent) of the Loan Parties to the Bank including without limitation for the repayment of all loans and advances made hereunder and for other loans and advances that may be made from time to time in the future whether hereunder or otherwise. For greater certainty, all Financial Instruments, including without limitation swaps and forwards, entered into at any time with the Bank (or any of its subsidiaries or affiliates from time to time) are deemed to be debts, obligations and liabilities of the Borrower and are secured by the Security on a pari passu basis and shall rank pari passu with all other indebtedness under the Credit Facilities. Where applicable, the Security will be in the Bank's standard form.

Held:

1. Accepted Offering Letter dated August 3, 2011.
2. Accepted Amending Offering Letters dated December 6, 2011 and August 7, 2012.

3. General Assignment of Book Debts.
4. \$25,000,000 Debenture with a floating charge over all assets of the Borrower with a negative pledge and undertaking to provide fixed charges on the Borrower's producing petroleum and natural gas properties at the request of the Bank, and pledge of such Debenture.
5. Evidence of insurance coverage in accordance with industry standards designating the Bank as first loss payee in respect of the proceeds of the insurance.
6. Appropriate title representation (Officer's Certificate as to Title) including a schedule of major petroleum and natural gas reserves described by lease (type, date, term, parties), legal description (wells and spacing units), interest (Working Interest or other APO/BPO interests), overrides (APO/BPO), gross overrides, and other liens, encumbrances, and overrides.
7. Assignment of revenues and monies under material contracts, as applicable.
8. Subordination/Postponement of all current and future advances due to related party, Elkwater Resources Ltd.
9. Legal Opinion of the Bank's counsel.

The Security has been registered in the Province of Alberta, in a first priority position, subject only to Permitted Encumbrances.

To Be Obtained:

1. Accepted Offering Letter dated September 24, 2012.
2. Such other security, documents, and agreements that the Bank or its legal counsel may reasonably request.

**REPRESENTATIONS
AND WARRANTIES:**

Each Loan Party represents and warrants to the Bank (all of which representations and warranties each Loan Party hereby acknowledges are being relied upon by the Bank in entering into this Offering Letter) that:

1. Each Loan Party has been duly incorporated or formed, as applicable, and is in good standing under the legislation governing it, and it has the powers, permits, and licenses required to operate its business or enterprise and to own, manage, and administer its property.
2. This Offering Letter constitutes, and the Security and related agreements shall constitute, legal, valid, and binding obligations of each Loan Party party thereto, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, or similar laws affecting creditors' rights generally and to the availability of equitable remedies.
3. Each Loan Party has the right to pledge, charge, mortgage, or lien its assets in accordance with the Security contemplated by this Offering Letter.
4. Each Loan Party is presently in good standing under, and shall duly perform and observe, all material terms of all documents, agreements, and instruments affecting or relating to the petroleum assets of such Loan Party.

5. There has been no adverse material change in the financial position of any Loan Party since the date of its most recent consolidated financial statements dated March 31, 2012, which were furnished to the Bank. Such consolidated financial statements fairly present the financial position of each Loan Party at the date that they were drawn up. No Loan Party foresees incurring any major liability which it has not already disclosed to the Bank.
6. No Loan Party is involved in any dispute or legal or regulatory proceedings likely to materially affect its financial position or its capacity to operate its business.
7. No Loan Party is in default under the contracts to which it is a party or under the applicable legislation and regulations governing the operation of its business or its property, including, without limitation, all Environmental Requirements subsequently stated in Environmental Obligations.
8. The Borrower has no subsidiaries.
9. The chief executive office (for the purposes of the PPSA) of each Loan Party is located in Alberta.
10. Each Loan Party has all the requisite power, authority and capacity to execute and deliver this Offering Letter and the Security (to which it is a party) and to perform its obligations hereunder and thereunder.
11. The execution and delivery of this Offering Letter and the Security (to which it is a party) and the performance of the terms of this Offering Letter and such Security do not violate the provisions of any Loan Party's constituting documents or its by-laws or any law, order, rule or regulation applicable to it and have been validly authorized by it.
12. The execution, delivery and performance of the terms of this Offering Letter and the Security (to which it is a party) will not constitute a breach of any agreement to which any Loan Party or its property, assets or undertaking are bound or affected.
13. No Loan Party has incurred any indebtedness or obligations for borrowed money (other than as contemplated hereby or payables incurred in the ordinary course of business or as previously disclosed in writing to the Bank) and has not granted any security ranking equal with or in priority to the Security (other than Permitted Encumbrances).

Unless expressly stated to be made as of a specific date, the representations and warranties made in this Offering Letter shall survive the execution of this Offering Letter and all Security, and shall be deemed to be repeated as of the date of each Advance and as of the date of delivery of each Compliance Certificate, subject to modifications made by the Borrower to the Bank in writing and accepted by the Bank. The Bank shall be deemed to have relied upon such representations and warranties at each such time as a condition of making an Advance hereunder or continuing to extend the Credit Facilities hereunder.

**CONDITIONS
PRECEDENT:**

Prior to any additional advances under the Credit Facilities, the Borrower shall have provided, executed or satisfied the following, to the Bank's satisfaction (collectively with all other conditions precedent set out in this Offering Letter, the "Conditions Precedent"):

1. A Variable Rate Demand Promissory Note in the face amount of \$500,000 duly executed and delivered to the Bank by the Borrower.

2. All Security shall be duly completed, authorized, executed, delivered by each Loan Party which is a party thereto, and registered, all to the satisfaction of the Bank and its counsel.
3. All fees due and payable to the Bank shall have been paid.
4. No Default or Event of Default shall exist.
5. No Material Adverse Effect has occurred with respect to any Loan Party or the Security.
6. Any other document that may be reasonably requested by the Bank.

The above conditions are inserted for the sole benefit of the Bank, and may be waived by the Bank in whole or in part (with or without terms or conditions) in respect of any particular Advance, provided that any waiver shall not be binding unless given in writing and shall not derogate from the right of the Bank to insist on the satisfaction of any condition not expressly waived in writing or to insist on the satisfaction of any condition waived in writing which may be requested in the future.

**REPORTING
REQUIREMENTS:**

The Borrower shall submit to the Bank:

1. Monthly production and revenue reports in form and substance satisfactory to the Bank within 60 calendar days of each month end;
2. Quarterly unaudited consolidated financial statements including balance sheet, income statement, and cash flow statement and Compliance Certificate within 60 calendar days of each fiscal quarter end for the first three fiscal quarters of each fiscal year;
3. Annual audited consolidated financial statements and Compliance Certificate within 120 calendar days of each fiscal year end;
4. Annual independent engineering report in form and substance satisfactory to the Bank on the petroleum and natural gas reserves of the Borrower within 120 calendar days of each fiscal year end, prepared by a firm acceptable to the Bank;
5. Annual consolidated budget for the following fiscal year, including production, cash flow and capital expenditures forecasts, within 120 days of each fiscal year end; and
6. Any other information the Bank may reasonably require from time to time.

**AFFIRMATIVE
COVENANTS:**

Each Loan Party shall (each of the below being an "Affirmative Covenant"):

1. Carry on business and operate its petroleum and natural gas reserves in accordance with good practices consistent with accepted industry standards and pursuant to applicable agreements, regulations, and laws.
2. Maintain its corporate existence and comply with all applicable laws.
3. Pay, when due, all taxes, assessments, deductions at source, crown royalties, income tax or levies for which the payment is guaranteed by legal privilege, prior claim, or legal hypothec, without subrogation or consolidations.

4. Comply with all regulatory bodies and provisions regarding environmental procedures and controls.
5. Upon reasonable notice, allow the Bank access to its books and records, and take excerpts therefrom or make copies thereof, and to visit and inspect its assets and place(s) of business.
6. Maintain adequate and appropriate insurance on its assets including protection against public liability, blow-outs, and "all-risk" perils.
7. Inform the Bank of any event or action which would have a Material Adverse Effect on its operational or financial affairs, including but not limited to the sale of assets, guarantees, funded debt from other lenders, or alteration of type of business.
8. Keep and maintain books of account and other accounting records in accordance with GAAP.
9. Maintain an Adjusted Working Capital Ratio of not less than 1.00:1.00 at all times.
10. Pay all amounts due and payable hereunder and pursuant to the Security in accordance with the respective terms hereof and thereof.
11. As soon as practicable following receipt by such Loan Party of a request by the Bank to provide fixed charge security over the producing petroleum and natural gas properties of such Loan Party (and in any event not more than 5 Business Days following such request), furnish or cause to be furnished to the Bank, at the sole cost and expense of such Loan Party, fixed charge security over such producing and natural gas properties of such Loan Party as are specified by the Bank, in the form of a supplemental instrument to the Security.
12. Observe the terms of and perform its obligations under this Offering Letter and the Security, and under any other agreements now or hereafter made with the Bank.
13. Utilize the Advances only for the applicable purposes stipulated herein.
14. Notify the Bank, without delay, of (a) any litigation or proceeding in which it is a party if an adverse decision therein would require it to pay more than \$50,000 or deliver assets the value of which exceeds such sum (whether or not the claim is considered to be covered by insurance), and (b) the institution of any other suit or proceeding involving it that might materially and adversely affect its property, assets or undertaking, or its operations, financial conditions or business.
15. Notify the Bank, without delay, of any Default or Event of Default.
16. Obtain and maintain the licenses and permits required to operate its business unless failure to obtain such licenses and permits could not reasonably be expected to result in a Material Adverse Effect.
17. Provide the Bank with any information or document that it may reasonably require from time to time.

**NEGATIVE
COVENANTS:**

No Loan Party shall, without the prior approval of the Bank (each of the below being a "Negative Covenant"):

1. Allow a Change of Control.

2. Merge, amalgamate, consolidate, or wind up its assets, unless (i) such merger, amalgamation, consolidation or winding up is with another Loan Party and (ii) it has notified the Bank, without delay, of such merger, amalgamation, consolidation or winding up.
3. Reduce or distribute capital or pay dividends or redeem or repurchase common or preferred shares, unless such distribution, dividends, redemptions, and repurchases do not impair the capacity of such Loan Party to fulfil its obligations with respect to the Credit Facilities, including the repayment of all Credit Facilities; notwithstanding the foregoing, no Loan Party shall reduce or distribute capital or pay dividends or redeem or repurchase common or preferred shares when a Default or an Event of Default has occurred and is continuing or shall reasonably expected to occur as a result of reducing or distributing capital or paying dividends or redeeming or repurchasing common or preferred shares, as the case may be.
4. Incur further secured indebtedness, pledge or encumber assets, or guarantee the obligations of others.
5. Make loans or investments, except to or in another Loan Party.
6. Sell or dispose of any assets subject to the Bank's Security in the aggregate of greater than \$50,000 each calendar year. This shall include sale/leaseback transactions on facilities.
7. Hedge or contract crude oil, natural gas liquids, or natural gas, on a fixed price basis, exceeding 50% of actual production volumes.
8. Monetize or effect an early termination of any fixed price financial hedge or contract.
9. Make any material change in the nature of its business as carried on at the date hereof.
10. Utilize Advances to finance a hostile takeover.
11. Move its property, assets or undertaking outside the jurisdictions in which the Security is registered.
12. Move its chief executive office from Alberta.
13. Create, acquire or suffer to exist any subsidiary unless such subsidiary provides a guarantee and such other Security required by the Bank, in its sole discretion.
14. Experience a change in its executive management which, in the opinion of the Bank, acting in its sole discretion, has or may have a Material Adverse Effect.

**ENVIRONMENTAL
OBLIGATIONS:**

1. Each Loan Party shall comply with the requirements of all legislative and regulatory environmental provisions (the "Environmental Requirements") and shall at all times maintain the authorizations, permits, and certificates required under these provisions.
2. Each Loan Party shall immediately notify the Bank in the event a contaminant spill or emission occurs or is discovered with respect to its property, operations, or those of any neighbouring property. In addition, it shall report to the Bank forthwith any notice, order, decree, or fine that it may receive or be ordered to pay with respect to the Environmental Requirements relating to its business or property.

3. At the request of and in accordance with the conditions set forth by the Bank, each Loan Party shall, at its own cost, provide any information or document which the Bank may require with respect to its environmental situation, including any study or report prepared by a firm acceptable to the Bank. In the event that such studies or reports reveal that any Environmental Requirements are not being respected, the applicable Loan Party shall effect the necessary work to ensure that its business and property comply with the Environmental Requirements within a period acceptable to the Bank.
4. Each Loan Party undertakes to indemnify the Bank for any damage which the Bank may suffer or any liability which it may incur as a result of any non-compliance with the Environmental Requirements.
5. The provisions, undertakings, and indemnification set out in this section shall survive the satisfaction and release of the Security and payment and satisfaction of the indebtedness and liability of the Borrower to the Bank pursuant to the terms hereof.

EVENTS OF DEFAULT:

Notwithstanding that the Credit Facilities are on a demand basis, and without prejudice to the Bank's rights thereby, the following shall be considered events of default ("**Events of Default**"), upon the occurrence of which, or of a Default, the Bank may choose, in its sole discretion, to cancel all credit availability and to demand repayment of the Credit Facilities in full, together with outstanding accrued interest, fees and any other obligations of the Borrower to the Bank, and, without prejudice to the Bank's other rights and remedies, the Bank's Security shall become enforceable:

1. Immediately upon failure by any Loan Party to pay any instalment of principal, interest, fees, costs, incidental charges or any other amount payable hereunder or under any of the Security when due.
2. Any material representation or warranty contained in this Offering Letter, the Security, any certificate or any opinion delivered hereunder proves to be untrue.
3. Failure by any Loan Party to observe or comply with any Affirmative Covenant, Negative Covenant, Environmental Obligation, condition, or term as outlined herein, or in any Security document or underlying agreements delivered pursuant hereto (not otherwise specifically dealt with in this Events of Default Section).
4. In the opinion of the Bank, acting reasonably, a Material Adverse Effect in the financial condition of any Loan Party or to the operation of any Loan Party's assets has occurred.
5. If a petition is filed, an order is made or a resolution passed, or any other proceeding is taken for the winding up, dissolution, or liquidation of any Loan Party.
6. If proceedings are taken to enforce any encumbrance on the assets of any Loan Party having a value in the aggregate greater than \$50,000, excepting as long as such proceedings are being contested in good faith by such Loan Party and security satisfactory to the Bank has been provided to the Bank.
7. If any Loan Party ceases or threatens to cease to carry on its business, or if proceedings are commenced for the suspension of the business of any Loan Party, or if any proceedings are commenced under the Companies Creditors Arrangements Act (Canada) or under the Bankruptcy and Insolvency Act (Canada) (including filing a proposal or notice of intention) with respect to any Loan Party, or if any Loan Party commits or threatens to commit an act of bankruptcy, or if any Loan Party becomes insolvent or bankrupt or makes an authorized assignment pursuant to the Bankruptcy

and Insolvency Act (Canada), or a bankruptcy petition is filed by or presented against any Loan Party.

8. If proceedings are commenced to appoint a receiver, receiver/manager, or trustee in respect of the assets of any Loan Party by a court or pursuant to any other agreement.
9. If any Loan Party is in default under the terms of any other contracts, agreements or writings with any other creditor having liens on the property of such Loan Party and such default could reasonably be expected to result in a Material Adverse Effect.
10. If the validity, enforceability or, where applicable, priority of this Offering Letter or any of the Security is prejudiced or endangered.
11. If an event of default under any of the Security occurs and is continuing, or any other event which constitutes or which with the giving of notice or lapse of time or otherwise would constitute an event of default under any of the Security occurs.
12. If any event of default under any material agreement to which a Loan Party is a party occurs and is continuing, or any other event which constitutes or which with the giving of notice or lapse of time or otherwise would constitute an event of default under any material agreement to which a Loan Party is a party occurs.
13. If the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of repayment of any Advance is or is about to be impaired or that the collateral secured by the Security is or is about to be placed in jeopardy.
14. If any Material Adverse Effect occurs.

**INTEREST ON
OVERDUE AMOUNTS:**

Notwithstanding any other provision of this Offering Letter, in the event that any amount due hereunder (including, without limitation, any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall and hereby agrees to pay to the Bank interest on such unpaid amount (including, without limitation, interest on interest), if and to the fullest extent permitted by applicable law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is made before 10:00 a.m. at the place of payment on the date of such payment), and such interest shall accrue daily, be calculated and compounded on the last Business Day of each calendar month and be payable in the currency of the relevant Advance on demand, as well after as before maturity, default and judgment, at a rate per annum that is equal to: (i) the rate of interest then being charged on Prime Rate Loans under the applicable Credit Facility plus 2.00% per annum, for overdue amounts in Canadian Dollars under such Credit Facility; and (ii) the rate of interest then being charged on Base Rate Loans under the applicable Credit Facility plus 2.00% per annum, for overdue amounts in U.S. Dollars under such Credit Facility. The Borrower hereby waives, to the fullest extent it may do so under applicable law, any provisions of applicable law, including specifically the Interest Act (Canada) or the Judgment Interest Act (Alberta), which may be inconsistent with this Offering Letter.

COSTS:

All reasonable third party expenses incurred by the Bank in connection with the Credit Facilities or this Offering Letter are for the account of the Borrower including, but not limited to, legal fees (on a solicitor and own client basis) and future engineering fees.

CHANGE OF LAWS:

Notwithstanding anything contained in this letter to the contrary, in the event that:

1. changes to any existing law or regulation or the introduction of any new law or regulation, or taxes other than income taxes, including, without limitation, a sales tax on loan transactions, or in the interpretation or administration thereof; or
2. compliance by the Bank with any request from or requirement of any central bank or other fiscal or monetary authority having jurisdiction over Canadian banks general (whether or not such request has the force of law);

cause the Bank to:

- a. incur any cost as a result of having entered into and/or performed its obligations hereunder and/or as a result of obligations or options remaining outstanding hereunder including, without limitation, any reserve or special deposit requirement or any payment on or calculated by reference to the amount of the Credit Facilities hereunder; or
- b. suffer a reduction in the rate of return on that part of its overall capital (not due to the rates of tax payable on their overall profits or net income) as a result of a requirement to attribute or allocate capital to the Credit Facilities or a Credit Facility provided hereunder in respect of that part of such Credit Facilities or Credit Facility which is for the time being undrawn as a result of a change in the manner in which the Bank is required to allocate resources to its obligations hereunder,

then the Bank reserves the right to increase the charges for the Credit Facilities or such Credit Facility provided hereunder by the amount of such additional cost of liability as determined by the Bank and the Borrower agrees that it will forthwith on demand pay to the Bank amounts sufficient to reimburse the Bank against such costs or liabilities.

CURRENT ACCOUNTS:

Each Loan Party shall maintain its current accounts at the Calgary Branch of the Bank through which it shall conduct all of its banking activities.

Regular Bank service charges shall apply in the day-to-day operations of each Loan Party's accounts.

GENERAL:

Time is of the essence.

The terms and conditions of this Offering Letter between the Bank and each Loan Party are confidential and shall be treated accordingly.

Each Loan Party shall do all things and execute all documents deemed necessary or appropriate by the Bank for the purposes of giving full force and effect to the terms, conditions, undertakings, and security granted or to be granted hereunder.

When a conflict or inconsistency exists between the Security and this Offering Letter, this Offering Letter shall govern to the extent necessary to remove such conflict or inconsistency. Notwithstanding the foregoing, if there is any right or remedy of the Bank set out in any of the Security or any part of which is not set out or provided for in this Offering Letter, such additional right shall not constitute a conflict or inconsistency.

ACCOUNT DEBITS:

Each Loan Party hereby irrevocably authorizes the Bank to debit periodically or from time to time, any bank account it may maintain at the Bank in order to pay all or part of the amounts any Loan Party may owe to the Bank hereunder.

**PERSONAL PROPERTY
SECURITY ACT (ALBERTA)
REQUIREMENTS:**

Each Loan Party hereby waives the requirement for the Bank to provide copies of Personal Property Security Act (Alberta) (collectively with the equivalent legislation in other jurisdictions, the "PPSA") registrations, verification statements, or financing statements undertaken by the Bank.

Each Loan Party hereby agrees to provide to the Bank written notice of a change in its name or address immediately.

ASSIGNMENT:

No rights or obligations of any Loan Party hereunder and no amount of the Credit Facilities may be transferred or assigned by any Loan Party, any such transfer or assignment being null and void insofar as the Bank is concerned and rendering any balance then outstanding of the loan immediately due and payable at the option of the Bank and releasing the Bank from any and all obligations of making any further advances hereunder.

DEMAND:

Notwithstanding any of the terms of this Offering Letter, all obligations of any Loan Party hereunder are repayable to the Bank at any time upon its demand.

ADJUSTMENTS:

Notwithstanding any maximum amount, Availability, Reduction Amount, Pricing Grid, interest rate, margin calculation, Applicable Margin, Standby Fee, Stamping Fee, L/C/G Fee or other fee quoted herein, the Bank shall have the right to adjust such maximum amount, Availability, Reduction Amount, Pricing Grid, interest rate, margin calculation, Applicable Margin, Standby Fee, Stamping Fee, L/C/G Fee or other fee, at the Bank's sole discretion.

NO OBLIGATION:

Upon the Bank's demand for repayment or upon the occurrence of a Default or an Event of Default, the Bank shall have no obligation or liability to make further advances under the Credit Facilities.

**ACCESS TO
INFORMATION:**

Each Loan Party hereby authorizes the Bank to use the necessary information pertaining to it which the Bank has or may have for the purpose of granting credit and insurance products (where permitted by law) and further authorize(s) the Bank to disclose such information to its affiliates and subsidiaries for this same purpose. Moreover, it hereby authorizes the Bank to obtain personal information pertaining to it from any party likely to have such information (credit or information bureau, financial institution, creditor, employer, tax authority, public entity, Persons with whom they might have business relations, and affiliates or Bank subsidiaries) in order to verify the accuracy of all information provided to the Bank and to ensure the solvency of each Loan Party at all times.

**ANTI-MONEY
LAUNDERING
LEGISLATION:**

Each Loan Party acknowledges that, pursuant to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and other applicable anti money laundering, anti terrorist financing, government sanction and "know your client" laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Bank may be required to obtain, verify and record information regarding any Loan Party, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of such Loan Party, and the transactions contemplated hereby. Each Loan Party shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by the Bank, or any prospective assign or participant of the Bank, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

NOTICE:

Notices to be given under this Offering Letter, the Security or any other document in respect thereto any of Loan Party or the Bank shall, except as otherwise specifically provided, be in writing addressed to the party for whom it is intended. Notices shall be given by personal delivery or transmitted by facsimile and shall be deemed to be received on the Business Day of receipt (unless such delivery or transmission is received after 1:00 p.m. Mountain Time, in which case it shall be deemed to have been received on the following Business Day) unless the law deems a particular notice to be received earlier. The address for each Loan Party shall be the addresses currently recorded on the records of the Bank for such Loan Party, or such other mailing or facsimile addresses as such Loan Party may from time to time notify the Bank as aforesaid. The address for the Bank shall be the Calgary Branch of the Bank or such other mailing or facsimile addresses as the Bank may from time to time notify the Borrower as aforesaid.

**AUTHORIZATION
REGARDING
INSTRUCTIONS SENT
ELECTRONICALLY:**

Each Loan Party authorizes the Bank to do all things as authorized by such Loan Party even if such authorization is sent by fax or by e-mail and the Bank may deem such authorization valid and sufficient and the aforementioned presumption of accuracy shall apply to the authorization, whether it is required for transmitting information, a debit, issuing drafts or certified cheques or for any other purpose. Moreover, the Bank will not be held liable for any fees or delays which may be caused when an instruction is sent whether due to a technical problem attributable to the systems in use at the Bank or otherwise.

PAYMENTS:

Unless otherwise indicated herein, the obligation of each Loan Party to make all payments under this Offering Letter and the Security shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:

1. Any set-off, compensation, counterclaim, recoupment, defence or other right which such Loan Party may have against the Bank of anyone else for any reason whatsoever; or
2. Any insolvency, bankruptcy, reorganization or similar proceedings by or against such Loan Party.

All payments to be made under this Offering Letter shall be made in Canadian Dollars.

All payments made under this Offering Letter shall be made on or prior to 1:00 p.m. Mountain Time on the day such payment is due. Any payment received after 1:00 p.m. Mountain Time shall be deemed to have been received on the following day. Whenever a payment is due on a day which is not a Business Day, such due day shall be extended to the next Business Day and such extension of time shall be included in the computation of any interest payable.

SET-OFF:

The Bank shall have the right to set-off and apply any funds of any Loan Party deposited with or held by the Bank from time to time, and any other indebtedness owing to any Loan Party by the Bank, against any of the amounts outstanding under this Offering Letter from time to time.

JUDGMENT CURRENCY:

If for the purpose of obtaining judgment in any court in any jurisdiction with respect to this Offering Letter it is necessary to convert into the currency of such jurisdiction (the "Judgment Currency") any amount due hereunder in any currency other than the Judgment Currency, then such conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, rate of

exchange means the rate at which the Bank would, on the relevant day, be prepared to sell a similar amount of such currency against the Judgment Currency.

**RIGHTS AND REMEDIES
CUMULATIVE:**

The rights, remedies and powers of the Bank under this Offering Letter, the Security, at law and in equity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Bank, and no delay or omission in exercise of any such right, remedy or power shall exhaust such rights, remedies and powers to be construed as a waiver of any of them.

**WAIVERS AND
AMENDMENTS:**

No term, provision or condition of this Offering Letter or any of the Security, may be waived, varied or amended unless in writing and signed by a duly authorized officer of the Bank.

**INTEREST ACT
(CANADA):**

Any interest rate set forth in this Offering Letter based on a period less than a year expressed as an annual rate for the purposes of the Interest Act (Canada) is equivalent to such interest rate multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period upon which it was based. The Borrower hereby waives, to the fullest extent it may do so under law, any provisions of law, including specifically the Interest Act (Canada) or the Judgment Interest Act (Alberta), which may be inconsistent with this Offering Letter.

GAAP / IFRS:

All financial statements required to be furnished by the Borrower to the Bank hereunder shall be prepared in accordance with GAAP. Each accounting term used in this Offering Letter, unless otherwise defined herein, has the meaning assigned to it under GAAP and, except as otherwise provided herein, reference to any balance sheet item, statement of income item or statement of cash flows item means such item as computed from the applicable financial statement prepared in accordance with GAAP. If there occurs a change in GAAP (an "Accounting Change"), including as a result of a conversion to International Financial Reporting Standards ("IFRS"), and such change would result in a change (other than an immaterial change) in the calculation of any financial covenant, standard or term used hereunder, then at the request of the Borrower or the Bank, the Borrower and the Bank shall enter into negotiations to amend such provisions so as to reflect such Accounting Change with the result that the criteria for evaluating the financial condition of the Borrower or any other party, as applicable, shall be the same after such Accounting Change, as if such Accounting Change had not occurred. If, however, within 30 days of the foregoing request by the Borrower or the Bank, the Borrower and the Bank have not reached agreement on such amendment, the method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change.

GOVERNING LAW:

This Offering Letter shall be construed and governed in accordance with the laws of the Province of Alberta. Each Loan Party irrevocably and unconditionally attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta and all courts competent to hear appeals therefrom.

REVIEW:

Without detracting from the demand nature of the Credit Facilities, the Credit Facilities are subject to periodic review by the Bank in its sole discretion (each such review is referred to in this Offering Letter as a "Review"). The next Review is scheduled on or before November 1, 2012, but may be set at an earlier or later date at the sole discretion of the Bank.

EXPIRY DATE:

This Offering Letter is open for acceptance until September 28, 2012 (as may be extended from time to time as follows, the "Expiry Date") at which time it shall expire unless extended by mutual consent in writing. We reserve the right to cancel our offer at any time prior to acceptance.

If the foregoing terms and conditions are acceptable, please sign two copies of this Offering Letter and return one copy to the Bank by the Expiry Date. This Offering Letter may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement. The delivery of a facsimile or other electronic copy of an executed counterpart of this Offering Letter shall be deemed to be valid execution and delivery of this Offering Letter, but the party delivering a facsimile or other electronic copy shall deliver an original copy of this Offering Letter as soon as possible after delivering the facsimile or other electronic copy.

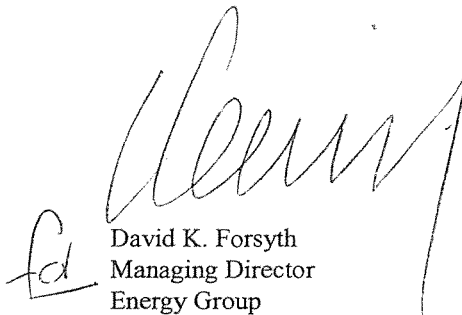
National Bank of Canada appreciates the opportunity of providing this Offering Letter to Eagle Ranch Resources Ltd. We look forward to our continuing and mutually beneficial relationship.

Yours truly,

NATIONAL BANK OF CANADA



Robert K. Chorley
Director
Energy Group




David K. Forsyth
Managing Director
Energy Group

Enclosure
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AGREED AND ACCEPTED this 19 day of SEP, 2012.
RF

EAGLE RANCH RESOURCES LTD.

Per: 

Per: _____

APPENDIX A

<u>CREDIT:</u>	Energy Group	Director:	Mr. Robert Chorley
	National Bank of Canada	Telephone:	(403) 294-4920
	311 – 6 Avenue SW, Suite 1800	Facsimile:	(403) 294-3078
	Calgary, AB T2P 3H2	E-mail:	robert.chorley@nbc.ca
		Associate:	Ms. Audrey Ng
		Telephone:	(403) 294-4966
		Facsimile:	(403) 294-3078
		E-mail:	audrey.ng@nbc.ca
<u>ADMINISTRATION:</u>	BA Administration; Current	Account Representative:	Ms. Gerry McLean
	Account Documents; L/C/Gs;	Telephone:	(403) 294-4922
	MasterCard; Loan/Account	Facsimile:	(403) 294-3078
	Balances; CAD/USD Money	E-mail:	gerry.mclean@nbc.ca
	Orders/Bank Drafts; Bank		
	Confirmations; Investments;		
	General Inquiries		
<u>BRANCH:</u>	Calgary Downtown Branch	Telephone:	(403) 294-4900
	National Bank of Canada	Facsimile:	(403) 294-4965
	301 – 6 Avenue SW		
	Calgary, AB T2P 4M9		
	Calgary MacLeod Trail Branch	Telephone:	(403) 592-8515
	National Bank of Canada	Facsimile:	(403) 265-0831
	430 - 7337 MacLeod Trail South		
	Calgary, AB T2H 0L8		
<u>INTERNET/ TELEPHONE BANKING</u>	Order Cheques, Loan/Account	Website:	www.nbc.ca
	Balances; Traces; Stop	Telephone:	(888) 483-5628
	Payments, List of Current		
	Account Transactions; Pay Bills;		
	Transfer Between Accounts		
<u>OTHER:</u>	Internet Banking	Manager,	
		Global Cash Management:	Ms. Kathy Holland
		Telephone:	(403) 294-4948
		Facsimile:	(403) 476-1000
		E-mail:	kathy.holland@nbc.ca
	Foreign Exchange & Interest	Director, Risk	
	Rates	Management Solutions:	Mr. George Androulidakis
	National Bank of Canada	Telephone:	(403) 440-1126
	311 – 6 Avenue SW, 6 th Floor	Facsimile:	(403) 294-4923
	Calgary, AB T2P 3H2	E-mail:	george.androulidakis@tres.bnc.ca
	Commodity Derivatives	Telephone:	(403) 294-4935
	311 – 6 Avenue SW, 6 th Floor	Facsimile:	(403) 294-4923
	Calgary, AB T2P 3H2	E-mail:	energy@nbcenergy.com

APPENDIX B

COMPLIANCE CERTIFICATE

To: National Bank of Canada
311 – 6 Avenue SW, Suite 1800
Calgary, AB

I _____, of the City of _____, in the Province of _____, hereby certify as at the date of this Certificate as follows:

1. I am the _____ of _____ (the “Borrower”) and I am authorized to provide this Certificate to you for and on behalf of the Borrower;
2. This Certificate applies to the fiscal quarter ended _____, _____;
3. I am familiar with and have examined the provisions of the Offering Letter dated _____, _____ between the Borrower and National Bank of Canada and I have made such investigations of corporate records and inquiries of other officers and senior personnel of each Loan Party as I have deemed reasonably necessary for purposes of the Certificate;
4. As of the date hereof, the Borrower confirms that all of its subsidiaries (if any) are Loan Parties.
5. The representations and warranties set forth in the Offering Letter are in all material respects true and correct on the date hereof;
6. No Default or Event of Default has occurred and is continuing of which we are aware;
7. As required, I have calculated the Adjusted Working Capital Ratio for the fiscal quarter ended as follows:

_____ : 1.00; and
8. All relevant calculations and financial statements are attached.

Except where the context otherwise requires, all capitalized terms used herein have the same meanings as given thereto in the Offering Letter.

This Certificate is given by the undersigned officer in their capacity as an officer of the Borrower without any personal liability on the part of such officer.

Executed at the City of _____, in the Province of _____ this _____ day of _____, 20__.

Yours truly,

EAGLE RANCH RESOURCES LTD.

Per: _____
Name:
Title:

EAGLE RANCH RESOURCES LTD.

COMPLIANCE CERTIFICATE

Calculation of Adjusted Working Capital Ratio

Current Assets

Current assets	\$
Less: Unrealized Hedging Gains	()
Add: Undrawn Availability under Credit Facility A	<u>\$ (A)</u>

Current Liabilities

Current liabilities	\$
Less: Unrealized Hedging Losses	()
Less: Current Portion of Bank Debt	()
	<u>\$ (B)</u>

Adjusted Working Capital Ratio calculated as follows:

$$\frac{A}{B} =$$

APPENDIX C

DEFINITIONS

In the Offering Letter, including all Appendices to the Offering Letter, and in all notices given pursuant to the Offering Letter, unless something in the subject matter or context is inconsistent therewith, capitalized words and phrases shall have the meanings given to them in the Offering Letter in their proper context, and capitalized words and phrases not otherwise defined in the Offering Letter shall have the following meanings:

"Adjusted Working Capital Ratio" means the ratio of (i) Current Assets plus undrawn Availability under Credit Facility A to (ii) Current Liabilities.

"Advance" means an advance of funds made by the Bank under a Credit Facility to the Borrower, or if the context so requires, an advance of funds under one or more of the Credit Facilities or under one or more of the availability options of one or more of the Credit Facilities, and any reference relating to the amount of Advances shall mean the sum of the principal amount of all outstanding Prime Rate Loans and Base Rate Loans, plus the Face Amount of all outstanding BAs and the stated amount of all L/C/Gs as applicable.

"Appendix" means an appendix to the Offering Letter.

"Applicable Margin" means, at any time, a margin, expressed as a rate per annum based on a 365 or 366 day period, as the case may be, for Prime Rate Loans, Base Rate Loans and payment of Standby Fees and L/C/G Fees, or based on a 365 day period in the case of Stamping Fees, and in any case payable to the Bank, as set out in the Pricing Grid for Facility A under the then Net Debt to Cash Flow Ratio applicable to the type of Advance.

"Availability" has the meaning ascribed to such term under the section heading "Availability", with respect to the applicable Credit Facility.

"bps" means one one-hundredth of one percent.

"Business Day" means a day on which banks are open for business in Calgary, Alberta, Montréal, Quebec and Toronto, Ontario; but does not, in any event, include a Saturday or Sunday.

"Calgary Branch of the Bank" means the branch of the Bank at 301 – 6 Avenue SW, Calgary, AB T2P 4M9, fax (403) 294-4965, or such other address as the Bank may notify the Borrower from time to time.

"Canadian Dollars", "Cdn Dollars", "Cdn\$", "CAS" and "\$" mean the lawful money of Canada.

"Capital Lease" means, with respect to any Person, any lease or other arrangement relating to real or personal property which should, in accordance with GAAP, be accounted for as a capital lease on a balance sheet of such Person but excluding any lease that would in accordance with GAAP be determined to be an operating lease.

"Cash Flow" means, at any time, the annualized cash flow of the Borrower on a consolidated basis for the most recent fiscal quarter as determined from its quarterly financial statements for that fiscal quarter, which for certainty means an annualized aggregate amount expressed in Canadian Dollars of the sum, without duplication, of its:

- (a) net earnings (but excluding from the determination of net earnings, non-cash income, unrealized mark to market gains, Capital Lease payments, any abandonment costs paid in cash, cash taxes and any extraordinary or nonrecurring earnings, gains, and losses);
- (b) depletion, depreciation, accretion and amortization;
- (c) exploration and evaluation expenses to the extent deducted from Net Income;
- (d) future income taxes; and
- (e) other charges to operations not requiring a current cash payment,

"Default" means any event or condition which, with the giving of notice, lapse of time or both, or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

"Face Amount" means (i) in respect of a BA, the amount payable to the holder thereof on its maturity, and (ii) in respect of a L/C/G, the maximum amount payable to the beneficiary specified therein or any other Person to whom payments may be required to be made pursuant to such L/C/G.

"Federal Funds Effective Rate" means, on any day, the rate of interest per annum for that day set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (the "H.15(519)") opposite the caption "Federal Funds (Effective)" and, if on any day such rate is not yet published in H. 15(519), the rate for such day will be the rate set forth in the Composite 3:30 p.m. Quotations for US Government Securities, or any successor publication, for such day published by the Federal Reserve Board (the "Composite 3:30 p.m. Quotations") under the caption "Federal Funds Effective Rate"; provided that if such rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, such rate will be the average of the interest rates per annum quoted for such day on overnight Federal funds (such words to have the meaning generally given to them by money market brokers of recognized standing doing business in the United States of America) transactions received by the Bank from three Federal funds brokers of recognized standing selected by the Bank;

"Financial Instrument" means any currency swap agreement, cross-currency agreement, interest swap agreement, agreement for the making or taking of delivery of any commodity, commodity swap agreement, forward agreement, floor, cap or collar agreement, futures or options, insurance or other similar risk management agreement or arrangement, or any combination thereof, to be entered into by the Borrower where (i) the subject matter of the same is interest rates or the price, value or amount payable thereunder is dependent or based upon the interest rates or fluctuations in interest rates in effect from time to time (but, for certainty, shall exclude conventional floating rate debt) (ii) the subject matter of the same is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates as in effect from time to time, or (iii) the subject matter of the same is any commodity or the price, value or amount payable thereunder is dependent or based upon the price of any commodity or fluctuations in the price of any commodity.

"Generally Accepted Accounting Principles" or "GAAP" means generally accepted accounting principles consistently applied which are in effect from time to time, as published in the Handbook of the Canadian Institute of Chartered Accountants and other primary sources recognized from time to time by the Canadian Institute of Chartered Accountants.

"ISDA Master Agreement" means an International Swap and Derivatives Association, Inc. Master Agreement (Multi Currency - Cross-Border) as from time to time amended, restated or replaced by the International Swap and Derivatives Association, Inc., including the schedule thereto and any confirmation thereunder as entered into by the Borrower with any counterparty thereto.

"Material Adverse Effect" means a material adverse effect on:

- (a) the business, financial condition, operations, assets or capitalization of the Borrower on a consolidated basis and taken as a whole;
- (b) the ability of any Loan Party to pay or perform the obligations under this Offering Letter or the ability of any Loan Party to pay or perform any of its obligations or contingent obligations under any Security or any underlying agreements or document delivered pursuant to this Offering Letter or the Security;
- (c) the ability of any Loan Party to perform its obligations under any material contract, if it would also have a material adverse effect on the ability of such Loan Party to pay or perform its obligations under this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security;
- (d) the validity or enforceability of this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security; and

- (e) the priority ranking of any security interests granted by this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security, or the rights or remedies intended or purported to be granted to the Bank under or pursuant to this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security.

"Net Debt" means at any time, on a consolidated basis, the aggregate amount (without duplication) expressed in Canadian Dollars of (a) Working Capital Deficit plus (b) Debt .

"Net Debt to Cash Flow Ratio" means at any time, the ratio of (i) Net Debt to (ii) Cash Flow.

"Offering Letter" means the offering letter to which this appendix is appended, and any appendices thereto, as amended, supplemented, modified, restated or replaced from time to time.

"Permitted Contest" means action taken by a Loan Party in good faith by the appropriate proceedings diligently pursued to contest a tax, claim or security interest, provided that:

- (a) such Loan Party has established reasonable reserves therefor in accordance with GAAP;
- (b) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect; and
- (c) proceeding with such contest will not create a material risk of sale, forfeiture or loss of, or interference with the use or operation of, a material part of the property, assets or undertaking of any Loan Party.

"Permitted Encumbrance" means at any particular time any of the following encumbrances on the property or any part of the property of any Loan Party:

- (a) liens for taxes, assessments or governmental charges not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (b) liens under or pursuant to any judgment rendered, or claim filed, against a Loan Party, which such Loan Party shall be contesting at the time by a Permitted Contest;
- (c) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law against any Loan Party or which relate to obligations not due or delinquent, or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (d) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil and other pipelines, gas and water mains, electric light and power and telecommunication, telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons which individually or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of any Loan Party;
- (e) security given by any Loan Party to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of such Loan Party, all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of the asset concerned or materially impair its use in the operation of the business of any Loan Party;
- (f) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;
- (g) security interests in favour of the Bank securing the obligations of any Loan Party under the Offering Letter or the Security;

"**Stamping Fee**" means, at any time, a margin, expressed as a rate per annum based on a 365 day period, charged by the Bank for accepting and stamping BAs.

"**Unrealized Hedging Gains**" means mark to market unrealized gains in respect of Financial Instruments or other risk management products recorded in accordance with generally accepted accounting principles.

"**Unrealized Hedging Losses**" means mark to market unrealized losses in respect of Financial Instruments or other risk management products recorded in accordance with generally accepted accounting principles.

"**U.S. Base Rate**" means the rate of interest per annum, based on a 365 or 366 day period, as the case may be, in effect from time to time that is equal to the greater of:

- (a) the rate of interest publicly announced by the Bank from time to time as being its reference rate then in effect for determining interest rates for commercial loans in U.S.\$ made by the Bank in Canada; and
- (b) the Federal Funds Effective Rate in effect from time to time multiplied by 365/366, plus a margin on one half (1/2) of one (1) percent (0.50%).

"**U.S. Dollar**" and the symbol "U.S.\$" each means lawful money of the United States of America in same day immediately available funds and, if such funds are not available, the form of money of the United States of America that is customarily used in the settlement of international banking transactions on the day payment is due.

"**Voting Shares**" means:

- (a) in respect of a corporation or limited liability company, shares of any class or equity ownership interests of such entity:
 - (i) carrying voting rights in all circumstances; or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing;

provided that subparagraph (ii) above shall not include voting rights created solely by statute, such as those rights created pursuant to section 183(4) of the Business Corporations Act (Alberta) as in effect on the date of the Offering Letter;

- (b) in respect of a trust, trust units of the trust:
 - (i) carrying voting rights in all circumstances; or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing;
- (c) in respect of a partnership, the partnership interests or partnership units:
 - (i) carrying voting rights in all circumstances; or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and is continuing.

"**Working Capital Deficit**" means Current Liabilities minus Current Assets.



**NATIONAL
BANK**

FINANCIAL GROUP

**VARIABLE RATE
DEMANDE NOTE**

311 - 6 Avenue SW, Suite 1800
Calgary, AB T2P 3H2
Branch address

2012/10/23
Date (YYYY MM DD)

\$ 500 000,00
Amount

ON DEMAND, I promise to pay to the order of NATIONAL BANK OF CANADA the sum of Five Hundred Thousand 00 /100 dollars with interest payable monthly at the Bank's prime rate* plus 5.00 per cent per annum up to and after maturity, until fully paid, plus minimum charges of \$10, at the above National Bank of Canada branch. The prime rate as at the date of this note is 3.00 per cent per annum.

I acknowledge that value has been received as consideration for this note.

* **Prime rate:** The annual variable interest rate posted by National Bank of Canada from time to time, which is used to determine the interest rate on loans in Canadian dollars made in Canada.

EAGLE RANCH RESOURCES LTD.

Signature

Signature

THIS IS EXHIBIT " C "
referred to in the Affidavit of
Elizabeth Pineda

DEBENTURE

Sworn before me this 13
day of August, 20 14

EAGLE RANCH RESOURCES LTD.

A Commissioner for Oaths in and for the
Province of Alberta
Frances L. Candy
Student-at-Law

(a body corporate incorporated under the laws of Alberta
and having its head office in the City of Calgary)

1. EAGLE RANCH RESOURCES LTD. (the "Corporation") acknowledges that it is or may become indebted to the National Bank of Canada (the "Bank") up to the principal amount of TWENTY FIVE MILLION (\$25,000,000.00) DOLLARS (the "Principal Sum") and covenants and agrees to and with the Bank that it will pay to the Bank the Principal Sum in lawful money of Canada, ON DEMAND, and further covenants and agrees with the Bank that it will pay to the Bank interest on the Principal Sum or so much thereof remaining from time to time owing at such rate per annum as is determined by the Bank and specified in such demand promissory notes as may be requested from time to time by the Bank or as may be provided for in agreements made between the Bank and the Corporation from time to time (such rate if not so ascertainable to be equal to the Prime Rate plus 2.5% per annum. "Prime Rate" means the floating annual rate of interest established from time to time by the Bank as the base rate it will use to determine the rates of interest on Canadian dollar loans to customers in Canada and designated as the Prime Rate by the Bank), such interest to be calculated on the portion or portions of the Principal Sum as shall from time to time remain unpaid. All payments of principal and interest are to be made at the 301 - 6th Avenue SW, Calgary, Alberta, T2P 4M9 branch of the Bank. Interest payable hereunder shall be payable both before and after maturity and before and after judgment until all monies payable hereunder, with interest as aforesaid, shall have been fully paid and satisfied. All unpaid portions of the Principal Sum, together with all interest accruing thereon and all other monies secured or payable hereunder are hereinafter collectively called the "Indebtedness".
2. NEITHER THE EXECUTION, delivery nor registration of this Debenture nor the advance in part of the Principal Sum hereby secured shall bind the Bank to advance the Principal Sum or any unadvanced portion thereof but nevertheless the lien, charge and security interest hereby created shall take effect forthwith on the execution hereof and shall be a continuous charge notwithstanding that the balance owing hereunder may fluctuate and may have been from time to time and at any time reduced to a nil balance and further notwithstanding that the advance of monies hereunder may be repaid and further advanced, it being understood that such continuous charge shall be security for any balance of any and all of the Indebtedness at any time and from time to time payable under the provisions of this Debenture.

3. THE INDEBTEDNESS shall be paid without regard to any equities between the Corporation and the Bank or any set-off or cross-claims and the receipt of the Bank for the payment of the Indebtedness will be a good discharge to the Corporation in respect thereof.
4. AS SECURITY FOR the due payment of the Indebtedness and the performance of the obligations of the Corporation herein contained:
 - (a) the Corporation mortgages and charges to and in favour of the Bank as and by way of a fixed and specific mortgage, charge and security interest all of its present and after-acquired right, title, estate and interest in and to that property described and referred to from time to time in Schedule "A" hereto, including proceeds thereof, together with any and all accretions and accessions thereto, substitutions therefor and any and all attachments and other property at any time or times placed upon or associated with, or as may be necessary for the effective use and operation of the property described in Schedule "A" hereto and which forms part thereof, all of which, together with any other property subsequently acquired and specifically mortgaged and charged as herein provided for, is hereinafter collectively referred to as the "Specifically Mortgaged Property"; and
 - (b) the Corporation mortgages, charges, grants, bargains, sells and assigns as and by way of a floating charge and grants a security interest, in each case, to and in favour of the Bank in all of its other undertaking, property and assets for the time being, both present and future, of whatsoever nature and kind and wheresoever situate including, without limitation, its uncalled capital and all present and future tolls, incomes, monies, sources of money, rights, powers, privileges, franchises, easements, agreements, books, records, leases, shares, bonds, debentures, book debts, proceeds, accounts receivable and securities and all other property and things of value of every kind and nature, tangible or intangible, legal or equitable, of which the Corporation may be possessed or entitled to now or at any time in the future, together with the Specifically Mortgaged Property if and only to the extent that the same, or any part thereof, is not, for any reason, validly subjected to the mortgage, charge and security interest created pursuant to the immediately preceding sub-clause (a), whether directly by the said sub-clause or by virtue of any other clause hereof. The floating charge and security interest created by this sub-clause shall in no way hinder or prevent the Corporation, until the security hereby constituted shall become enforceable (i) from selling, exchanging, acquiring, trading, leasing, assigning, subleasing or otherwise disposing of or dealing with at any time or from time to time all or any part of its property and assets or any interests therein in the ordinary course of its business and for the purpose of carrying on the same, provided that in doing so the Corporation does not otherwise become in breach or default of this Debenture or any other agreement with the Bank, or (ii) from pledging, assigning or giving security or securities on the subject matter of

such security interest and floating charge to the Bank for present or future debts or liabilities to the Bank.

For all purposes of this Debenture, the words "Mortgaged Property" mean and include all present, after-acquired and future undertakings, property and assets of the Corporation, all as described in subclauses (a) and (b) of this clause 4.

5. THE CORPORATION hereby covenants and agrees that if at any time during the currency of this Debenture it shall acquire any property which is incremental and material to the Specifically Mortgaged Property it shall, forthwith upon such acquisition, give notice thereof to the Bank and the Corporation does hereby further covenant and agree to forthwith execute and deliver such deeds, documents, instruments and assurances as the Bank may require to subject such property to the specific mortgage and charge created by clause 4(a) of this Debenture.
6. THIS DEBENTURE shall also operate as security for the due observance and performance of all obligations of the Corporation under any guarantee made by the Corporation in favour of the Bank whether the same are made prior to, concurrent with or after the date hereof, and for the due payment of all monies that at any time and from time to time become payable by the Corporation to the Bank pursuant to any and all such guarantees.
7. THIS DEBENTURE shall also operate as security for the due satisfaction and discharge by the Corporation of all liability which the Bank incurs under any Bankers' Acceptances which the Corporation issues and which the Bank accepts and as security for all liability incurred by the Bank under all letters of credit which the Bank issues to or for the benefit of the Corporation, as well as security for the due payment to the Bank by the Corporation of:
 - (a) all monies which the Bank pays in respect of such Bankers' Acceptances and letters of credit; and
 - (b) all fees and other charges payable by the Corporation to the Bank in respect of the aforesaid Bankers' Acceptances and letters of credit. For the purposes of this Debenture, "Bankers' Acceptances" shall mean bills of exchange or depository bills under the *Depository Bills and Note Act* (Canada), as applicable, drawn by the Corporation and which are accepted by the Bank.
8. THE CORPORATION represents, warrants and undertakes to and with the Bank that:
 - (a) it is the legal and/or beneficial owner of the Specifically Mortgaged Property;

- (b) it has good right and lawful authority to grant, convey, assign, transfer, mortgage and charge the Mortgaged Property according to the true intent and meaning of this Debenture; and
- (c) the Specifically Mortgaged Property is free and clear of all claims, mortgages, liens, charges or encumbrances of any nature whatsoever other than Permitted Encumbrances, those in favour of the Bank, and those referred to in Schedule "A" hereto, if any.

For purposes of this Debenture "Permitted Encumbrances" means:

- (a) undetermined or inchoate liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to law against the Corporation or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not yet due or delinquent;
- (b) liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the joint operation of oil and gas properties or related production or processing facilities as security in favour of any other person conducting the development or operation of the property to which such liens relate, for the Corporation's portion of the costs and expenses of such development or operation, provided such costs or expenses are not due or delinquent;
- (c) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by the Corporation (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, do not materially detract from the value of such land or materially impair its use in the operation of the business of the Corporation;
- (d) any lien or trust arising in connection with worker's compensation, unemployment insurance, pension and employment laws or which relate to obligations which are not due or delinquent;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit acquired by the Corporation, or by any statutory provision to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof, but only to the extent that such right has not been exercised and no proceedings or other steps have been taken to exercise such rights;

- (f) all reservations in the original grant from the Crown of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;
 - (g) public statutory and similar liens arising by operation of law or which relate to obligations which are not due or delinquent;
 - (h) all agreements pursuant to which the Corporation has agreed to (or is committed to) sell, for fair market value, petroleum, natural gas and/or related hydrocarbons from any petroleum, natural gas or related hydrocarbon property to an arm's length purchaser and in the ordinary course of its business;
 - (i) minor defects in title not materially adversely affecting any petroleum, natural gas or related hydrocarbon property;
 - (j) overriding royalty interests, net profit interests, reversionary interests, carried interests and lessor royalties or other similar burdens on production in respect of the Corporation's oil and gas properties that are entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound oil and gas industry practice; and
 - (k) "purchase money security interests" as such term is defined by the *Personal Property Security Act* (Alberta) which are not otherwise prohibited or restricted by any other agreement made between the Corporation and the Bank.
9. NOTWITHSTANDING ANYTHING in this Debenture, it is understood and agreed that the mortgage, charges and security interests created hereby shall not extend or apply to the last day of the term of any lease or any agreement therefor but upon the enforcement of this Debenture the Corporation shall stand possessed of such last day in trust to assign the same to any person, firm or corporation acquiring such term.
10. THE CORPORATION SHALL NOT, without the prior express written consent of the Bank, not to be unreasonably withheld:
- (a) incur or assume any secured indebtedness for borrowed money which is secured by other than a Permitted Encumbrance or enter into or assume any capital lease ("capital lease" shall mean any lease of property whether real, personal or mixed), other than any lease under which the Corporation is the lessor, which would, in accordance with generally accepted accounting principles, either be required to be classified and accounted for as a capital lease on a balance sheet of the lessee or otherwise be disclosed as such in a note to such balance sheet;
 - (b) become a guarantor or an endorser of any obligation unless such guarantee or obligation is in favour of the Bank;

- (c) sell, assign, lease, convey, or otherwise dispose of the whole or any part of the Mortgaged Property except as may be expressly permitted pursuant to the provisions of this Debenture and any other written agreement between the Corporation and the Bank;
- (d) except for Permitted Encumbrances, create or assume any mortgage, pledge, charge or other encumbrance of whatsoever nature or kind charging the whole or any part of the Mortgaged Property, whether specifically or by way of floating charge or security interest, ranking or intended to rank in priority to or pari passu with this Debenture;
- (e) suffer or permit any lien or encumbrance not expressly permitted by this Debenture to rank in priority to or pari passu with this Debenture or to arise or exist against the Mortgaged Property or any part thereof, provided that the Corporation may, on furnishing the Bank with security satisfactory to the Bank, take any steps necessary to dispute any claim in respect of which a lien or encumbrance may exist or be claimed against the Corporation's property;
- (f) distribute or reduce all or any part of its capital, retained earnings or surplus (as those terms are defined and are consistent with generally accepted accounting principles) whether by way of dividend (stock or otherwise) redemption of shares, repurchase of shares, loan, encumbrance, liquidation, winding up, dissolution, amalgamation, merger, reorganization or by any other manner whatsoever unless in the sole opinion of the Bank, acting reasonably, such distribution or reduction would not impair the capacity of the Corporation to fulfil and meet its obligations to the Bank;
- (g) merge, amalgamate, consolidate, wind-up, liquidate or effect an arrangement or reconstruction with any person, firm or corporation;
- (h) make loans to or investments in subsidiaries or affiliated corporations outside of the normal course of business;
- (i) sell or dispose of any Mortgaged Property which in the aggregate would exceed \$100,000 in any calendar year inclusive of the sale and leaseback of any facilities owned by the Corporation;
- (j) hedge or contract crude oil, natural gas liquids, or natural gas, on a fixed price basis, exceeding 50% of actual production volumes;
- (k) monetize or settle any fixed price financial hedge or contract;
- (l) allow a change in control of the Corporation; or

- (m) do anything which from time to time the Corporation has under the provisions of any other agreement or instrument with the Bank agreed not to do.

11. THE CORPORATION SHALL:

- (a) furnish to the Bank, within one hundred and twenty (120) calendar days of each fiscal year end of the Corporation, its audited consolidated annual financial statements for the fiscal year just ended;
- (b) furnish to the Bank, within sixty (60) calendar days of the end of each fiscal quarter, unaudited consolidated quarterly financial statements;
- (c) furnish to the Bank, within one hundred and twenty (120) calendar days of each fiscal year end, commencing with the fiscal year-end following the date of this Debenture, an annual independent engineering report prepared by a firm acceptable to the Bank on the oil and gas reserves of the Corporation;
- (d) furnish to the Bank, within sixty (60) days of each month-end, monthly production and revenue reports;
- (e) furnish to the Bank any other information and/or certificates agreed to be furnished by the Corporation and within the timeframe(s) permitted therefore;
- (f) keep proper books of account and records covering all its business and affairs and permit the Bank, at all reasonable times, either by its officers or authorized agents, to enter upon all or any of the premises of the Corporation and to inspect the books, records, inventories and assets of the Corporation, make extracts therefrom and generally conduct such examination of such books, records, inventories and assets as the Bank acting reasonably may seem fit;
- (g) carry on and continuously conduct its business in an efficient manner; maintain, repair and keep in good working order and condition the Mortgaged Property; pay all rents and royalties and observe all covenants reserved by and contained in all leases under which the Corporation holds any property; and operate its oil and gas assets in accordance with good oilfield practises, accepted industry standards and all applicable agreements, regulations and laws;
- (h) maintain adequate and appropriate insurance with insurers of recognized standing covering the Corporation's properties and operations, including insurance for public liability, blow-outs, business interruption, loss of key management (if required by the Bank) and all-risk perils as is customarily maintained by persons engaged in the same or similar business in the localities where its properties and operations are located and at the request

of the Bank assign to the Bank, as a first loss payee, all monies payable in respect of any and all such insurances;

- (i) defend title to the Mortgaged Property against the claims and demands of all persons, firms or corporations whomsoever;
- (j) if requested, provide to the Bank from time to time such information about the Mortgaged Property and the Corporation as the Bank may reasonably request;
- (k) comply with the directions and orders of all regulatory bodies and provisions regarding environmental procedures and controls;
- (l) maintain its corporate existence, pay all taxes and comply with all applicable laws;
- (m) in a timely manner inform the Bank of any event or action which would reasonably be expected to have a material adverse impact on the Borrower's business affairs whether operational, financial or otherwise including without limitation such things as the sale of assets, the granting of guarantees, obtaining funded debt from other lenders or changing the nature of its business as it is now presently being carried on; and
- (n) abide by, observe and perform the terms and covenants of all agreements entered into from time to time with the Bank.

12. THE INDEBTEDNESS SHALL immediately become due and payable, whether with or without prior demand therefor, and the security hereby constituted shall become immediately enforceable:

- (a) if the Corporation makes default in payment when due of any indebtedness or liability to the Bank whether secured hereby or not; or
- (b) if and when the Corporation shall make default in payment of any part of the Indebtedness on the days appointed for payment under this Debenture or, in the case of the Principal Sum, upon demand being made for payment thereof; or
- (c) if and when the Corporation shall in the sole opinion of the Bank acting reasonably commit any material breach or material default of this Debenture, or of any other collateral security held by the Bank, or of any other present or future agreement between the Bank and the Corporation, and, without limiting the generality thereof, any breach or default of the Corporation of its obligations under any and all guarantees of the Corporation in favour of the Bank; or
- (d) if the Corporation shall become in breach or default in the observance or performance of any term, condition, covenant, agreement, representation

or warranty contained in any contract to which the Corporation is a party, including those made between the Corporation and the Bank, or by which it is bound and the breach or default is not remedied within the grace period (if any) set forth in such contract or other agreement pertaining thereto; or

- (e) if any of the Corporation's assets having a collective fair market value of \$100,000 are seized or are taken in execution or attachment by any creditor of the Corporation; if the Corporation commits any act or acts of bankruptcy; if a petition in bankruptcy is filed or presented against the Corporation; if the Corporation makes any assignment for the benefit of its creditors or if the Corporation enters into any arrangement with its creditors; if the Corporation becomes bankrupt or insolvent; if the Corporation is party to any transaction which is or falls within the contemplation of any fraudulent preferences legislation; if proceedings are taken for the dissolution, liquidation or winding-up of the Corporation; if the Corporation ceases or threatens to cease to carry on its business; if the Corporation sells or disposes of all or substantially all of its assets; or if any judgment in excess of \$100,000 against the Corporation shall remain unsatisfied for a period in excess of thirty (30) days;
- (f) if, in the sole opinion of the Bank acting reasonably, a material adverse change occurs in respect of the Corporation, its affiliated corporations, or any of its subsidiaries or in their business, assets or financial condition; or
- (g) if proceedings are taken to enforce any lien, charge or other encumbrance against any of the Mortgaged Property which part of the Mortgaged Property has, in the sole opinion of the Bank acting reasonably, a fair market value greater than \$100,000.

Nothing in this clause or elsewhere in this Debenture shall in any way alter the demand nature of the Indebtedness or any part thereof and the Bank may, if it deems it advisable, in its sole and absolute discretion, demand payment in full of the Indebtedness (and of all other indebtedness and obligations secured hereby) at any time.

13. IF THE SECURITY hereby constituted shall become enforceable pursuant to the terms hereof, the Corporation acknowledges to and agrees with the Bank that the Bank may enter into possession of all or any part of the Mortgaged Property, or the Bank may commence such legal action or other proceedings (including, without limitation, actions or proceedings seeking foreclosure and/or sale and the appointment of a receiver, which term as used in this Debenture includes a receiver-manager) as it in its sole and absolute discretion may deem expedient and realize upon any security granted in favour of the Bank, all without the obligation to marshal its security and without any additional notice, presentation, demand or protest, all of which the Corporation hereby expressly waives. The commencement of any such entry into possession or any such action or

proceedings or any such appointment shall be conclusively deemed to crystallize and fix the security hereby constituted to the extent that the same was not previously so fixed and crystallized. The rights and remedies of the Bank hereunder are cumulative, are in addition to and are not in substitution for any rights or remedies provided by law or contained in any other agreement, instrument, or security heretofore or hereafter granted by the Corporation in favour of the Bank, and any and all such rights or remedies may be exercised independently or concurrently by the Bank.

14. THE BANK MAY, at any time after the security hereby constituted shall have become enforceable, appoint any person, firm or corporation, whether an officer or employee of the Bank or not, to be a receiver of all or any part of the Mortgaged Property and may from time to time remove any receiver so appointed and appoint another in its stead and the Bank shall not in any way be responsible for any misconduct or negligence on the part of any such receiver.
15. A RECEIVER SO APPOINTED shall, for the purposes of responsibility for his acts, be deemed to be the agent of the Corporation and shall (unless limited by applicable legislation) have power:
 - (a) to take possession of, collect and get in all or such part of the Mortgaged Property as he deems fit from time to time and for that purpose take any proceedings in the name of the Corporation or otherwise;
 - (b) to carry on or to concur in the carrying on of the business of the Corporation;
 - (c) to sell or lease or concur in selling or leasing all or any part of the Mortgaged Property by public auction or private contract on such terms as to credit and otherwise and for such price as can be reasonably obtained therefore;
 - (d) to make any arrangement or compromise which the receiver may think expedient;
 - (e) to prosecute and defend all suits, proceedings and actions which the receiver considers necessary or advisable for the proper protection of the Mortgaged Property; and
 - (f) for any one or more of the above purposes to borrow money and grant security for the repayment thereof and all amounts so borrowed, together with interest thereon, shall form a first fixed charge upon the Mortgaged Property in priority to the mortgages and charges hereby created,

and for the purposes aforesaid, the Corporation hereby authorizes a receiver so appointed (and by these presents does so appoint such receiver its true and lawful attorney for and in its name, place and stead) to execute and deliver for and on behalf of the Corporation all such transfers, leases, mortgages, deeds, documents,

instruments and assurances and do and perform all such acts and things as may be necessary or advisable to carry out the powers hereby granted. Further, the receiver shall be vested with such other discretions and powers as may be granted in the instrument of appointment and any supplement thereto. The aforesaid authorization and appointment shall in no way limit, restrict or derogate from, in any manner whatsoever, those powers and authorities which such receiver shall otherwise have and enjoy.

THE NET PROFITS of carrying on the business of the Corporation and the net proceeds of sale of the Mortgaged Property, or any part or parts thereof, shall be applied by the receiver, subject to the claim of all secured and unsecured creditors (if any), ranking in priority to this Debenture:

FIRSTLY: in payment of all costs and expenses of and incidental to the appointment of the receiver and the exercise by him of all or any of the aforesaid powers, including the reasonable remuneration of the receiver and all outgoings properly paid or payable by him;

SECONDLY: in and towards payment to the Bank of the Indebtedness to be applied by the Bank thereto at its discretion to any interest or principal remaining payable or due on or under this Debenture; and

THIRDLY: any surplus shall be paid to the Corporation.

The Bank shall be under no liability to the receiver for his remuneration, costs, charges or expenses.

16. THE BANK MAY (at any time and from time to time) pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Mortgaged Property, or any part thereof, and all amounts so paid shall be added to the debt hereby secured and the same shall be payable forthwith with interest at the rate provided for herein and all amounts so paid, with interest thereon as aforesaid, shall be charged upon the Mortgaged Property.
17. THE INDEBTEDNESS WILL BE PAID in lawful money of Canada in favour of the Bank payable at Calgary, Alberta, as the same shall become due and payable hereunder.
18. (a) NO POSTPONEMENT or partial release or discharge of the mortgages, charges and security interests created by this Debenture shall in any way operate or be construed to release or discharge the security hereby constituted except as therein specified, or to release or discharge the Corporation from any obligation or liability to the Bank under this Debenture.

(b) THE BANK MAY waive any breach or default by the Corporation of any of the provisions contained in this Debenture or any breach or default by the Corporation in the observance or performance of any covenant or

condition required to be observed or performed by the Corporation under the terms of this Debenture; provided that any such waiver shall apply only to the particular breach or default waived and shall not operate as a waiver of any other or future breach or default. Further, no delay or omission upon the part of the Bank to exercise any right or power hereunder shall impair such right or power or be considered to be a waiver of any breach or default or any acquiescence thereunder.

- (c) THE TAKING OF a judgment or judgments by the Bank on any of the covenants herein contained or on any of the covenants contained in any further or associated security documentation taken pursuant hereto shall not operate as a merger of the said covenants nor affect the right of the Bank to interest at the applicable rates and times as aforesaid.
- 19. THE SECURITY hereby created is in addition to and not in substitution for any other security or securities which the Bank may now or from time to time hold or take from the Corporation.
- 20. THE CORPORATION hereby agrees to pay to the Bank, forthwith upon demand, all costs, charges and expenses (including legal fees on a solicitor and his own client basis) which the Bank suffers or incurs in connection with the preparation, execution, delivery, registration, administration, defending and enforcement of this Debenture together with interest thereon at the rate provided for herein from the date the Bank makes demand for payment of such costs, charges and expenses so suffered or incurred.
- 21. ANY AND ALL NOTICES or other communications required or permitted hereunder shall be in writing and shall be:
 - (a) personally served upon an officer or director of the Corporation, or in the case of the Bank upon an Account Manager of the Energy Group at the address for the Bank set forth in sub-clause (b) of this clause; or
 - (b) mailed by prepaid registered letter addressed to the Corporation at 650, 910 – 7th Avenue SW, Calgary, Alberta T2P 3N8 and to the Bank at 2700, 530 – 8th Avenue SW, Calgary, Alberta T2P 3S8, and any such notice(s) shall be deemed to have been served at the expiration of three (3) days after posting.

THE BANK and/or the Corporation may change their respective addresses for service as set forth in clause 21(b) hereof by giving notice thereof to the other as herein provided for.

- 22. THIS DEBENTURE has been issued in accordance with resolutions of the directors of the Corporation and all other matters and things have been done and performed so as to authorize and make the creation and issue of this Debenture and its execution and delivery legal and valid in accordance with the laws of


Alberta and is given as security for the due payment of the Indebtedness and the guarantees, Bankers' Acceptances and letters of credit hereinbefore referred to.

23. THE CORPORATION shall execute and deliver to the Bank such further and other deeds, documents, instruments and assurances and do or cause to be done all such other acts and things as may be required by the Bank from time to time to give full force and effect to this Debenture and the mortgages and charges created hereby.
24. THIS DEBENTURE shall enure to the benefit of and shall be binding upon the parties hereto and their successors and assigns.

IN WITNESS WHEREOF the Corporation has caused its corporate seal to be hereunto affixed, attested by the signature of its proper officer duly authorized in that behalf, this 22 day of ~~June~~, 2006.

JVL

EAGLE RANCH RESOURCES LTD.

Per:  c/s
Russ Feschuk
President and Secretary

SCHEDULE "A"

Specifically Mortgaged Property

The Specifically Mortgaged Property referred to in clause 4(a) to the Debenture of Eagle Ranch Resources Ltd. (the "Corporation") to the National Bank of Canada to which this Schedule "A" forms part consists of all of the present and after-acquired right, title and interest of the Corporation in and to:

- (a) all petroleum, natural gas and related hydrocarbons or minerals in place or in storage within, upon or under the lands from time to time set forth in Exhibit "1" hereunto annexed (as the same may be amended, supplemented or replaced from time to time) and made part of this Schedule "A" (the interest of the undersigned therein being represented to be not less than that set forth in Exhibit "1"); and
- (b) all rights, licences, agreements, leases and permits now owned or hereafter acquired by the undersigned to obtain and remove such hydrocarbons or minerals and to enter upon and use any lands from or on which such hydrocarbons or minerals are or may be extracted, mined or produced; and
- (c) all the estate or interest of the undersigned in or to any of the said hydrocarbons or minerals, rights, licences, permits and lands; and
- (d) all the right, title and interest of the undersigned in the casing and equipment used or to be used in extracting, mining or producing or seeking to extract, mine or produce and storing any of such hydrocarbons or minerals;

and in particular, but without limitation, the rights and interest of the undersigned referred to in Exhibit "1" hereto.

EXHIBIT "1" to SCHEDULE "A"

AGREEMENT

LANDS

INTEREST

(This Exhibit "1" shall include and consist of such interests and rights of Eagle Ranch Resources Ltd. as may from time to time be pledged by it to the National Bank of Canada pursuant to that Negative Pledge and Undertaking dated the same date as the Debenture to which this Exhibit "1" forms part together with such other interests and rights of Eagle Ranch Resources Ltd. as it and the National Bank of Canada may by agreement from time to time add hereto).



In consideration of the National Bank of Canada (hereinafter called the "Bank") providing the undersigned (hereinafter called the "Customer") with a revolving demand loan facility (hereinafter called the "Loan Facility") in the aggregate principal amount not exceeding \$ 1,700,000.00--- One Million Seven Hundred Thousand --- dollars (CDN) the Customer agrees with the Bank as follows:

1. TERM OF CREDIT

The Customer promises to pay to the Bank, on demand, all amounts outstanding under this Loan Facility including, without limitation, principal, interest, fees and accessories.

2. INTEREST RATE

2.1 Advances in CDNS

Advances in CDNS\$ shall bear interest, until payment in full, at the Canadian Prime Rate of the Bank plus one and one-half (1.50%) per cent, calculated daily and payable monthly, with a minimum charge of \$ 10.00. At the date hereof the Canadian Prime Rate of the Bank is three (3.00%) per cent per annum.

3. FINANCING CONDITIONS

3.1 The Customer authorizes the Bank, but the Bank is not obliged, to debit from time to time his Account with the amount of interest accrued and unpaid by the Customer.

3.2 Provided that the Bank has not demanded payment of any amount outstanding under this Loan Facility, or has not terminated this Agreement, the Customer may, at the Bank's discretion, borrow, repay and reborrow up to the amount available under this Loan Facility at any time and from time to time in the following manner:

3.2.1 The Customer authorizes the Bank, daily or otherwise as and when determined by the Bank from time to time, to ascertain the position or net position (as the case may be) between the Customer and the Bank in respect to the deposit account or, if more than one, the deposit accounts maintained by the Customer with the Bank (herein called the "Account") and that

3.2.1.1 if such position or net position is a credit in favour of the Customer, the Bank may apply the amount of such credit or any part thereof, rounded to the nearest \$ 25,000.00 as a repayment of the Loan Facility, and the Bank will debit the Account with the amount of such repayment; and

3.2.1.2 if such position or net position is a debit in favour of the Bank, the Bank will make an advance under the Loan Facility of such amount, rounded to the nearest \$ 25,000.00 as is required to place the Account in such credit or net credit position as has been agreed between the Customer and the Bank from time to time, and the Bank may increase the unpaid balance owing under the Loan Facility, and credit the Account with the amount of such advance;

provided that at no time shall the balance owing exceed the amount of the Loan Facility.

3.3 The Customer agrees to maintain an average monthly minimum credit balance in the Account, which may include compensating balances to cover service charges, reserves and debit float. Such balance shall be the amount agreed to in writing between the Customer and the Bank from time to time.

3.4 The Bank shall maintain on the books of its unit of account, accounts, and records evidencing the outstanding principal amount of the loan of the Bank to the Customer under this Loan Facility together with any interest in respect thereof. The Bank shall maintain a record or computerized data of the amount of the balance, each advance, and each payment of principal and interest on account of the loan. The Bank's accounts and records constitute in the absence of manifest error prima facie evidence of the indebtedness of the Customer to the Bank under this Loan Facility.

6. INTERPRETATION

6.1 Definitions

For the purposes hereof, the following words and phrases shall have the following meaning:

"Canadian Dollars" "CDNS": means lawful money of Canada.

"Canadian Prime Rate": means the annual variable rate of interest announced from time to time by the Bank and used to determine the interest rates on Canadian dollar commercial loans granted by the Bank in Canada.

"Debt", "indebtedness" or "total indebtedness": means the aggregate amount of principal, interest and accessories due by the Customer hereunder.

"Floating Rate": means the interest rate applicable to the floating rate advances made hereunder in Canadian or U.S. dollars, as the case may be.

"U.S. Base Rate": means the annual variable rate of interest announced from time to time by the Bank and used to determine the interest rates on U.S. dollar commercial loans granted by the Bank of Canada.

"U.S. Dollars" "US\$": means lawful money of the United States of America.

6.2 Conversion to U.S. or Canadian dollars

Each time an amount in Canadian dollars must be converted or expressed in U.S. dollars, or the equivalent in U.S. dollars (or inversely) must be determined, such calculation shall be made, on the appropriate date, in accordance with the cash purchase rate of the Bank at about 10:30 a.m.

6.3 Other Agreements

The Customer acknowledges that the terms of this agreement are in addition to and not in substitution for any terms and conditions of any other agreements between the Customer and the Bank.

7. GENERAL TERMS AND CONDITIONS OF REPAYMENT

7.1 Currency and place of payment

All amounts due by the Customer under the terms hereof shall be paid by the Customer to the Bank in Canadian dollars in the case of a financing granted in Canadian dollars, or in U.S. dollars in the case of a financing granted in U.S. dollars.

Should the amount of principal of the debt owing to the Bank exceed the credit limit effectively granted hereunder, the Customer shall reimburse the Bank, on demand, an amount equal to such excess amount.

7.2 Judgment rendered in a currency other than the currency in which the financing granted was due

Should a judgment be obtained against the Customer for an amount owed by it, in a currency other than the one in which the said amount was owing hereunder, the Customer shall pay the Bank, as applicable, on the judgment payment date, such additional amount as is equal to the excess of the amount that was due hereunder and converted into the other currency, on the judgement payment date, with respect to the judgement amount. The exchange rate applicable for the purposes of obtaining the judgment and for calculating said conversion shall be the rate at which the Bank is able, on the appropriate date, in Montreal to sell the currency applicable to this agreement to purchase the other currency.

Any additional amount owing under this clause shall be due as a separate debt from that which gave rise to the judgment, which judgment shall not constitute res judicata.

8. LANGUAGE

The Customer has expressly requested that this document be drawn up and executed in the English language.

EXECUTED AT

CANADA

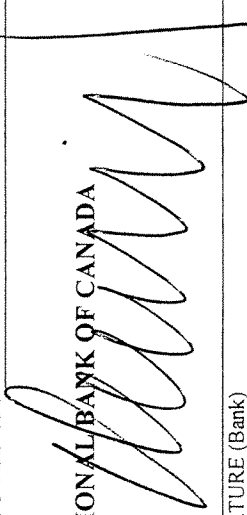
THIS

18

DAY OF

AUG. 2011

NATIONAL BANK OF CANADA



SIGNATURE (Bank)

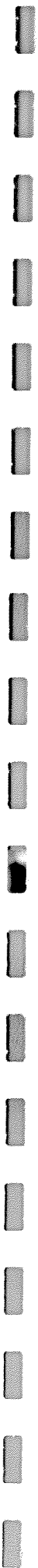
Kevin W. Strierner
Director
Energy Group

EAGLE RANCH RESOURCES LTD.

SIGNATURE (Customer)



SIGNATURE (Customer)



PLEDGE

WHEREAS EAGLE RANCH RESOURCES LTD. (the "Corporation"), a company incorporated under the laws of the Province of Alberta, has executed a demand fixed and floating charge debenture dated as of the date of this Pledge payable to the NATIONAL BANK OF CANADA ("the Bank") in the principal amount of TWENTY FIVE MILLION (\$25,000,000.00) DOLLARS (such debenture as amended, supplemented or restated is hereinafter referred to as the "Debenture"), the Corporation, in consideration of advances made or to be made by the Bank to the Corporation, hereby covenants and agrees with the Bank as follows:

1. The Debenture is hereby assigned, transferred, pledged and hypothecated to and in favour of the Bank as general and continuing collateral security for the payment and fulfilment of all debts, liabilities and obligations, present and future, direct or indirect, matured or not, of the Corporation to the Bank of whatsoever nature and kind and whether arising from any agreement, guarantee or other dealings between the Bank and the Corporation, or from any agreement or dealings between the Bank and any third party by which the Bank may be or become in any manner whatsoever a creditor of the Corporation, or howsoever otherwise arising, and whether the Corporation be bound alone or with another or others and whether as principal or surety, including without limitation, any indebtedness or liability pursuant to any promissory notes granted from time to time in connection therewith (collectively, the "Obligations").
2. In the event of any default in payment of any part of the monies secured under the Debenture, or in the observance or performance of any other obligation of the undersigned to the Bank, including those contained in the Debenture, the Bank may at any time during the continuance of any such default realize upon the Debenture by sale, transfer or delivery, or exercise and enforce all the rights and remedies of a holder of the Debenture as if the Bank were absolute owner thereof, without notice to, or control by the undersigned, and any such remedy may be exercised separately or in combination and shall be in addition to and not in substitution for any other rights of the Bank however created, provided that the Bank shall not be bound to exercise any such right or remedy.
3. The records of the Bank as to payment of the debts, liabilities and obligations being in default or of any demand in payment having been made will be prima facie evidence of such default or demand.
4. The Bank may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Corporation and all other parties and securities as the Bank may see fit, all without prejudice to the debts, liabilities and obligations of the Corporation under the Debenture, or the Bank's rights in respect of the Debenture and the security thereby and hereby constituted.

5. The proceeds of the Debenture may be applied by the Bank on account of such part of the Corporation's indebtedness as it chooses without prejudice to the Bank's claim upon the Corporation for any deficiency.
6. Payment by the Corporation to the Bank of interest for any period in respect of the debts, liabilities and obligations of the Corporation to the Bank shall be deemed to be payment in full satisfaction of any interest payment for the same period provided for under the terms of the Debenture.
7. During the currency of the Debenture and so long as the Debenture is held as continuing security the Corporation will duly observe and perform all its covenants and agreements in favour of the Bank contained in the Debenture.
8. The Debenture, and the security hereby constituted, are in addition to and not in substitution for any other security now or hereafter held by the Bank, and shall not operate as a merger of any simple contract debt or suspend the fulfilment of, or affect the rights, remedies or powers of the Bank in respect of any present or future debts, liabilities or obligations of the Corporation to the Bank or any securities now or hereafter held by the Bank for the payment or fulfilment thereof, and no judgment recovered by the Bank shall operate by way of merger or in any way affect the security of the Debenture.
9. If there are any express conflicts or inconsistencies between the terms of the Obligations and the Debenture or this Pledge, then the terms of the Obligations shall govern in all respects to the extent necessary to eliminate such express conflicts or inconsistencies. Notwithstanding the Principal Sum of the Debenture and the interest rate provided therein on such Principal Sum, the obligations secured by the pledge hereof to the Bank pursuant hereto shall not exceed the amount of the Obligations.
10. This agreement shall be binding upon the Corporation and its successors and assigns and shall enure to the benefit of the Bank and its successors and assigns.

IN WITNESS WHEREOF the Corporation has caused its corporate seal to be hereunto affixed, attested by the signature of its proper officer duly authorized in that behalf, this 17 day of ~~June~~ *July*, 2006.

EAGLE RANCH RESOURCES LTD.

Per:  c/s

Russ Feschuk
President and Secretary

NEGATIVE PLEDGE AND UNDERTAKING

WHEREAS EAGLE RANCH RESOURCES LTD. (the "Corporation") has accepted that offer of finance from the National Bank of Canada (the "Bank") dated June 9, 2006 (the "Offering Letter") wherein among other things, the Corporation at the request of the Bank agreed to grant to it by way of security for the Corporation's present and future indebtedness and liability to the Bank from time to time, an undertaking not to dispose of, and at the Bank's request provide fixed charge security over, its main producing oil and gas properties (the "Major Interests");

AND WHEREAS the Corporation as part of the security granted to the Bank for its present and future indebtedness and liability to the Bank has granted to the Bank a \$25,000,000 fixed and floating charge demand debenture dated the same date as this Negative Pledge and Undertaking (the "Debenture");


NOW THEREFORE in consideration of the Bank agreeing to make advances to the Corporation from time to time under the Offering Letter (as the same may be amended, replaced or restated from time to time), the Corporation does hereby represent, covenant and agree with the Bank as follows:

1. At the date hereof the Major Interests of the Corporation consist of those oil and gas properties and interests of the Corporation set out and described in Schedule "B" hereto.
2. The Corporation represents and warrants to the Bank it is the legal and beneficial owner of the Major Interests and that the Major Interests are free and clear of all claims, mortgages, liens, charges or encumbrances of any nature or kind whatsoever other than Permitted Encumbrances (as defined in Schedule "A" hereto), those in favour of the Bank and those referred to in Schedule "B" hereto.
3. From time to time the Corporation shall, at the request of the Bank and in a timely manner, provide to it a current list and description as to what it or the Bank considers to then be the significant oil and gas properties and interests of the Corporation (the "Additional Interests"), such description to at least include the information contemplated by Schedule "B" hereto.
4. So long as the Corporation is indebted to the Bank, or the Bank is obligated to make credit available to the Corporation, the Corporation undertakes that, except as otherwise provided for in the Offering Letter and in the Debenture, it shall not, without the prior written consent of the Bank, sell, transfer, convey, mortgage, charge, encumber or in any manner dispose of all or any part of its right, title, estate or interest in and to the Major Interests or the Additional Interests, it being the intention that the Major Interests and Additional Interests are intended to secure the Corporation's present and future indebtedness and liability to the Bank as if the same were expressly subject to a specific fixed lien, charge and security interest in favour of the Bank whether pursuant to the fixed charge of a debenture, the Debenture, S.426 *Bank Act* Security or otherwise.

5. At the written request of the Bank the Corporation shall grant to the Bank a fixed mortgage, lien, charge and security interest in and to all or any of the Major Interests or Additional Interests, the nature of such fixed charge to be determined by the Bank but which, without limitation, shall permit the Bank to add the same to Exhibit "1" to Schedule "A" to the Debenture in which event such Major Interests and Additional Interests shall without more form part of the Specifically Mortgaged Property of the Debenture and shall be subject to all of the terms and conditions thereof as if the same had been so included in Exhibit "1" to Schedule "A" of the Debenture at the time it was executed and delivered to the Bank.
6. In the event of any conflicts between the terms hereof and those of any other agreements made between the Bank and the Corporation from time to time which pertain to the Major Interests or the Additional Interests, those contained herein shall govern and prevail unless the Bank and the Corporation otherwise agree in writing.
7. This Negative Pledge and Undertaking shall be binding upon the Corporation and its successors and assigns and shall enure to the benefit of the Bank and its successors and assigns.

IN WITNESS WHEREOF the Corporation has caused its corporate seal to be hereunto affixed, attested by the signature of its proper officer duly authorized in that behalf, this 11th day of ~~June~~ July, 2006.

EAGLE RANCH RESOURCES LTD.

Per:  c/s
Russ Feschuk
President and Secretary

SCHEDULE "A" TO NEGATIVE PLEDGE AND UNDERTAKING

"Permitted Encumbrances" means:

- (a) undetermined or inchoate liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to law against the Corporation or in respect of which no steps or proceedings to enforce such lien have been initiated or which relate to obligations which are not yet due or delinquent;
- (b) liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the joint operation of oil and gas properties or related production or processing facilities as security in favour of any other person conducting the development or operation of the property to which such liens relate, for the Corporation's portion of the costs and expenses of such development or operation, provided such costs or expenses are not due or delinquent;
- (c) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by the Corporation (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, do not materially detract from the value of such land or materially impair its use in the operation of the business of the Corporation;
- (d) any lien or trust arising in connection with worker's compensation, unemployment insurance, pension and employment laws or which relate to obligations which are not due or delinquent;
- (e) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise grant or permit acquired by the Corporation, or by any statutory provision to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof, but only to the extent that such right has not been exercised and no proceedings or other steps have been taken to exercise such rights;
- (f) all reservations in the original grant from the Crown of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title;
- (g) public statutory and similar liens arising by operation of law or which relate to obligations which are not due or delinquent;

- (h) all agreements pursuant to which the Corporation has agreed to (or is committed to) sell, for fair market value, petroleum, natural gas and/or related hydrocarbons from any petroleum, natural gas or related hydrocarbon property to an arm's length purchaser and in the ordinary course of its business;
- (i) minor defects in title not materially adversely affecting any petroleum, natural gas or related hydrocarbon property; and
- (j) overriding royalty interests, net profit interests, reversionary interests, carried interests and lessor royalties or other similar burdens on production in respect of the Corporation's oil and gas properties that are entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound oil and gas industry practice.

SCHEDULE "B" TO NEGATIVE PLEDGE AND UNDERTAKING

Note:

"Eagle" means "Eagle Ranch Resources Ltd."

"WI" means "Working Interest"

JV PROPERTY REPORT
Prov.: AB Area: BINDLOSS
Partner: EAGLE --EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO	
M-060					
Lse: PNG		Lease: JUL-14-2005		Gross\$: 896.00	
FMO: CR		Effect: JUL-14-2005		Net \$: 582.40	
		Expiry: JUL-14-2010		Date: JUL-14	
		Acquir: JUL-14-2005		Freq: ANNUAL	
		Termin:		Payor: ELKWATER	
		Min.Int: 100.00000000%		Cr. No: 0405070096	
		Calg: W4M		Acq.: CROWN SALE	
LESSOR				Rental %	
ALBERTA DEPARTMENT OF ENERGY				100.00000000	
				Rental \$	
				896.00	
ACREAGES		Gross /	Net	Gross /	Net
Total: (A)		640.000 /	416.000	Expose:	640.000
Devel: (A)		0.000 /	0.000	UnDevel:	640.000 /
Prod: (A)		0.000 /	0.000	NonProd:	640.000 /
WORKING INTERESTS			LANDS / RIGHTS / WELLS		
Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI	Prod.: NP	TWP 23-RGE 6-W4M 11 NP
Extension:			AML:N	ROFR: N	PNG from BASE of MEDICINE HAT SD to BASEMENT
PARTNERS			><		
EAGLE			65.00000000		
			100.00000000		
ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	Royalty Description
CSS	CSS	AB ENERGY	100.00000000	WI OWNERS	ON 100.0000% PRODUCTION; NONCONV.
Paid-By-%			TIK		
100.00000000					

WORKING INTERESTS		LANDS / RIGHTS / WELLS	
Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI Prod: NP
Extension:		AMI: N	ROFR: N
PARTNERS			
EAGLE			
><			
100.00000000			
ROYALTY			
CSS			
All-Prod%		Paid-To	Paid-To-%
CSS		AB ENERGY	100.00000000
Paid-By		WI OWNERS	100.00000000
Paid-By-%		TIK	100.00000000
Royalty Description		ON 100.0000% PRODUCTION; NONCONV.	

M-078		Lease: PNG		Gross\$:	896.00	Split: A		Status: ACTIVE	Operator: ELKWATER	Int.: WI	Prod.: P	TWP 24-RGE 4-W4M 5 P
Fh/Cr: CR		Effect: APR-18-2002	Net \$:	582.40	Extension:				AMI:N		ROFR: N	PNG to BASE of BANFF
		Expiry: APR-18-2007	Date:	APR-18							100/08-05-024-04-W4/00	
		Acquir: MAR-01-2005	Freq:	ANNUAL			SECTION 5		SECTION 5			
		Termin:	Payor:	REAL			PARTNERS		>8-5 TWSU BPO< 8-5 TWSU APO			
		Min.Intl:	Cr. No:	0402040272			EAGLE		65.00000000		39.00000000	
									100.00000000		100.00000000	
</												

Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI Prod: P
Extension:		AMI: N	ROFR: N
PARTNERS			
EAGLE			
><			
100.00000000			
ROYALTY			
CSS			
All-Prod%		Paid-To	Paid-To-%
CSS		AB ENERGY	100.00000000
Paid-By		WI OWNERS	100.00000000
Paid-By-%		TIK	100.00000000
Royalty Description		ON 100.0000% PRODUCTION; S/S: 1/24.0000 (5.0000 - 12.0000%) OIL; 12.0000% GAS; ON 100.0000% PRODUCTION; CONV CONVERTS TO A 40% W.I. IN SECTION 5 TWSU APO DEDUCT: 0.0000% DEDUCTIONS SAME AS CROWN	

M-079		Lease: PNG		Lease: APR-18-2002		Gross\$: 896.00		Split: A		Status: ACTIVE		Operator: ELKWATER		Int.: WI		Prod: P		TWP 23-RGE 4-W4M 31 NP	
Fhr/Cr: CR		Effect: APR-18-2002		Net \$: 349.44				Extension:						AMI: N		ROFR: N		PNG to BASE of BANFF	
		Expiry: APR-18-2007		Date: APR-18															
		Acquir: MAR-01-2005		Freq: ANNUAL															
		Termin:		Payor: REAL															
		Min.Intl: 100.00000000%		Cr. No: 0402040269															
				Calg: W4M															
				Acq: FARM-IN															

Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI Prod: P
Extension:		AMI: N	ROFR: N
PARTNERS			
EAGLE			
><			
100.00000000			
ROYALTY			
CSS			
All-Prod%		Paid-To	Paid-To-%
CSS		AB ENERGY	100.00000000
Paid-By		WI OWNERS	100.00000000
Paid-By-%		TIK	100.00000000
Royalty Description		ON 100.0000% PRODUCTION;	

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ELKWATER RESOURCES LTD.

JV PROPERTY REPORT

Prov.: AB Area: BINDLOSS
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

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User: FAYE

TYPES	DATES	RENTAL INFO		WORKING INTERESTS			LANDS / RIGHTS / WELLS		
		ACREAGES(Gross/Net):	TOTAL AREA	DEVELOPED	UNDEVELOPED	PRODUCING	NON-PRODUCING		
	(A)	1,920.000 /	1,081.600	1,280.000 /	640.000 /	1,280.000 /	640.000 /		416.000

JV PROPERTY REPORT
Prov.: AB Area: CEREAL
Partner: EAGLE - EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO		WORKING INTERESTS		LANDS / RIGHTS / WELLS	
M-043		Lse: PNG		Lease: APR-07-2005		Split: A		TWP 28-RGE 9-W4M 5 NP	
Fr/Cr: CR		Effect: APR-07-2005		Gross\$: 896.00		Status: ACTIVE		Elkwater	
		Expiry: APR-07-2010		Net \$: 582.40		Extension: 55,000,000,000		Int: WI	
		Acqur: APR-07-2005		Date: APR-07		Partners: EAGLE		Prod: NP	
		Termint:		Freq: ANNUAL		EAGLE		ROI: N	
		Min.Int: 100.000000000%		Payor: ELKWATER		EAGLE		ROFR: N	
		Cr. No: 0405040062		Calg: W4M		EAGLE		PNG from BASE of VIKING to BASEMENT	
		Acq: CROWN SALE				EAGLE			
LESSOR						EAGLE			
ALBERTA DEPARTMENT OF ENERGY						EAGLE			
						EAGLE			
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ELKWATER RESOURCES LTD.

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JV PROPERTY REPORT
Prov.: AB Area: DEER
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES	DATES	RENTAL INFO			
		Lease:	Gross \$:	Net \$:	Net
M-004	Use: PNG	Lease: OCT-28-2004	896.00		
	Flt/Cr: CR	Effect: OCT-28-2004	Net \$: 582.40		
		Expiry: OCT-28-2009	Date: OCT-28		
		Acquir: OCT-27-2004	Freq: ANNUAL		
		Termin:	Payor: ELKWATER	Calg: W4M	
		Min.Intl: 100.00000000%	Cr. No: 0404100333	Acq: CROWN SALE	
			Rental %	Rental \$	
			100.00000000	896.00	
LESSOR					
ALBERTA DEPARTMENT OF ENERGY					
			Gross /	Gross /	Net
		Total: (A)	640.000 /	416.000	Expose: 640.000
		Devel: (A)	0.000 /	0.000	UnDevel: 640.000 /
		Prod: (A)	0.000 /	0.000	NonProd: 640.000 /

WORKING INTERESTS		LANDS / RIGHTS / WELLS			
Split: A	Status: ACTIVE	Operator: ELKWATER	Intl: WI	Prod: NP	TWP 25-RGE 6-W4M 7 NP
	Extension:		AMI: N	ROFR: N	PNG from BASE of BELLY RIVER to BASEMENT
PARTNERS		>C			
EAGLE		65.00000000			
		100.00000000			
ROYALTY		All-Prod%	Paid-To	Paid-By	Paid-By-%
CSS		CSS	AB ENERGY	WI OWNERS	100.00000000
					TIK
					ON 100.0000% PRODUCTION; NONCONV.

M-025		Use: PNG	Lease: FEB-10-2005	Gross \$:	896.00
	Flt/Cr: CR	Effect: FEB-10-2005	Net \$:	582.40	
		Expiry: FEB-10-2010	Date: FEB-10		
		Acquir: FEB-09-2005	Freq: ANNUAL		
		Termin:	Payor: ELKWATER	Calg: W4M	
		Min.Intl: 100.00000000%	Cr. No: 0405020030	Acq: CROWN SALE	
			Rental %	Rental \$	
			100.00000000	896.00	
LESSOR					
ALBERTA DEPARTMENT OF ENERGY					
			Gross /	Gross /	Net
		Total: (A)	640.000 /	416.000	Expose: 640.000
		Devel: (A)	0.000 /	0.000	UnDevel: 640.000 /
		Prod: (A)	0.000 /	0.000	NonProd: 640.000 /

Split: A	Status: ACTIVE	Operator: ELKWATER	Intl: WI	Prod: NP	TWP 25-RGE 7-W4M 1 NP
	Extension:		AMI: N	ROFR: N	PNG from BASE of BELLY RIVER to BASEMENT
PARTNERS		>C			
EAGLE		65.00000000			
		100.00000000			
ROYALTY		All-Prod%	Paid-To	Paid-By	Paid-By-%
CSS		CSS	AB ENERGY	WI OWNERS	100.00000000
					TIK
					ON 100.0000% PRODUCTION; NONCONV.

M-026		Use: PNG	Lease: FEB-10-2005	Gross \$:	896.00
	Flt/Cr: CR	Effect: FEB-10-2005	Net \$:	582.40	
		Expiry: FEB-10-2010	Date: FEB-10		
		Acquir: FEB-09-2005	Freq: ANNUAL		
		Termin:	Payor: ELKWATER	Calg: W4M	
		Min.Intl: 100.00000000%	Cr. No: 0405020032	Acq: CROWN SALE	
			Rental %	Rental \$	
			100.00000000	896.00	
LESSOR					
ALBERTA DEPARTMENT OF ENERGY					
			Gross /	Gross /	Net
		Total: (A)	640.000 /	416.000	Expose: 640.000
		Devel: (A)	0.000 /	0.000	UnDevel: 640.000 /
		Prod: (A)	0.000 /	0.000	NonProd: 640.000 /

Split: A	Status: ACTIVE	Operator: ELKWATER	Intl: WI	Prod: NP	TWP 25-RGE 7-W4M 24 NP
	Extension:		AMI: N	ROFR: N	ALL PNG
PARTNERS		>C			
EAGLE		65.00000000			
		100.00000000			
ROYALTY		All-Prod%	Paid-To	Paid-By	Paid-By-%
CSS		CSS	AB ENERGY	WI OWNERS	100.00000000
					TIK
					ON 100.0000% PRODUCTION; NONCONV.

JV PROPERTY REPORT
Prov.: AB Area: DEER
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES	DATES	RENTAL INFO
M-051		
Use: PNG	Lease: MAY-19-2005	Gross\$: 896.00
Fr/Cr: CR	Effect: MAY-19-2005	Net \$: 582.40
	Expiry: MAY-19-2010	Date: MAY-19
	Acquir: MAY-19-2005	Freq: ANNUAL
	Termin:	Payor: ELK WATER
	Min.Intl: 100.000000000%	Cr. No: 0405050428
		Calg: W4M
		Acq: CROWN SALE

LESSOR	RENTAL %	Rental \$
ALBERTA DEPARTMENT OF ENERGY	100.00000000	896.00
ACREAGES	Gross /	Net
Total: (A)	640.000 /	640.000
Devel: (A)	0.000 /	0.000
Prod: (A)	0.000 /	0.000

WORKING INTERESTS	Operator:	ELK WATER	Intl: WI	Prod: NP	LANDS / RIGHTS / WELLS
Split: A	Status: ACTIVE	Extension:	AMI: N	ROFR: N	TWP 24-RGE 6-W4M 36 NP
					ALL PNG

PARTNERS	><
EAGLE	65.00000000
	100.00000000

ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%	TIK	Royalty Description
CSS	CSS	AB ENERGY	100.00000000	WI OWNERS	100.00000000		ON 100.0000% PRODUCTION, NONCONV.

M-075		
Use: PNG	Lease: NOV-03-2005	Gross\$: 2,688.00
Fr/Cr: CR	Effect: NOV-03-2005	Net \$: 1,747.20
	Expiry: NOV-03-2010	Date: NOV-03
	Acquir: NOV-02-2005	Freq: ANNUAL
	Termin:	Payor: ELK WATER
	Min.Intl: 100.000000000%	Cr. No: 0405110046
		Calg: W4M
		Acq: CROWN SALE

LESSOR	RENTAL %	Rental \$
ALBERTA DEPARTMENT OF ENERGY	100.00000000	2,688.00
ACREAGES	Gross /	Net
Total: (A)	1,920.000 /	1,248.000
Devel: (A)	0.000 /	0.000
Prod: (A)	0.000 /	0.000

Split: A	Status: ACTIVE	Operator:	ELK WATER	Intl: WI	Prod: NP	TWP 25-RGE 6-W4M 30 NP
				AMI: N	ROFR: N	TWP 25-RGE 7-W4M 25, 36 NP
						ALL PNG

PARTNERS	><
EAGLE	65.00000000
	100.00000000

ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%	TIK	Royalty Description
CSS	CSS	AB ENERGY	100.00000000	WI OWNERS	100.00000000		ON 100.0000% PRODUCTION, NONCONV.

ACREAGES(Gross/Net):	TOTAL AREA	DEVELOPED	UNDEVELOPED	PRODUCING	NON-PRODUCING
(A)	4,480.000 /	0.000 /	4,480.000 /	0.000 /	4,480.000 /
					2,912.000

JV PROPERTY REPORT
Prov.: AB Area: EMPRESS NORTH
Partner: EAGLE - EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO	
M-002	Lse: PNG	Lease: JAN-09-2003	Gross\$: 896.00	WORKING INTERESTS Split: A Status: ACTIVE Operator: ELKWATER Int.: WI Prod.: NP AMI: N ROFR: N ALL PNG PARTNERS EAGLE >< 65.00000000 100.00000000 ROYALTY All-Prod% Paid-To Paid-To-% Paid-By- TIK Royalty Description CSS CSS AB ENERGY 100.00000000 WI OWNERS 100.00000000 ON 100.0000% PRODUCTION; NONCONV.	
	Flt/Cr: CR	Effect: JAN-09-2003	Net \$: 582.40		
		Expiry: JAN-09-2008	Date: JAN-09		
		Acquir: DEC-31-2004	Freq: ANNUAL		
		Termin:	Payor: ELKWATER		
LESSOR		Min.Inl.: 100.00000000%	Cr. No: 0403010069	Calig: W4M	Acq:
ALBERTA DEPARTMENT OF ENERGY		Rental %	100.00000000	Rental \$	896.00

ACREAGES	Gross /	Net	Gross /	Net
Total: (A)	640.000 /	416.000	Expose:	640.000
Devel: (A)	0.000 /	0.000	UnDevel:	640.000 /
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /

M-003	Lse: PNG	Lease: JAN-09-2003	Gross\$: 896.00	WORKING INTERESTS Split: A Status: ACTIVE Operator: ELKWATER Int.: WI Prod.: NP AMI: N ROFR: N ALL PNG PARTNERS EAGLE >< 65.00000000 100.00000000 ROYALTY All-Prod% Paid-To Paid-To-% Paid-By- TIK Royalty Description CSS CSS AB ENERGY 100.00000000 WI OWNERS 100.00000000 ON 100.0000% PRODUCTION; NONCONV.	
	Flt/Cr: CR	Effect: JAN-09-2003	Net \$: 582.40		
		Expiry: JAN-09-2008	Date: JAN-09		
		Acquir: DEC-31-2004	Freq: ANNUAL		
		Termin:	Payor: ELKWATER		
LESSOR		Min.Inl.: 100.00000000%	Cr. No: 0403010071	Calig: W4M	Acq:
ALBERTA DEPARTMENT OF ENERGY		Rental %	100.00000000	Rental \$	896.00

ACREAGES	Gross /	Net	Gross /	Net
Total: (A)	640.000 /	416.000	Expose:	640.000
Devel: (A)	0.000 /	0.000	UnDevel:	640.000 /
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /

M-067	Lse: PNG	Lease: JAN-09-2003	Gross\$: 896.00	WORKING INTERESTS Split: A Status: ACTIVE Operator: ELKWATER Int.: WI Prod.: NP AMI: N ROFR: N ALL PNG PARTNERS EAGLE >< 65.00000000 100.00000000 ROYALTY All-Prod% Paid-To Paid-To-% Paid-By- TIK Royalty Description CSS CSS AB ENERGY 100.00000000 WI OWNERS 100.00000000 ON 100.0000% PRODUCTION; NONCONV.	
	Flt/Cr: CR	Effect: JAN-09-2003	Net \$: 582.40		
		Expiry: JAN-09-2008	Date: JAN-09		
		Acquir: AUG-01-2005	Freq: ANNUAL		
		Termin:	Payor: ELKWATER		
LESSOR		Min.Inl.: 100.00000000%	Cr. No: 0403010068	Calig: W4M	Acq: PURCHASE
ALBERTA DEPARTMENT OF ENERGY		Rental %	100.00000000	Rental \$	896.00

ACREAGES	Gross /	Net	Gross /	Net
Total: (A)	640.000 /	416.000	Expose:	640.000
Devel: (A)	0.000 /	0.000	UnDevel:	640.000 /
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /

JV PROPERTY REPORT

Prov.: AB Area: EMPRESS NORTH

Partner: EAGLE - EAGLE RANCH RESOURCES LTD.

Active Mineral - Active Splits

ACREAGES	Gross /	Net
Total: (A)	640,000 /	416,000
Devel: (A)	0,000 /	0,000
Prod: (A)	0,000 /	0,000
	Expos: 640,000 /	416,000
	UnDevel: 640,000 /	416,000
	NonProd: 640,000 /	416,000

ACREAGES	Gross /	Net	Gross /	Net
Total: (A)	640,000 /	416,000	Expose:	640,000 /
Devel: (A)	0,000 /	0,000	UnDevel:	640,000 /
Prod: (A)	0,000 /	0,000	NonProd:	640,000 /
				416,000

ACREAGES(Gross/Net):	TOTAL AREA	DE
(A)	3,200.000 /	0.0
	2,080.000	

Split	A	Status:	ACTIVE	Operator:	ELKWATER	Int'l:	WI	Prod:	NP	TWP 24-RGE 2-W4M	13	NP
		Extension:				AMI:	N	ROFR:	N	ALL	PNG	
PARTNERS		><										
EAGLE			65.00000000									
			100.00000000									
ROYALTY	ALL-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%	Royalty Description						
CSS	CSS	AB ENERGY	100.00000000	WI OWNERS	100.00000000	ON 100.0000% PRODUCTION; NONCONV.						
DEVELOPED	0.000	UNDEVELOPED	3,200.000 /	PRODUCING	0.000 /	NON-PRODUCING						
			2,080.000		0.000	3,200.000 / 2,080.000						

ACREAGES(Gross/Net):	TOTAL AREA		DEVELOPED		UNDEVELOPED		PRODUCING		NON-PRODUCING	
	(A)									
	3,200.000 /	2,080.000	0.000 /	0.000	3,200.000 /	2,080.000	0.000 /	0.000	3,200.000 /	2,080.000

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ELKWATER RESOURCES LTD.

JV PROPERTY REPORT
Prov.: AB Area: ENCHANT
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

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TYPES		DATES		RENTAL INFO		WORKING INTERESTS				LANDS / RIGHTS / WELLS					
M-050															
Lse: PNG		Lease: APR-21-2005		Gross\$: 896.00		Split: A		Status: ACTIVE		Operator: ELKWATER		Int.: WI		Prod.: NP	
Fm/Cr: CR		Effect: APR-21-2005		Net \$: 582.40				Extension:				AMI: N		ROR: N	
		Expiry: APR-21-2010		Date: APR-21		PARTNERS		><							
		Acquir: APR-21-2005		Freq: ANNUAL		EAGLE		65.00000000							
		Termin:						100.00000000							
		Min.Int: 100.00000000%				Calg: W4M									
						Acq: CROWN SALE									

ACREAGES		Gross /	Net	Gross /	Net
Total: (A)	640.000 /	416.000	Expose:	640.000	
Devel: (A)	0.000 /	0.000	UnDevel:	640.000 /	416.000
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /	416.000

ACREAGES(Gross/Net):		TOTAL AREA		DEVELOPED		UNDEVELOPED		PRODUCING		NON-PRODUCING	
(A)		640.000 /		0.000 /		640.000 /		0.000 /		640.000 /	

WORKING INTERESTS				LANDS / RIGHTS / WELLS	
Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI Prod: NP	TWP 12-RGE 17-W4M 2 NP PNG from BASE of BOW ISLAND to BASEMENT	
Extension:		AMIN ROFR: N			
PARTNERS					
EAGLE				><	
				65.00000000	
				100.00000000	
ROYALTY					
CSS	All-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%
	CSS	AB ENERGY	100.00000000	WI OWNERS	100.00000000

JV PROPERTY REPORT

Prov.: AB Area: GRAINDALE
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

Types	Dates	Rental Info
M-034		
Lse: PNG	Lease: MAR-10-2005	Gross\$: 896.00
Fh/Cr: CR	Effect: MAR-10-2005	Net \$: 582.40
	Expiry: MAR-10-2010	Date: MAR-10
	Acquir: MAR-09-2005	Freq: ANNUAL
	Termin:	Payor: ELKWATER
	Min.Inl: 100.000000000%	Cr. No: 0405030081
		Calg: W4M
		Acq.: CROWN SALE
LESSOR		
ALBERTA DEPARTMENT OF ENERGY		Rental %
		100.00000000
		Rental \$
		896.00
ACREAGES		
	Gross /	Net
Total: (A)	640,000 /	416,000
Devel: (A)	0,000 /	0,000
Prod: (A)	0,000 /	0,000
	Expose:	640,000 /
	UnDevel:	640,000 /
	NonProd:	640,000 /
M-037		
Lse: PNG	Lease: MAR-24-2005	Gross\$: 896.00
Fh/Cr: CR	Effect: MAR-24-2005	Net \$: 582.40
	Expiry: MAR-24-2010	Date: MAR-24
	Acquir: MAR-24-2005	Freq: ANNUAL
	Termin:	Payor: ELKWATER
	Min.Inl: 100.000000000%	Cr. No: 0405030726
		Calg: W4M
		Acq.: CROWN SALE
LESSOR		
ALBERTA DEPARTMENT OF ENERGY		Rental %
		100.00000000
		Rental \$
		896.00
ACREAGES		
	Gross /	Net
Total: (A)	640,000 /	416,000
Devel: (A)	0,000 /	0,000
Prod: (A)	0,000 /	0,000
	Expose:	640,000 /
	UnDevel:	640,000 /
	NonProd:	640,000 /
M-038		
Lse: PNG	Lease: MAR-24-2005	Gross\$: 896.00
Fh/Cr: CR	Effect: MAR-24-2005	Net \$: 582.40
	Expiry: MAR-24-2010	Date: MAR-24
	Acquir: MAR-24-2005	Freq: ANNUAL
	Termin:	Payor: ELKWATER
	Min.Inl: 100.000000000%	Cr. No: 0405030727
		Calg: W4M
		Acq.: CROWN SALE
LESSOR		
ALBERTA DEPARTMENT OF ENERGY		Rental %
		100.00000000
		Rental \$
		896.00
ACREAGES		
	Gross /	Net
Total: (A)	640,000 /	416,000
Devel: (A)	0,000 /	0,000
Prod: (A)	0,000 /	0,000
	Expose:	640,000 /
	UnDevel:	640,000 /
	NonProd:	640,000 /

WORKING INTERESTS				LANDS / RIGHTS / WELLS			
Split: A	Status: ACTIVE	Operator:	Elkwater	Int.: WI	Prod.: NP	TWP 25-RGE 1-W4M 22 NP	ALL PNG
Extension:							
PARTNERS	><						
EAGLE	65.0000000						
	100.0000000						
ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%	Tik	Royalty Description
CSS		AB ENERGY	100.0000000	WI OWNERS	100.0000000		ON 100.0000% PRODUCTION, NONCONV.
Split: A	Status: ACTIVE	Operator:	Elkwater	Int.: WI	Prod.: NP	TWP 25-RGE 1-W4M 3 NP	ALL PNG
Extension:							
PARTNERS	><						
EAGLE	65.0000000						
	100.0000000						
ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%	Tik	Royalty Description
CSS		AB ENERGY	100.0000000	WI OWNERS	100.0000000		ON 100.0000% PRODUCTION, NONCONV.
Split: A	Status: ACTIVE	Operator:	Elkwater	Int.: WI	Prod.: NP	TWP 25-RGE 1-W4M 5 NP	ALL PNG
Extension:							
PARTNERS	><						
EAGLE	65.0000000						
	100.0000000						
ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%	Tik	Royalty Description
CSS		AB ENERGY	100.0000000	WI OWNERS	100.0000000		ON 100.0000% PRODUCTION, NONCONV.

JV PROPERTY REPORT
Prov.: AB Area: GRAINDALE
Partner: EAGLE - EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO		WORKING INTERESTS		LANDS / RIGHTS / WELLS	
M-039		Lse: PNG		Lease: MAR-24-2005		Split: A		TWP 25-RGE 1-W4M 15 NP	
Fid/Cr: CR		Effect: MAR-24-2005		Gross\$: 896.00		Status: ACTIVE		Operator: ELKWATER	
		Expiry: MAR-24-2010		Net \$: 582.40		Extension:		Int: WI	
		Acquir: MAR-24-2005		Date: MAR-24		PARTNERS		Prod: NP	
		Termin:		Freq: ANNUAL		EAGLE		ROFR: N	
		Min.Int: 100.00000000%		Payor: ELKWATER		><		ALL PNG	
		Cr. No: 0405030729		Calg: W4M		100.00000000			
		Acq: CROWN SALE							
LESSOR						ROYALTY		Paid-By %	
ALBERTA DEPARTMENT OF ENERGY						CSS		100.00000000	
						All-Prod %		WI OWNERS	
						CSS		100.00000000	
						Paid-To		AB ENERGY	
						Rental %		100.00000000	
						Rental \$		100.00000000	
								ON 100.0000% PRODUCTION; NONCONV.	

ACREAGES		Gross /		Net	
Total: (A)		640.000 /		416.000	
Devel: (A)		0.000 /		0.000	
Prod: (A)		0.000 /		0.000	

M-040		Lse: PNG		Lease: MAR-24-2005		Gross\$: 896.00	
Fid/Cr: CR		Effect: MAR-24-2005		Net \$: 582.40		Split: A	
		Expiry: MAR-24-2010		Date: MAR-24		Status: ACTIVE	
		Acquir: MAR-24-2005		Freq: ANNUAL		Extension:	
		Termin:		Payor: ELKWATER		Operator: ELKWATER	
		Min.Int: 100.00000000%		Cr. No: 0405030730		Int: WI	
						Prod: NP	
						ROFR: N	
						TWP 25-RGE 2-W4M 27 NP	
						PNG from BASE of VIKING to BASEMENT	

LESSOR						ROYALTY	
ALBERTA DEPARTMENT OF ENERGY						CSS	
						All-Prod %	
						CSS	
						Paid-To	
						AB ENERGY	
						Rental %	
						Rental \$	
						ON 100.0000% PRODUCTION; NONCONV.	

M-052		Lse: PNG		Lease: MAY-19-2005		Gross\$: 896.00	
Fid/Cr: CR		Effect: MAY-19-2005		Net \$: 582.40		Split: A	
		Expiry: MAY-19-2010		Date: MAY-19		Status: ACTIVE	
		Acquir: MAY-19-2005		Freq: ANNUAL		Extension:	
		Termin:		Payor: ELKWATER		Operator: ELKWATER	
		Min.Int: 100.00000000%		Cr. No: 0405050429		Int: WI	
						Prod: NP	
						ROFR: N	
						TWP 25-RGE 1-W4M 4 NP	
						ALL PNG	

LESSOR						ROYALTY	
ALBERTA DEPARTMENT OF ENERGY						CSS	
						All-Prod %	
						CSS	
						Paid-To	
						AB ENERGY	
						Rental %	
						Rental \$	
						ON 100.0000% PRODUCTION; NONCONV.	

ELKWATER RESOURCES LTD.

JV PROPERTY REPORT
Prov.: AB Area: GRAINSDALE
Partner: EAGLE - EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO	
M-053					
Lse:	PNG	Lease:	MAY-19-2005	Gross\$:	896.00
Flt/Cr:	CR	Effect:	MAY-19-2005	Net \$:	582.40
		Expiry:	MAY-19-2010	Date:	MAY-19
		Acquir:	MAY-19-2005	Freq:	ANNUAL
		Termin:		Payor:	ELKWATER
		Min.Int.:	100.000000000%	Cr. No:	0405050430
				Calg:	W4M
				Acq:	CROWN SALE
LESSOR					
ALBERTA DEPARTMENT OF ENERGY				Rental %	Rental \$
				100.00000000	896.00
ACREAGES		Gross /	Net	Gross /	Net
Total: (A)		640.000 /	416.000	Expose:	640.000
Devel: (A)		0.000 /	0.000	UnDevel:	640.000 /
Prod: (A)		0.000 /	0.000	NonProd:	640.000 /

WORKING INTERESTS				LANDS / RIGHTS / WELLS	
Split:	A	Status:	ACTIVE	Operator:	ELKWATER
		Extension:		Int.:	WI
				Prod:	NP
				AMI:	N
				ROFR:	N
					ALL PNG
PARTNERS				><	
EAGLE				65.00000000	
				100.00000000	
ROYALTY		All-Prod%		Paid-To	
CSSL		CSSL		AB ENERGY	
				Paid-To-%	
				100.00000000	
				Paid-By	
				WI OWNERS	
				Paid-By-%	
				100.00000000	
				Royalty Description	
				ON 100.00000% PRODUCTION; NONCONV.	

WORKING INTERESTS		LANDS / RIGHTS / WELLS	
Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI Prod: NP
	Extension:		AMI: N ROFR: N
PARTNERS	><		
EAGLE	65.00000000		
	100.00000000		
ROYALTY	All-Prod%	Paid-To	Paid-By
CSS	100.00000000	100.00000000	100.00000000
	AB ENERGY	WI OWNERS	TIK
			ON 100.0000% PRODUCTION; NONCONV.

M-054					
Use:	PNG	Lease:	MAY-19-2005	Gross\$:	896.00
Flt/Cr:	CR	Effect:	MAY-19-2005	Net \$:	582.40
		Expiry:	MAY-19-2010	Date:	MAY-19
		Acquir:	MAY-19-2005	Freq:	ANNUAL
		Termin:		Payor:	ELKWATER
		Min.Int.:	100.00000000%	Cr. No:	0405050431
				Calg:	W4M
				Acq:	CROWN SALE
LESSOR				Rental %	Rental \$
ALBERTA DEPARTMENT OF ENERGY				100.00000000	896.00

Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI Prod: NP
	Extension:		AMI: N ROFR: N
PARTNERS	><		
EAGLE	65.00000000		
	100.00000000		
ROYALTY	All-Prod%	Paid-To	Paid-By
CSS	100.00000000	100.00000000	100.00000000
	AB ENERGY	WI OWNERS	TIK
			ON 100.0000% PRODUCTION; NONCONV.

4-061

Lease:	PNG	Lease:	JUL-14-2005	Gross\$:	896.00
Fhl/Cr:	CR	Effect:	JUL-14-2005	Net \$:	582.40
		Expiry:	JUL-14-2010	Date:	JUL-14
		Acquir:	JUL-14-2005	Freq:	ANNUAL
		Termin:		Payor:	ELKWATER
		Min.Int.:	100.000000000%	Cr. No:	0405070098
				Calg:	W4M
				Acq.:	CROWN SALE
LESSOR				Rental %	Rental \$
ALBERTA DEPARTMENT OF ENERGY				100.00000000	896.00
ACREAGES			Gross /		Net
Total: (A)			640.000 /		Expose:
Devel: (A)			0.000 /		UnDevel:
Prod: (A)			0.000 /		NonProd:
					640.000 /
					416.000
					416.000

Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI Prod: NP
	Extension:		AMI: N ROFR: N
PARTNERS	><		
EAGLE	65.00000000		
	100.00000000		
ROYALTY	All-Prod%	Paid-To	Paid-By
CSS	100.00000000	100.00000000	100.00000000
	AB ENERGY	WI OWNERS	TIK
			ON 100.0000% PRODUCTION; NONCONV.

JV PROPERTY REPORT
Prov.: AB Area: GRAINDALE
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO	
M-062	Lse: PNG	Lease: JUL-14-2005	Gross\$: 896.00		
	Flt/Cr: CR	Effect: JUL-14-2005	Net \$: 582.40		
		Expiry: JUL-14-2010	Date: JUL-14		
		Acquir: JUL-14-2005	Freq: ANNUAL		
	Termin:	Payor: ELKWATER	Calig: W4M		
		Min.Int: 100.00000000%	Cr. No: 0405070099		
				Acq.: CROWN SALE	

LESSOR		RENTAL %		Rental \$	
ALBERTA DEPARTMENT OF ENERGY		100.00000000		896.00	
ACREAGES		Gross / Net		Gross / Net	
Total: (A)	640.000 / 416.000	Expose: 640.000			
Devel: (A)	0.000 / 0.000	UnDevel: 640.000 / 416.000			
Prod: (A)	0.000 / 0.000	NonProd: 640.000 / 416.000			

WORKING INTERESTS		LANDS / RIGHTS / WELLS	
Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI Prod: NP
Extension:		AMI: N	ROFR: N
		ALL PNG	

PARTNERS	
EAGLE	>=
	65.00000000
	100.00000000

ROYALTY		Paid-To		Paid-By		Paid-By-%		Royalty Description	
CSS		AB ENERGY		WI OWNERS		100.00000000		ON 100.0000% PRODUCTION; NONCONV.	

M-063	Lse: PNG	Lease: JUL-14-2005	Gross\$: 896.00		
	Flt/Cr: CR	Effect: JUL-14-2005	Net \$: 582.40		
		Expiry: JUL-14-2010	Date: JUL-14		
		Acquir: JUL-14-2005	Freq: ANNUAL		
	Termin:	Payor: ELKWATER	Calig: W4M		
		Min.Int: 100.00000000%	Cr. No: 0405070104		
				Acq.: CROWN SALE	

LESSOR		RENTAL %		Rental \$	
ALBERTA DEPARTMENT OF ENERGY		100.00000000		896.00	
ACREAGES		Gross / Net		Gross / Net	
Total: (A)	640.000 / 416.000	Expose: 640.000			
Devel: (A)	0.000 / 0.000	UnDevel: 640.000 / 416.000			
Prod: (A)	0.000 / 0.000	NonProd: 640.000 / 416.000			

Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI Prod: NP
Extension:		AMI: N	ROFR: N
		ALL PNG	

PARTNERS	
EAGLE	>=
	65.00000000
	100.00000000

ROYALTY		Paid-To		Paid-By		Paid-By-%		Royalty Description	
CSS		AB ENERGY		WI OWNERS		100.00000000		ON 100.0000% PRODUCTION; NONCONV.	

M-069	Lse: PNG	Lease: SEP-08-2005	Gross\$: 896.00		
	Flt/Cr: CR	Effect: SEP-08-2005	Net \$: 582.40		
		Expiry: SEP-08-2010	Date: SEP-08		
		Acquir: SEP-07-2005	Freq: ANNUAL		
	Termin:	Payor: ELKWATER	Calig: W4M		
		Min.Int: 100.00000000%	Cr. No: 0405090028		
				Acq.: CROWN SALE	

LESSOR		RENTAL %		Rental \$	
ALBERTA DEPARTMENT OF ENERGY		100.00000000		896.00	
ACREAGES		Gross / Net		Gross / Net	
Total: (A)	640.000 / 416.000	Expose: 640.000			
Devel: (A)	0.000 / 0.000	UnDevel: 640.000 / 416.000			
Prod: (A)	0.000 / 0.000	NonProd: 640.000 / 416.000			

Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI Prod: NP
Extension:		AMI: N	ROFR: N
		ALL PNG	

PARTNERS	
EAGLE	>=
	65.00000000
	100.00000000

ROYALTY		Paid-To		Paid-By		Paid-By-%		Royalty Description	
CSS		AB ENERGY		WI OWNERS		100.00000000		ON 100.0000% PRODUCTION; NONCONV.	

JV PROPERTY REPORT
Prov.: AB Area: GRAINDALE
Partner: EAGLE --EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO		WORKING INTERESTS		LANDS / RIGHTS / WELLS	
M-070		Lse: PNG		Lease: SEP-08-2005		Split: A Status: ACTIVE		TWP 25-RGE 1-W4M 9 NP	
Fm/Cr: CR		Effect: SEP-08-2005		Gross\$: 896.00		Extension:		ALL PNG	
		Expiry: SEP-08-2010		Net \$: 582.40		Partners			
		Acquir: SEP-07-2005		Date: SEP-08		EAGLE			
		Termin:		Freq: ANNUAL		><			
		Min.Int: 100.000000000%		Payor: ELKWATER		65.00000000			
				Cr. No: 0405090029		100.00000000			
				Calg: W4M					
				Acq: CROWN SALE					
LESSOR						ROYALTY			
ALBERTA DEPARTMENT OF ENERGY						All-Prod% Paid-To% Paid-By% TIK			
						CSS			
						AB ENERGY			
						WI OWNERS			
						100.00000000			
						100.00000000			
						ON 100.00000% PRODUCTION; NONCONV.			
ACREAGES		Gross / Net		Gross / Net					
Total: (A)		640.000 / 416.000		Expose: 640.000					
Devel: (A)		0.000 / 0.000		UnDevel: 640.000					
Prod: (A)		0.000 / 0.000		NonProd: 640.000					
M-071		Lse: PNG		Lease: SEP-08-2005		Split: A Status: ACTIVE		TWP 25-RGE 1-W4M 29 NP	
Fm/Cr: CR		Effect: SEP-08-2005		Gross\$: 896.00		Extension:		ALL PNG	
		Expiry: SEP-08-2010		Net \$: 582.40		Partners			
		Acquir: SEP-07-2005		Date: SEP-08		EAGLE			
		Termin:		Freq: ANNUAL		><			
		Min.Int: 100.000000000%		Payor: ELKWATER		65.00000000			
				Cr. No: 0405090030		100.00000000			
				Calg: W4M					
				Acq: CROWN SALE					
LESSOR						ROYALTY			
ALBERTA DEPARTMENT OF ENERGY						All-Prod% Paid-To% Paid-By% TIK			
						CSS			
						AB ENERGY			
						WI OWNERS			
						100.00000000			
						100.00000000			
						ON 100.00000% PRODUCTION; NONCONV.			
ACREAGES		Gross / Net		Gross / Net					
Total: (A)		640.000 / 416.000		Expose: 640.000					
Devel: (A)		0.000 / 0.000		UnDevel: 640.000					
Prod: (A)		0.000 / 0.000		NonProd: 640.000					
M-080		Lse: PNG		Lease: DEC-15-2005		Split: A Status: ACTIVE		TWP 25-RGE 1-W4M 11 NP	
Fm/Cr: CR		Effect: DEC-15-2005		Gross\$: 896.00		Extension:		ALL PNG	
		Expiry: DEC-15-2010		Net \$: 582.40		Partners			
		Acquir: DEC-15-2005		Date: DEC-15		EAGLE			
		Termin:		Freq: ANNUAL		><			
		Min.Int: 100.000000000%		Payor: ELKWATER		65.00000000			
				Cr. No: 0405120390		100.00000000			
				Calg: W4M					
				Acq: CROWN SALE					
LESSOR						ROYALTY			
ALBERTA DEPARTMENT OF ENERGY						All-Prod% Paid-To% Paid-By% TIK			
						CSS			
						AB ENERGY			
						WI OWNERS			
						100.00000000			
						100.00000000			
						ON 100.00000% PRODUCTION; NONCONV.			
ACREAGES		Gross / Net		Gross / Net					
Total: (A)		640.000 / 416.000		Expose: 640.000					
Devel: (A)		0.000 / 0.000		UnDevel: 640.000					
Prod: (A)		0.000 / 0.000		NonProd: 640.000					

ELKWATER RESOURCES LTD.

JV PROPERTY REPORT
Prov.: AB Area: GRAINSDALE
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO	
M-081	Use: PNG	Lease: DEC-15-2005	Gross \$:	896.00	
	Flt/Cr: CR	Effect: DEC-15-2005	Net \$:	582.40	
		Expiry: DEC-15-2010	Date:	DEC-15	
		Acquir: DEC-15-2005	Freq:	ANNUAL	
		Termin:	Payor:	ELKWATER	Calg: W4M
		Min.Int.: 100.000000000%	Cr. No:	0405120391	Acq: CROWN SALE
LESSOR			Rental %		Rental \$
ALBERTA DEPARTMENT OF ENERGY			100.00000000		896.00

ACREAGES		Gross /		Net	
Total: (A)	640.000 /	416.000	Expose:	640.000	
Devel: (A)	0.000 /	0.000	UnDevel:	640.000 /	416.000
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /	416.000

M-082

Use: PNG	Lease: DEC-15-2005	Gross \$:	896.00	
Flt/Cr: CR	Effect: DEC-15-2005	Net \$:	582.40	
	Expiry: DEC-15-2010	Date:	DEC-15	
	Acquir: DEC-15-2005	Freq:	ANNUAL	
	Termin:	Payor:	ELKWATER	Calg: W4M
	Min.Int.: 100.000000000%	Cr. No:	0405120392	Acq: CROWN SALE

LESSOR		Rental %		Rental \$
ALBERTA DEPARTMENT OF ENERGY		100.00000000		896.00

ACREAGES		Gross /		Net	
Total: (A)	640.000 /	416.000	Expose:	640.000	
Devel: (A)	0.000 /	0.000	UnDevel:	640.000 /	416.000
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /	416.000

M-084

Use: PNG	Lease: JAN-12-2006	Gross \$:	896.00	
Flt/Cr: CR	Effect: JAN-12-2006	Net \$:	582.40	
	Expiry: JAN-12-2011	Date:	JAN-12	
	Acquir: JAN-12-2006	Freq:	ANNUAL	
	Termin:	Payor:	ELKWATER	Calg: W4M
	Min.Int.: 100.000000000%	Cr. No:	0406010056	Acq: CROWN SALE

LESSOR		Rental %		Rental \$
ALBERTA DEPARTMENT OF ENERGY		100.00000000		896.00

ACREAGES		Gross /		Net	
Total: (A)	640.000 /	416.000	Expose:	640.000	
Devel: (A)	0.000 /	0.000	UnDevel:	640.000 /	416.000
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /	416.000

WORKING INTERESTS

Split: A Status: ACTIVE Operator: ELKWATER Int.: WI Prod.: NP
AMI: N ROFR: N

PARTNERS
EAGLE ><
65.00000000
100.00000000

ROYALTY All-Prod% Paid-To Paid-To% Paid-By Paid-By% TIK Royalty Description
CSS ON 100.00000000 AB ENERGY 100.00000000 WI OWNERS 100.00000000 ON 100.000000% PRODUCTION; NONCONV.

LANDS / RIGHTS / WELLS

TWP 25-RGE 1-W4M 21 NP
ALL PNG

Split: A Status: ACTIVE
Extension:

PARTNERS
EAGLE ><
65.00000000
100.00000000

ROYALTY All-Prod% Paid-To Paid-To% Paid-By Paid-By% TIK Royalty Description
CSS ON 100.00000000 AB ENERGY 100.00000000 WI OWNERS 100.00000000 ON 100.000000% PRODUCTION; NONCONV.

Split: A Status: ACTIVE Operator: ELKWATER Int.: WI Prod.: NP

AMI: N ROFR: N

TWP 25-RGE 2-W4M 1 NP
ALL PNG

Split: A Status: ACTIVE
Extension:

PARTNERS
EAGLE ><
65.00000000
100.00000000

ROYALTY All-Prod% Paid-To Paid-To% Paid-By Paid-By% TIK Royalty Description
CSS ON 100.00000000 AB ENERGY 100.00000000 WI OWNERS 100.00000000 ON 100.000000% PRODUCTION; NONCONV.

Split: A Status: ACTIVE Operator: ELKWATER Int.: WI Prod.: NP

AMI: N ROFR: N

TWP 25-RGE 1-W4M 24 NP
ALL PNG

JV PROPERTY REPORT
Prov.: AB Area: GRAINSDALE
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO	
M-087	Lse: PNG	Lease: APR-06-2006	Gross\$: 896.00		
	Fv/Cr: CR	Effect: APR-06-2006	Net \$: 582.40		
		Expiry: APR-06-2011	Date: APR-06		
		Acquir: APR-06-2006	Freq: ANNUAL		
	Termin:	Payor: ELK WATER	Calg: W4M		
		Min.Inl: 100.00000000%	Cr. No: 0406040021	Acq: CROWN SALE	
LESSOR			Rental %	Rental \$	
ALBERTA DEPARTMENT OF ENERGY			100.00000000	896.00	

ACREAGES		Gross /	Net	Gross /	Net
Total: (A)	640.000 /	416.000	Expose:	640.000	
Devel: (A)	0.000 /	0.000	UnDevel:	640.000 /	416.000
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /	416.000

WORKING INTERESTS		LANDS / RIGHTS / WELLS	
Split: A	Status: ACTIVE	Operator: ELK WATER	Int: WI Prod: NP
	Extension:	AMI: N	ROFR: N
PARTNERS			
EAGLE		><	
		65.00000000	
		100.00000000	
ROYALTY		All-Prod%	Paid-To
CSS		100.00000000	AB ENERGY
		Paid-To-%	Paid-By
		100.00000000	WI OWNERS
		Paid-By-%	TIK
		100.00000000	ON 100.0000% PRODUCTION; NONCONV.

M-088	Lse: PNG	Lease: APR-06-2006	Gross\$: 896.00		
	Fv/Cr: CR	Effect: APR-06-2006	Net \$: 582.40		
		Expiry: APR-06-2011	Date: APR-06		
		Acquir: APR-06-2006	Freq: ANNUAL		
	Termin:	Payor: ELK WATER	Calg: W4M		
		Min.Inl: 100.00000000%	Cr. No: 0406040022	Acq: CROWN SALE	
LESSOR			Rental %	Rental \$	
ALBERTA DEPARTMENT OF ENERGY			100.00000000	896.00	

ACREAGES		Gross /	Net	Gross /	Net
Total: (A)	640.000 /	416.000	Expose:	640.000	
Devel: (A)	0.000 /	0.000	UnDevel:	640.000 /	416.000
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /	416.000

Split: A	Status: ACTIVE	Operator: ELK WATER	Int: WI Prod: NP
	Extension:	AMI: N	ROFR: N
PARTNERS		><	
EAGLE		65.00000000	
		100.00000000	
ROYALTY		All-Prod%	Paid-To
CSS		100.00000000	AB ENERGY
		Paid-To-%	Paid-By
		100.00000000	WI OWNERS
		Paid-By-%	TIK
		100.00000000	ON 100.0000% PRODUCTION; NONCONV.

ACREAGES(Gross/Net):		TOTAL AREA		DEVELOPED		UNDEVELOPED		PRODUCING		NON-PRODUCING	
(A)		12,800.000 /		0.000 /		12,800.000 /		0.000 /		12,800.000 /	
		8,320.000		0.000		8,320.000		0.000		0.000	

JV PROPERTY REPORT
Prov.: AB Area: HEATHDALE
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO	
M-005					
Lse: PNG	Lease: AUG-05-2004	Gross\$:	896.00		
Fh/Cr: CR	Effect: AUG-05-2004	Net \$:	582.40		
	Expiry: AUG-05-2009	Date:	AUG-05		
	Acquir: AUG-04-2004	Freq:	ANNUAL		
	Termin:	Payor:	ELKWATER	Calg: W4M	
	Min.Int.: 100.00000000%	Cr. No:	0404080030	Acq.: CROWN SALE	
LESSOR		Rental %		Rental \$	
ALBERTA DEPARTMENT OF ENERGY		100.00000000		896.00	
ACREAGES					
Total: (A)	Gross /	Net	Gross /	Net	
	640.000 /	416.000	Expose:	640.000	
Devel: (A)	0.000 /	0.000	UnDevel:	640.000 /	
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /	
				416.000	

WORKING INTERESTS		LANDS / RIGHTS / WELLS	
Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI Prod.: NP
	Extension:	AMI: N ROFR: N	TWP 25-RGE 8-W4M 14 NP
			ALL PNG
PARTNERS			
EAGLE			
><			
100.00000000			
ROYALTY			
CSS	All-Prod%	Paid-To	Paid-By
	CSS	AB ENERGY	WI OWNERS
		100.00000000	100.00000000
			TIK
			Royalty Description
			ON 100.0000% PRODUCTION; NONCONV.

M-013									
Lse: PNG		Lease: AUG-19-2004		Gross\$:		896.00			
Fh/Cr: CR		Effect: AUG-19-2004		Net \$:		582.40			
		Expiry: AUG-19-2009		Date:		AUG-19			
		Acquir: AUG-18-2004		Freq:		ANNUAL			
		Termin:		Payor:		ELKWATER		Calg: W4M	
		Min.Int.: 100.00000000%		Cr. No:		0404080411		Acq: CROWN SALE	
LESSOR				Rental %		Rental \$			
ALBERTA DEPARTMENT OF ENERGY				100.00000000		896.00			
ACREAGES				Gross /		Net		Net	
Total: (A)		640.000 /		416.000		Expose:		640.000	
Devel: (A)		0.000 /		0.000		UnDevel:		640.000 /	
Prod: (A)		0.000 /		0.000		NonProd:		640.000 /	

Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI Prod.: NP
	Extension:	AMI: N ROFR: N	TWP 27-RGE 9-W4M 27 NP
			PNG to BASE of VIKING
			100/10-27-027-09-W400 (GAS)
PARTNERS			
EAGLE			
><			
100.00000000			
ROYALTY			
CSS	All-Prod%	Paid-To	Paid-By
	CSS	AB ENERGY	WI OWNERS
		100.00000000	100.00000000
			TIK
			Royalty Description
			ON 100.0000% PRODUCTION; NONCONV.

M-018					
Lse: PNG	Lease: DEC-16-2004	Gross\$:	896.00		
Fh/Cr: CR	Effect: DEC-16-2004	Net \$:	582.40		
	Expiry: DEC-16-2009	Date:	DEC-16		
	Acquir: DEC-15-2004	Freq:	ANNUAL		
	Termin:	Payor:	ELKWATER	Calg: W4M	
	Min.Int.: 100.000000000%	Cr. No:	0404120388	Acq.: CROWN SALE	
LESSOR		Rental %		Rental \$	
ALBERTA DEPARTMENT OF ENERGY		100.00000000		896.00	
ACREAGES					
Total: (A)		Gross /	Net	Gross /	Net
		640.000 /	416.000	Expose:	640.000
Devel: (A)		0.000 /	0.000	UnDevel:	640.000 /
Prod: (A)		0.000 /	0.000	NonProd:	640.000 /
					416.000
					416.000

Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI Prod.: NP
	Extension:	AMI: N ROFR: N	TWP 26-RGE 8-W4M 15 NP
			PNG from BASE of BELLY RIVER to BASEMENT
PARTNERS			
EAGLE			
><			
100.00000000			
ROYALTY			
CSS	All-Prod%	Paid-To	Paid-By
	CSS	AB ENERGY	WI OWNERS
		100.00000000	100.00000000
			TIK
			Royalty Description
			ON 100.0000% PRODUCTION; NONCONV.

ELK WATER RESOURCES LTD.

JV PROPERTY REPORT
Split: AB Area: HEATHDALE
Partner: EAGLE --EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO	
M-035		Lse: PNG		Gross: 896.00	
		Fm/Cr: CR		Net \$: 582.40	
		Effect: MAR-10-2005		Date: MAR-10	
		Expiry: MAR-10-2010		Freq: ANNUAL	
		Acqir: MAR-09-2005		Payor: ELK WATER	
		Termint:		Calg: W4M	
		Min.InL: 100.00000000%		Cr. No: 0405030082	
				Acq: CROWN SALE	
LESSOR		ALBERTA DEPARTMENT OF ENERGY		Rental %	Rental \$
				100.00000000	896.00
ACREAGES		Gross /	Net	Gross /	Net
		Total: (A)	640.000 /	416.000	640.000
		Devel: (A)	0.000 /	0.000	640.000 /
		Prod: (A)	0.000 /	0.000	640.000 /

WORKING INTERESTS

Split: A Status: ACTIVE Operator: ELK WATER Int: WI Prod: NP
Extension: AMI: ROFR

PARTNERS

EAGLE ><
65.00000000
100.00000000

LANDS / RIGHTS / WELLS

TWP 25-RGE 7-W4M 19 NP
PNG from BASE of 2WS to BASEMENT
100/08-19-025-07-W4/00

ROYALTY All-Prod% Paid-To Paid-To% Paid-By Paid-By% TIK Royalty Description
CSS CSS AB ENERGY 100.00000000 WI OWNERS 100.00000000 ON 100.0000% PRODUCTION; NONCONV.

M-036

Lse: PNG Lease: MAR-10-2005 Gross: 896.00
Fm/Cr: CR Effect: MAR-10-2005 Net \$: 582.40
Expiry: MAR-10-2010 Date: MAR-10
Acqir: MAR-09-2005 Freq: ANNUAL
Termint: Payor: ELK WATER Calg: W4M
Min.InL: 100.00000000% Cr. No: 0405030084 Acq: CROWN SALE

LESSOR
ALBERTA DEPARTMENT OF ENERGY
ACREAGES Gross / Net
Total: (A) 640.000 / 416.000
Devel: (A) 0.000 / 0.000
Prod: (A) 0.000 / 0.000

Split: A Status: ACTIVE Operator: ELK WATER Int: WI Prod: NP
Extension: AMI: ROFR

PARTNERS

EAGLE ><
65.00000000
100.00000000

ROYALTY All-Prod% Paid-To Paid-To% Paid-By Paid-By% TIK Royalty Description
CSS CSS AB ENERGY 100.00000000 WI OWNERS 100.00000000 ON 100.0000% PRODUCTION; NONCONV.

TWP 25-RGE 9-W4M 3 NP
PNG from BASE of MEDICINE HAT SD to BASEMENT

M-094

Lse: PNG Lease: APR-13-1995 Gross: 896.00
Fm/Cr: CR Effect: APR-13-1995 Net \$: 145.60
Expiry: APR-13-2000 Date: APR-13
Acqir: APR-13-2000 Freq: ANNUAL
Termint: Payor: TERRA Calg: W4M
Min.InL: 100.00000000% Cr. No: 0495040033 Acq: FARM-IN

LESSOR
ALBERTA DEPARTMENT OF ENERGY
ACREAGES Gross / Net
Total: (A) 640.000 / 104.000
Devel: (A) 0.000 / 0.000
Prod: (A) 0.000 / 0.000

Split: A Status: ACTIVE Operator: ELK WATER Int: WI Prod: NP
Extension: SEC 15 DEC-31-9999 AMI: N ROFR: N

PARTNERS

EAGLE >CH<
16.25000000
100.00000000

ROYALTY All-Prod% Paid-To Paid-To% Paid-By Paid-By% TIK Royalty Description
CSS CSS AB ENERGY 100.00000000 WI OWNERS 100.00000000 ON 100.0000% PRODUCTION; NONCONV.

TWP 27-RGE 8-W4M 22 NP
PNG to BASE of MANNVILLE

JV PROPERTY REPORT
Prov.: AB Area: HEATHDALE
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO		WORKING INTERESTS				LANDS / RIGHTS / WELLS																			
M-095						Lse: PNG		Lease: AUG-19-2004		Gross\$: 896.00		Split: A		Status: ACTIVE		Operator: ELKWATER		Int.: WI Prod: P		TWP 27-RGE 9-W4M 27 P									
Fhl/Cr: CR						Effect: AUG-19-2004		Nal \$: 582.40				Extension:						AMI: N		ROFR: N		PNG from BASE of VIKING to BASE of BANFF							
Expiry: AUG-19-2009						Date: AUG-19																100/10-27-027-09-W4/00 (GAS)							
Acquir:						Freq: ANNUAL																							
Termin:						Payor: TERRA																							
Min.Int.: 100.00000000%						Cr. No: 0404080412																							
Acq: FARM-IN						Calg: W4M																							
Rental %						Rental \$																							
100.00000000						896.00																							
LESSOR																													
ALBERTA DEPARTMENT OF ENERGY																													
ACREAGES														Gross /		Net		Paid-By %		Paid-By		Paid-By %		Royalty Description		TIK			
Total: (A)														640,000 /		416,000		CSS		GOR		100.00000000		100.00000000		100.00000000		ON 100.00000% PRODUCTION; NONCONV.	
Devel: (A)														640,000 /		416,000		Expos:				WI OWNERS		ELKWATER		SIS: 1/23.8965 (5 0000 - 12.5000%) OIL; 12.5000% GAS; ON			
Prod: (A)														640,000 /		415,000		UnitDevel:		0.000 /		EAGLE		100.00000% PRODUCTION; CONV		100.00000% PRODUCTION; CONV		DEDUCT: 0.0000% SAME AS CROWN, NOT TO EXCEED 50%	

JUN-20-2006
10:02:10

ELK WATER RESOURCES LTD.

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User: FAYE

JV PROPERTY REPORT
Prov.: AB Area: HELMSDALE
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO	
M-007					
Lse:	PNG	Lease:	OCT-14-2004	Gross\$:	896.00
Fh/Cr:	CR	Effect:	OCT-14-2004	Net \$:	582.40
		Expiry:	OCT-14-2009	Date:	OCT-14
		Acquir:	OCT-13-2004	Freq:	ANNUAL
		Termin:		Payor:	ELKWATER
		Min.Int.:	100.00000000%	Cr. No:	0404100036
				Calg:	W4M
				Acq:	CROWN SALE
LESSOR					
ALBERTA DEPARTMENT OF ENERGY				Rental %	Rental \$
				100.00000000	896.00
ACREAGES					
		Gross /	Net	Gross /	Net
Total: (A)		640.000 /	416.000	Expose:	
Devel: (A)		0.000 /	0.000	UnDevel:	
Prod: (A)		0.000 /	0.000	NonProd:	

WORKING INTERESTS				LANDS / RIGHTS / WELLS	
Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI Prod: NP	TWP 26-RGE 5-W4M	2 NP
	Extension:		AWI:N ROFR: N	ALL PNG	
PARTNERS					
EAGLE		> <			
		65.00000000			
		100.00000000			
ROYALTY	ALL-Prod%	Paid-To	Paid-To-%	Paid-By	Royalty Description
CSS	CSS	AB ENERGY	100.00000000	WI OWNERS	ON 100.00000% PRODUCTION; NONCONV.

WORKING INTERESTS		LANDS / RIGHTS / WELLS	
Split: A	Status: ACTIVE	Operator: ELK WATER	Int.: WI Prod: NP
	Extension:		AMI: N ROFR: N
PARTNERS	><		
EAGLE	65.00000000		
	100.00000000		
ROYALTY	All-Prod%	Paid-To	Paid-By
CSS	CSS	AB ENERGY	WI OWNERS
		100.00000000	100.00000000
			TIK
			ON 100.0000% PRODUCTION; NONCONV.

M-008					
Lse:	PNG	Lease:	AUG-05-2004	Gross \$:	896.00
Fh/Cr:	CR	Effect:	AUG-05-2004	Net \$:	582.40
		Expiry:	AUG-05-2009	Date:	AUG-05
		Acquir:	AUG-04-2004	Freq:	ANNUAL
		Termin:		Payor:	ELK WATER
		Min.Int.:	100.000000000%	Cr. No:	0404080042
				Calg:	W4M
				Acq:	CROWN SALE
LESSOR					
ALBERTA DEPARTMENT OF ENERGY				Rental %	Rental \$
				100.00000000	896.00
ACREAGES					
		Gross /	Net	Gross /	Net
Total: (A)		640.000 /	416.000	Expose:	640.000
Devel: (A)		0.000 /	0.000	UnDevel:	640.000 /
Prod: (A)		0.000 /	0.000	NonProd:	640.000 /

Split: A	Status: ACTIVE	Operator: ELK WATER	Int.: WI Prod: NP
	Extension:		AMI: N ROFR: N
PARTNERS	><		
EAGLE	65.00000000		
	100.00000000		
ROYALTY	All-Prod%	Paid-To	Paid-By
CSS	CSS	AB ENERGY	WI OWNERS
		100.00000000	100.00000000
			TIK
			ON 100.0000% PRODUCTION; NONCONV.

M-009					
Lse:	PNG	Lease:	AUG-05-2004	Gross \$:	896.00
Fh/Cr:	CR	Effect:	AUG-05-2004	Net \$:	582.40
		Expiry:	AUG-05-2009	Date:	AUG-05
		Acquir:	AUG-04-2004	Freq:	ANNUAL
		Termin:		Payor:	ELK WATER
		Min.Int.:	100.000000000%	Cr. No:	0404080043
				Calg:	W4M
				Acq:	CROWN SALE
LESSOR					
ALBERTA DEPARTMENT OF ENERGY				Rental %	Rental \$
				100.00000000	896.00
ACREAGES					
		Gross /	Net	Gross /	Net
Total: (A)		640.000 /	416.000	Expose:	640.000
Devel: (A)		0.000 /	0.000	UnDevel:	640.000 /
Prod: (A)		0.000 /	0.000	NonProd:	640.000 /

Split: A	Status: ACTIVE	Operator: ELK WATER	Int.: WI Prod: NP
	Extension:		AMI: N ROFR: N
PARTNERS	><		
EAGLE	65.00000000		
	100.00000000		
ROYALTY	All-Prod%	Paid-To	Paid-By
CSS	CSS	AB ENERGY	WI OWNERS
		100.00000000	100.00000000
			TIK
			ON 100.0000% PRODUCTION; NONCONV.

JV PROPERTY REPORT
Prov.: AB Area: HELMSDALE
Partner: EAGLE -- EAGLE RANCH RESOU
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO	
M-010					
Lse:	PNG	Lease:	NOV-18-2004	Gross\$:	896.00
Fin/Cr:	CR	Effect:	NOV-18-2004	Net \$:	592.40
		Expiry:	NOV-18-2009	Date:	NOV-18
		Acquir:	NOV-17-2004	Freq:	ANNUAL
		Termin:		Payor:	ELKWATER
		Min.Int.:	100.00000000%	Cr. No:	0404110053
				Calg:	W4M
				Acq.:	CROWN SALE
LESSOR				Rental %	Rental \$
ALBERTA DEPARTMENT OF ENERGY				100.00000000	896.00
ACREAGES		Gross /	Net	Gross /	Net
Total: (A)	640.000 /	416.000	Expos:	640.000	
Devel: (A)	0.000 /	0.000	Undevel:	640.000 /	416.000
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /	416.000

WORKING INTERESTS			LANDS / RIGHTS / WELLS	
Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI	Prod.: NP
Extension:			AML: N	ROFR: N
			ALL PNG	
PARTNERS			><	
EAGLE			65.00000000	
			100.00000000	
ROYALTY				
CSS	CSS	AB ENERGY	Paid-To	Paid-To %
			100.00000000	100.00000000
			WI OWNERS	100.00000000
			TIK	Royalty Description
				ON 100.00000% PRODUCTION: NONCONV.

LESSOR		ALBERTA DEPARTMENT OF ENERGY		Rental %	Rental \$
Lse: PNG	Lease: DEC-16-2004	Gross:	896.00	100.00000000	896.00
Ftr/Cr: CR	Effect: DEC-16-2004	Net \$:	582.40		
	Expiry: DEC-16-2009	Date:	DEC-16		
	Acquir: DEC-15-2004	Freq:	ANNUAL		
	Termint:	Payor:	ELKWATER		
	Min.Int.: 100.000000000%	Cr. No.:	0404120384		
		Calgr:	W4M		
		Acq.:	CROWN SALE		
ACREAGES		Gross /	Net		
Total: (A)	640.000 /	416.000	Expose:	640.000	
Devel: (A)	0.000 /	0.000	Undevel:	640.000 /	416.000
Prod: (A)	0.000 /	0.000	NonProd:	640.000 /	416.000

Split: A		Status: ACTIVE	Operator: ELKWATER	Int: WI	Prod.: NP	TWP 26-RGE 4-W4M 19 NP		
Extension:				AMI: N	ROFR: N	ALL PNG		
PARTNERS		><						
EAGLE		65.0000000						
		100.0000000						
ROYALTY		All-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%	TIK	Royalty Description
CSS	CSS		AB ENERGY	100.0000000	WI OWNERS	100.0000000		ON 100.0000% PRODUCTION: NONCONV.

[illegible]

Split: A	Status: ACTIVE	Operator: ELKWATER	InL: WI	Prod: NP	TWP 26-RGE 5-W4M 2B NP
Extension:			AMI: N	ROFR: N	ALL PNG
PARTNERS					
> <					
EAGLE					
65.0000000					
100.0000000					
ROYALTY					
CSS	All-Prod%	Paid-To	Paid-To %	Paid-By	Paid-By %
	CSS	AB ENERGY	100.0000000	WI OWNERS	100.0000000
					Royalty Description
					ON 100.0000% PRODUCTION; NONCONV.

Geography | Skills | History | Science | Social Studies

ELKWATER RESOURCES LTD.

JV PROPERTY REPORT
Prov.: AB Area: HELMSDALE
Partner: EAGLE - EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO		WORKING INTERESTS				LANDS / RIGHTS / WELLS									
M-022						Split: A Status: ACTIVE Operator: ELKWATER Int.: WI Prod.: P				TWP 26-RGE 5-W4M 4 P									
Lse: PNG		Lease: FEB-10-2000		Gross\$: 896.00		Extension: SEC 15 DEC-31-9999				AMI: N ROFR: N									
Fh/Cr: CR		Effect: FEB-10-2000		Net \$: 492.80						PNG to BASE of MANNVILLE									
		Expiry: DEC-31-9999		Date: FEB-10						100/08-04-026-05-W4/00									
		Acquir: DEC-05-2004		Freq: ANNUAL															
		Termin:		Payor: ELKWATER															
		Min.Int.: 100.00000000%		Cr. No: 0400020036															
				Calg: W4M															
				Acq: FARM-IN															
						PARTNERS		8-4 TEST WEL											
						EAGLE		>L<											
								55.00000000											
								100.00000000											
						ROYALTY		All-Prod%		Paid-To		Paid-To-%		Paid-By		Paid-By-%		Royalty Description	
						GOR		5.0000		CONOCO		100.00000000		WI OWNERS		100.00000000		ON 100.0000% PRODUCTION; NONCONV.	
																		DEDUCT: 0.0000%; NO DEDUCTIONS ALLOWED ON THIS ROYALTY	
LESSOR																			
ALBERTA DEPARTMENT OF ENERGY						Rental \$													
						100.00000000						896.00							
ACREAGES						Gross /		Net		Gross /		Net							
Total: (A)						640.000 /		352.000		Expose:		640.000							
Devel: (A)						640.000 /		352.000		UnDevel:		0.000 /		0.000					
Prod: (A)						640.000 /		352.000		NonProd:		0.000 /		0.000					

JV PROPERTY REPORT
Prov.: AB Area: HELMSDALE
Partner: EAGLE - EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES	DATES	RENTAL INFO			
		Lease	Gross \$	Net	
M-029	Lease: FEB-10-2005		896.00		
	Effect: FEB-10-2005		Net \$: 582.40		
	Expiry: FEB-10-2010		Date: FEB-10		
	Acquir: FEB-09-2005		Freq: ANNUAL		
	Termin:		Payor: ELKWATER		
	Min.Int: 100.00000000%		Cr. No: 0405030740		
			Calg: W4M		
			Acq: CROWN SALE		

LESSOR	ALBERTA DEPARTMENT OF ENERGY	RENTAL \$			
		Rental %	Gross /	Net	
		100.00000000	640.000 /	640.000	
			Expose: 640.000 /	416.000	
			UnDevel: 640.000 /	416.000	
			NonProd: 640.000 /	416.000	

WORKING INTERESTS				LANDS / RIGHTS / WELLS			
Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI	Prod: NP	TWP 27-RGE 6-W4M	4	NP
	Extension:		AMI:N	ROFR: N	ALL	PNG	

PARTNERS	><
EAGLE	65.00000000
	100.00000000

ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%	TIK	Royalty Description
CSS	CSS	AB ENERGY	100.00000000	WI OWNERS	100.00000000		ON 100.0000% PRODUCTION; NONCONV.

LESSOR	ALBERTA DEPARTMENT OF ENERGY	RENTAL \$			
		Rental %	Gross /	Net	
		100.00000000	640.000 /	640.000	
			Expose: 640.000 /	416.000	
			UnDevel: 640.000 /	416.000	
			NonProd: 640.000 /	416.000	

Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI	Prod: NP	TWP 27-RGE 5-W4M	34	NP
	Extension:		AMI:N	ROFR: N	ALL	PNG	

PARTNERS	><
EAGLE	65.00000000
	100.00000000

ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%	TIK	Royalty Description
CSS	CSS	AB ENERGY	100.00000000	WI OWNERS	100.00000000		ON 100.0000% PRODUCTION; NONCONV.

LESSOR	ALBERTA DEPARTMENT OF ENERGY	RENTAL \$			
		Rental %	Gross /	Net	
		100.00000000	640.000 /	640.000	
			Expose: 640.000 /	416.000	
			UnDevel: 640.000 /	416.000	
			NonProd: 640.000 /	416.000	

Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI	Prod: NP	TWP 28-RGE 5-W4M	3	NP
	Extension:		AMI:N	ROFR: N	ALL	PNG	

PARTNERS	><
EAGLE	65.00000000
	100.00000000

ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%	TIK	Royalty Description
CSS	CSS	AB ENERGY	100.00000000	WI OWNERS	100.00000000		ON 100.0000% PRODUCTION; NONCONV.

ELKWATER RESOURCES LTD.

JV PROPERTY REPORT

Prov.: AB Area: HELMSDALE
Partner: EAGLE - EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

JUN-20-2006
10:02:10

WORKING INTERESTS				LANDS / RIGHTS / WELLS			
Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI Prod.: NP	Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI Prod.: NP
Extension:				Extension:			
PARTNERS				PARTNERS			
EAGLE				EAGLE			
100.00000000				100.00000000			
ROYALTY				ROYALTY			
CSS				CSS			
100.00000000				100.00000000			
Paid-By				Paid-By			
100.00000000				100.00000000			
Paid-By-%				Paid-By-%			
100.00000000				100.00000000			
Royalty Description				Royalty Description			
ON 100.000000% PRODUCTION; NONCONV.				ON 100.000000% PRODUCTION; NONCONV.			

ACREAGES				Gross /			
Total (A)				Total (A)			
640.000 /				640.000 /			
Devel: (A)				Devel: (A)			
0.000 /				0.000 /			
Prod: (A)				Prod: (A)			
0.000 /				0.000 /			

LESSOR				LESSOR			
ALBERTA DEPARTMENT OF ENERGY				ALBERTA DEPARTMENT OF ENERGY			
Rental \$				Rental \$			
896.00				896.00			

ACREAGES				Gross /			
Total (A)				Total (A)			
480.000 /				480.000 /			
Devel: (A)				Devel: (A)			
0.000 /				0.000 /			
Prod: (A)				Prod: (A)			
0.000 /				0.000 /			

LESSOR				LESSOR			
ALBERTA DEPARTMENT OF ENERGY				ALBERTA DEPARTMENT OF ENERGY			
Rental \$				Rental \$			
672.00				672.00			

ACREAGES				Gross /			
Total (A)				Total (A)			
480.000 /				480.000 /			
Devel: (A)				Devel: (A)			
0.000 /				0.000 /			
Prod: (A)				Prod: (A)			
0.000 /				0.000 /			

JV PROPERTY REPORT

Prov.: AB Area: HELMSDALE

Partner: EAGLE - EAGLE RANCH RESOURCES LTD.

Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO		WORKING INTERESTS				LANDS / RIGHTS / WELLS			
M-058		Lse: PNG		Lease: JUN-30-2005		Gross\$: 896.00		Split: A		Status: ACTIVE		Operator: ELKWATER	
Fm/Cr: CR		Effect: JUN-30-2005		Net \$: 582.40		Date: JUN-30		Int: WI		Prod: NP		TWP 26-RGE 5-W4M 30 NP	
		Expiry: JUN-30-2010		Freq: ANNUAL		Acq: W4M		AMIN		ROFR: N		ALL PNG	
		Term: Min.Int: 100.00000000%		Cr. No: 0405060886		Calg: W4M		Acq: CROWN SALE					
LESSOR		ALBERTA DEPARTMENT OF ENERGY		Rental \$: 896.00		Rental %: 100.00000000		All-Prod%: CSS		Paid-To: AB ENERGY		Paid-By: WI OWNERS	
												Paid-By-%: 100.00000000	
												TIK	
												Royalty Description	
												ON 100.00000% PRODUCTION; NONCONV.	

ACREAGES		Gross /		Net		Gross /		Net	
Total: (A)		640.000 /		416.000		Expose:		640.000	
Devel: (A)		0.000 /		0.000		UnDevel:		640.000 /	
Prod: (A)		0.000 /		0.000		NonProd:		640.000 /	

M-059

Lse: PNG		Lease: JUN-30-2005		Gross\$: 896.00	
Fm/Cr: CR		Effect: JUN-30-2005		Net \$: 582.40	
		Expiry: JUN-30-2010		Date: JUN-30	
		Acq: W4M		Freq: ANNUAL	
		Term: Min.Int: 100.00000000%		Cr. No: 0405060888	
		Calg: W4M		Acq: CROWN SALE	

LESSOR		ALBERTA DEPARTMENT OF ENERGY		Rental \$	Rental %
				896.00	100.00000000
</					

JV PROPERTY REPORT
Prov.: AB Area: HELMSDALE
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES	DATES		RENTAL INFO	
M-065	Lease: PNG	Lease: JUL-14-2005	Gross\$: 896.00	
	Flt/Cr: CR	Effect: JUL-14-2005	Net \$: 582.40	
		Expiry: JUL-14-2010	Date: JUL-14	
		Acquir: JUL-14-2005	Freq: ANNUAL	
	Termin:	Payor: ELKWATER	Calg: W4M	
	Min.Int: 100.00000000%	Cr. No: 0405070107	Acq: CROWN SALE	
LESSOR		Rental %	Rental \$	
ALBERTA DEPARTMENT OF ENERGY		100.00000000	896.00	
ACREAGES	Gross /	Net	Gross /	Net
Total: (A)	640.000 /	416.000	Expose: 640.000	
Devel: (A)	0.000 /	0.000	UnDevel: 640.000 /	416.000
Prod: (A)	0.000 /	0.000	NonProd: 640.000 /	416.000

WORKING INTERESTS			LANDS / RIGHTS / WELLS		
Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI	Prod: NP	TWP 28-RGE 5-W4M E14 NP
	Extension:		AMI: N	ROFR: N	TWP 28-RGE 5-W4M W14 NP
PARTNERS	><				
EAGLE	65.00000000				
	100.00000000				
ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	TIK Royalty Description
CSS	CSS	AB ENERGY	100.00000000	WI OWNERS	ON 100.0000% PRODUCTION; NONCONV.

M-066	Lease: PNG	Lease: AUG-11-2005	Gross\$: 448.00	
	Flt/Cr: CR	Effect: AUG-11-2005	Net \$: 291.20	
		Expiry: AUG-11-2010	Date: AUG-11	
	Acquir: AUG-10-2005	Freq: ANNUAL		
	Termin:	Payor: ELKWATER	Calg: W4M	
	Min.Int: 100.00000000%	Cr. No: 0405080050	Acq: CROWN SALE	
LESSOR		Rental %	Rental \$	
ALBERTA DEPARTMENT OF ENERGY		100.00000000	448.00	
ACREAGES	Gross /	Net	Gross /	Net
Total: (A)	320.000 /	208.000	Expose: 320.000	
Devel: (A)	0.000 /	0.000	UnDevel: 320.000 /	208.000
Prod: (A)	0.000 /	0.000	NonProd: 320.000 /	208.000

Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI	Prod: NP	TWP 27-RGE 6-W4M SW28, NE28 NP
	Extension:		AMI: N	ROFR: N	ALL PNG
PARTNERS	><				
EAGLE	65.00000000				
	100.00000000				
ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	TIK Royalty Description
CSS	CSS	AB ENERGY	100.00000000	WI OWNERS	ON 100.0000% PRODUCTION; NONCONV.

M-072	Lease: PNG	Lease: SEP-08-2005	Gross\$: 896.00	
	Flt/Cr: CR	Effect: SEP-08-2005	Net \$: 582.40	
		Expiry: SEP-08-2010	Date: SEP-08	
	Acquir: SEP-07-2005	Freq: ANNUAL		
	Termin:	Payor: ELKWATER	Calg: W4M	
	Min.Int: 100.00000000%	Cr. No: 0405090035	Acq: CROWN SALE	
LESSOR		Rental %	Rental \$	
ALBERTA DEPARTMENT OF ENERGY		100.00000000	896.00	
ACREAGES	Gross /	Net	Gross /	Net
Total: (A)	640.000 /	416.000	Expose: 640.000	
Devel: (A)	0.000 /	0.000	UnDevel: 640.000 /	416.000
Prod: (A)	0.000 /	0.000	NonProd: 640.000 /	416.000

Split: A	Status: ACTIVE	Operator: ELKWATER	Int: WI	Prod: NP	TWP 27-RGE 6-W4M 19 NP
	Extension:		AMI: N	ROFR: N	ALL PNG
PARTNERS	><				
EAGLE	65.00000000				
	100.00000000				
ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	TIK Royalty Description
CSS	CSS	AB ENERGY	100.00000000	WI OWNERS	ON 100.0000% PRODUCTION; NONCONV.

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JUN-20-2006
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ELKWATER RESOURCES LTD.

JV PROPERTY REPORT

Prov.: AB Area: HELMSDALE

Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

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TYPES	DATES	RENTAL INFO		WORKING INTERESTS		LANDS / RIGHTS / WELLS	
		ACREAGES(Gross/Net):	TOTAL AREA	DEVELOPED	UNDEVELOPED	PRODUCING	NON-PRODUCING
(A)		15,680.000 /	10,112.000	1,280.000 /	14,400.000 /	1,280.000 /	14,400.000 /
				752.000	9,360.000	752.000	9,360.000

Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.

Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO		
M-076						
Lse:	PNG	Lease:	NOV-16-2000	Gross\$:	896.00	
Fm/Cr:	CR	Effect:	NOV-16-2000	Net \$:	582.40	
		Expiry:	MAY-18-2006	Date:	NOV-16	
		Acquir:	OCT-05-2005	Freq:	ANNUAL	
		Termin:		Payor:	BERENS	
		Min.Int.:	100.000000000%	Cr. No:	0400110341	
				Calg:	W4M	
				Acq:	FARM-IN	
LESSOR				Rental %	Rental \$	
ALBERTA DEPARTMENT OF ENERGY				100.00000000	896.00	
ACREAGES		Gross	/	Gross	/	Net
Total:	(A)	640,000	/	416,000		640,000
Devel:	(A)	640,000	/	416,000		Expos:
Prod:	(A)	640,000	/	416,000		NonDevel:
						NonProd:
						0.000
						0.000

WORKING INTERESTS				LANDS / RIGHTS / WELLS			
Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI	Prod.: P	TWP 25-RGE S-W4M 29 P		
Extension: SEC 16 MAY-18-2006		AMI: N	ROFR: N	ALL PNG			
				100J01-29-025-05-W4/00			
EARNED BY 1-							
PARTNERS		>29<					
EAGLE		65.00000000					
100.00000000							
ROYALTY	All-Prod%	Paid-To	Paid-To %	Paid-By	Paid-By %	TJK	Royalty Description
GOR	5.0000	BERENS	100.00000000	WI OWNERS	100.00000000		NONCONV.
THIS ROYALTY APPLY TO THE SECTION OF LAND WITH AN EXPIRY DATE PRIOR TO DEC 31, 2005 THAT IS DRILLED ON BY ELKWATER, CASING POINT ELECTION WOULD NOT APPLY AND BERENS GETS A STRAIGHT 5% ROYALTY ON THAT SECTION ONLY							

M-090																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
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Split: A	Status: ACTIVE	Extension:	Operator:	ELKWATER	Int.: WI	Prod.: NP	TWP 25-RGE 5-W4M 17 NP
					AMI:N	ROFR: N	PNG to BASE of BANFF
PARTNERS EAGLE							
		><					
		65.00000000					
		100.00000000					
ROYALTY	ALL-Prod%	Paid-To	Paid-To-%	Paid-By	Paid-By-%	TiK	Royalty Description
GOR	12.5000	BERENS	100.00000000	WI OWNERS	100.00000000		NONCONV.
							BERENS 12.5% GORR APPLIES TO THE 2 SECTION BLOCK EARNING WHERE THEY ELECT NOT TO PARTICIPATE IN THE COMPLETION OF THAT TEST WELL ONLY. DEDUCT: 0.0000% UP TO 25%

M-091		Lse: PNG		Lease: MAY-18-2000	Gross\$: 896.00		
Ftr/Cr: CR		Effect: MAY-18-2000	Net \$: 582.40	Expiry: NOV-22-2006	Date: MAY-18		
		Acquir: OCT-05-2005	Freq: ANNUAL	TermIn: 	Calg: W4M		
		Min.Int.: 100.000000000%	Payor: BERENS	Cr. No: 0400050250	Acq: FARM-IN		
LESSOR		ALBERTA DEPARTMENT OF ENERGY		Rental %	Rental \$		
				100.000000000	896.00		
ACREAGES		Gross /	Net				
Total: (A)	640,000 /	416,000	Expose:	640,000			
Devel: (A)	640,000 /	416,000	UnDevel:	0,000 /			0,000
Prod: (A)	640,000 /	416,000	NonProd:	0,000 /			0,000

Split: A	Status: ACTIVE	Operator: ELKWATER	Int'l: WI	Prod: P	TWP 26-RGE 5-W4/M 33 P
Extension: SEC 16 NOV-22-2006			AMI:N	ROFR: N	PNG to BASE of BANFF
					100/09-33-026-05-W4/00 (GAS)
PARTNERS					
EAGLE	><				
	65.00000000				
	100.00000000				
ROYALTY	All-Prod%	Paid-To	Paid-To-%	Paid-By	Royalty Description
GOR	12.5000	BERENS	100.00000000	WI OWNERS	NONCONV
				100.00000000	BERENS 12.5% GORR APPLIES TO THE 2 SECTION BLOCK EARNING WHERE THEY ELECT NOT TO PARTICIPATE IN THE COMPLETION OF THAT TEST WELL ONLY. DEDUCT: 0.00000% UP TO 25%

JV PROPERTY REPORT
Prov.: AB Area: LANFINE
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO		WORKING INTERESTS		LANDS / RIGHTS / WELLS	
M-092	Lse: PNG	Lease: NOV-15-2001	Gross\$: 896.00			Split: A Status: ACTIVE	Operator: ELKWATER	Int: WI Prod: P	TWP 25-RGE 6-W4M 21 P
	Fm/Cr: CR	Effect: NOV-15-2001	Net \$: 582.40			Extension:		AMI:N ROFR: N	PNG to BASE of BANFF
		Expiry: NOV-15-2006	Date: NOV-15						100003-21-025-06-W4M00 (GAS)
		Acquir: OCT-05-2005	Freq: ANNUAL						
		Termin:	Payor: BERENS						
		Min.Int.: 100.00000000%	Cr. No: 0401110229						

PARTNERS		><	
EAGLE		65.00000000	
		100.00000000	

LESSOR		RENTAL %		RENTAL \$		ROYALTY		All-Prod%		Paid-To		Paid-To-%		Paid-By		Paid-By-%		TIK		Royalty Description	
ALBERTA DEPARTMENT OF ENERGY		100.00000000		896.00		GOR		12.5000		BERENS		100.00000000		WI OWNERS		100.00000000				NONCONV.	
ACREAGES		Gross /		Net		Total: (A)		640.000 /		416.000		Expose:		640.000		UnDevel:		0.000 /		0.000	
Devel: (A)		640.000 /		416.000		UnDevel:		0.000 /		0.000		NonProd:		0.000 /		0.000					
Prod: (A)		640.000 /		416.000		NonProd:		0.000 /		0.000											

BERENS 12.5% GORR APPLIES TO THE 2 SECTION BLOCK
EARNING WHERE THEY ELECT NOT TO PARTICIPATE IN
THE COMPLETION OF THAT TEST WELL ONLY.
DEDUCT: 0.0000%, UP TO 25%

M-093		Lse: PNG		Lease: MAR-18-2004		Gross\$: 896.00		Net \$: 582.40		Date: MAR-18		Fm/Cr: CR		Expiry: MAR-18-2009		Acquir: OCT-05-2005		Freq: ANNUAL		Termin:		Payor: BERENS		Min.Int.: 100.00000000%		Cr. No: 0404030617		Acq: FARM-IN	
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LESSOR		RENTAL %		RENTAL \$		ROYALTY		All-Prod%		Paid-To		Paid-To-%		Paid-By		Paid-By-%		TIK		Royalty Description	
ALBERTA DEPARTMENT OF ENERGY		100.00000000		896.00		GOR		12.5000		BERENS		100.00000000		WI OWNERS		100.00000000				NONCONV.	
ACREAGES		Gross /		Net		Total: (A)		640.000 /		416.000		Expose:		640.000		UnDevel:		0.000 /		0.000	
Devel: (A)		640.000 /		416.000		UnDevel:		0.000 /		0.000		NonProd:		0.000 /		0.000					
Prod: (A)		640.000 /		416.000		NonProd:		0.000 /		0.000											

BERENS 12.5% GORR APPLIES TO THE 2 SECTION BLOCK
EARNING WHERE THEY ELECT NOT TO PARTICIPATE IN
THE COMPLETION OF THAT TEST WELL ONLY.
DEDUCT: 0.0000%, UP TO 25%

ACREAGES(Gross/Net):		TOTAL AREA		DEVELOPED		UNDEVELOPED		PRODUCING		NON-PRODUCING	
(A)		3,200.000 /		2,080.000		0.000 /		3,200.000 /		0.000 /	

JV PROPERTY REPORT
Prov.: AB Area: MEDICINE HAT
Partner: EAGLE -- EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

TYPES		DATES		RENTAL INFO		WORKING INTERESTS				LANDS / RIGHTS / WELLS			
M-085		Lse: PNG		Lease: MAR-23-2006		Gross\$: 896.00		Split: A		Status: ACTIVE		Operator: ELKWATER	
Fm/Cr: CR		Effect: MAR-23-2006		Net \$: 582.40		Date: MAR-23		Int: WI		Prod: NP		TWP 20-RGE 1-W4M 1 NP	
Acquir: MAR-23-2006		Expiry: MAR-23-2011		Freq: ANNUAL		Payor: ELKWATER		AMI: N		ROFR: N		ALL PNG	
Termint:		Min.Int: 100.00000000%		Cr. No: 0406030713		Calig: W4M		Partners		Paid-To-%		Paid-By-%	
								EAGLE		AB ENERGY		100.00000000	
								><		100.00000000		100.00000000	
								Extension:		Paid-To-%		Paid-By-%	
								ROYALTY		CSS		TIK	
								CSS		100.00000000		ON 100.000000% PRODUCTION; NONCONV.	
LESSOR		ALBERTA DEPARTMENT OF ENERGY		Rental %		Rental \$							
				100.00000000		896.00							
ACREAGES		Gross /		Net		Gross /		Net					
Total: (A)		640.000 /		416.000		Expose:		640.000					
Devel: (A)		0.000 /		0.000		Undevel:		640.000 /		416.000			
Prod: (A)		0.000 /		0.000		NonProd:		640.000 /		416.000			
ACREAGES(Gross/Net):		TOTAL AREA		DEVELOPED		UNDEVELOPED		PRODUCING		NON-PRODUCING			
(A)		640.000 /		416.000		0.000 /		0.000		640.000 /		416.000	

Geonemus 150g in House Schwarzeng Landed

JV PROPERTY REPORT
Prov.: AB Area: SIBBALD
Partner: EAGLE – EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Splits

ACREAGES(Gross/Net):	TOTAL AREA		DEVELOPED		UNDEVELOPED		PRODUCING		NON-PRODUCING	
	(A)									
	2,560,000 /	1,664,000	0.000 /	0.000	2,560,000 /	1,664,000	0.000 /	0.000	2,560,000 /	1,664,000

JV PROPERTY REPORT
Prov.: AB Area: SOUTH DOBSON
Partner: EAGLE - EAGLE RANCH RESOURCES LTD.
Active Mineral - Active Spills

TYPES		DATES		RENTAL INFO	
M-014					
Lse: PNG	Lease: AUG-19-2004	Gross \$:	896.00		
Fh/Cr: CR	Effect: AUG-19-2004	Net \$:	582.40		
	Expiry: AUG-19-2009	Date:	AUG-19		
	Acqir: AUG-18-2004	Freq:	ANNUAL		
	Termin:	Payor:	ELKWATER	Calg:	W4M
	Min.Int:	100.00000000%	Cr. No:	0404080413	Acq: CROWN SALE
LESSOR		Rental %		Rental \$	
ALBERTA DEPARTMENT OF ENERGY		100.00000000		896.00	

ACREAGES	Gross /	Net	Gross /	Net
Total: (A)	640.000 /	416.000	Expose:	640.000
Devel: (A)	0.000 /	0.000	UnDevel:	416.000
Prod: (A)	0.000 /	0.000	NonProd:	416.000

WORKING INTERESTS		LANDS / RIGHTS / WELLS	
Split: A	Status: ACTIVE	Operator: ELKWATER	Int.: WI Prod: NP
Extension:		AMIN ROFR: N	
PARTNERS		TWP 28-RGE 9-W4M 36 NP	
EAGLE		PNG from BASE of VIKING to BASEMENT	
><			
65.00000000			
100.00000000			
ROYALTY		Paid-To:	Paid-By %
CSS	All-Prod %	AB ENERGY	WI OWNERS
	CSS	100.00000000	100.00000000
		Paid-To %	Paid-By %
		100.00000000	100.00000000
		TIK	Royalty Description
			ON 100.0000% PRODUCTION; NONCONV.

ACREAGES(Gross/Net):		DEVELOPED		UNDEVELOPED		PRODUCING		NON-PRODUCING	
(A)		0.000 /		640.000 /		0.000 /		640.000 /	
TOTAL AREA		416.000		416.000		0.000		416.000	

GENERAL ASSIGNMENT OF BOOK DEBTS

1. FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned Debtor

EAGLE RANCH RESOURCES LTD.

(Full name of Assignor)

of 650, 910 - 7th Avenue SW, Calgary, Alberta T2P 3N8

(Full address of Assignor)

in the Province of Alberta, hereby assign(s) transfer(s) and grant(s) to NATIONAL BANK OF CANADA, a Chartered Bank having its Head Office at the City of Montreal in the Province of Quebec, and having a branch office at

301 - 6th Avenue SW, Calgary in the Province of Alberta,

(hereinafter called the "Bank") a continuing and specific security interest in all debts, proceeds, accounts, claims, money and choses in action which now are or which may at any time hereafter be due or owing to or owned by the undersigned and also all deeds, documents, writings, papers and books relating to or being records of goods or their proceeds, or by which goods or their proceeds are or may hereafter be secured, evidenced, acknowledged or made payable including Documents of Title, (and remaining debt instruments) Chattel Paper, Securities and Instruments, and all contractual rights and insurance claims relating to collateral (hereinafter called the "Collateral").

2. The undersigned agrees that the Collateral shall be held by the Bank as a general and continuing collateral security for the payment of all obligations, indebtedness and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, of the undersigned to the Bank, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, and as a first and prior claim upon the Collateral.
3. The undersigned covenants at all times to notify the Bank in writing promptly of any change in the information contained herein relating to the undersigned (including the name and location of the chief executive office, sole place of business or residence, as the case may be, of the undersigned aforesaid) and of any material default by any person in payment or other performance of obligations to the undersigned with respect to any of the Collateral.
4. So long as this assignment remains in effect, the undersigned covenants not to sell, or further assign or encumber the Collateral without the prior written consent of the Bank. The undersigned represents and warrants that the Collateral is genuine and owned by the undersigned free of all security interests or other encumbrances.
5. The Bank may collect, realize, sell or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times, whether before or after default, as may seem to it advisable and without notice to the undersigned. All moneys collected or received by the undersigned in respect of the Collateral shall be received as trustee for the Bank, and shall be forthwith paid over to the Bank by the undersigned.
6. The Bank shall not be bound to do, observe or perform or see to the observance or performance by the undersigned of any obligations or covenants imposed upon the undersigned nor shall the Bank be obliged to preserve rights against other persons in respect of any Securities or Records in its possession.
7. The Bank may apply the amounts collected or received by it on account of such parts of the indebtedness and liabilities of the undersigned to the Bank as to the Bank seems best or hold the same in a separate collateral account for such time as it may see fit and then apply the same as aforesaid, the whole without prejudice to its claim for any deficiency.
8. The Bank may compound, compromise, grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the debtors of the undersigned, the undersigned and others, and with the Collateral and other securities as the Bank may see fit, without prejudice to the liability of the undersigned or the Bank's right to hold and realize this security.
9. The Bank shall not be liable or accountable for any failure to collect, realize or obtain payment of the Collateral or any part thereof and the Bank shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Bank, the undersigned or any other person, firm or corporation in respect of the same, and the Bank shall not be responsible for any loss or damage which may occur in consequence of the negligence of any officer, agent or solicitor employed in the collection or realization thereof.
10. The Bank may charge on its own behalf and also pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal advices and services) in or in connection with collecting, realizing and/or obtaining payment of the Collateral or any part thereof and may add the amount of such sums to the indebtedness of the undersigned.
11. So long as this assignment remains in effect, the undersigned covenants and agrees to deliver to the Bank from time to time promptly upon request any Documents of Title (and remaining debt instruments), Instruments, Securities and Chattel Papers constituting, representing or relating to the Collateral; all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same; all financial statements prepared by or for the undersigned regarding the undersigned's business; all policies and certificates of insurance relating to the Collateral, and such information concerning the Collateral, the undersigned, the undersigned's business and affairs as the Bank may reasonably request.

12. The undersigned shall from time to time forthwith on the Bank's request do, make and execute all such financing statements, further assignments, documents, acts, matters and things as may be required by the Bank of or with respect to the Collateral or any part thereof or as may be required to give effect to these presents, and the undersigned hereby constitutes and appoints the Manager or Acting Manager for the time being of the above mentioned branch of the Bank the true and lawful attorney of the undersigned irrevocable with full power of substitution to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the undersigned whenever and wherever it may be deemed necessary or expedient.
13. This agreement shall be a continuing agreement in every respect, and shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. No remedy for the enforcement of the rights of the Bank hereunder shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The security interest created or provided for by this agreement is intended to attach when this agreement is signed by the undersigned and delivered to the Bank. The undersigned acknowledges and confirms that there has been no agreement between the Bank and the undersigned to postpone the time for attachment of the security interest hereby attached.
14. Nothing in this assignment contained shall or shall be deemed to restrict the rights and remedies at law or in equity or under any applicable personal property security legislation or otherwise, of the Bank against the undersigned and the Collateral, it being hereby agreed by the undersigned that the Bank has and shall have all such rights and remedies as if the same were herein at length set forth and by this reference the same are incorporated in and form a part hereof.
15. Should the undersigned be entitled to a release or discharge or amendment to any financing statement registered by the Bank relating to this assignment, then the undersigned will pay to the Bank all costs, charges, expenses and lawyer's fees and disbursements (as between a solicitor and his own client on a full indemnity basis) incurred by the Bank in connection with such release, discharge or amendment.
16. For greater certainty it is declared that any and all future loans, advances or other value which the Bank may in its discretion make or extend to or for the account of the undersigned shall be secured by this agreement. If more than one person executes this agreement their obligations hereunder shall be joint and several.
17. This assignment shall be governed by and construed in accordance with the law of the jurisdiction where it has been executed by the undersigned, as the same may from time to time be in effect, including, where applicable, the Personal Property Security Act.
18. The undersigned hereby acknowledges receiving a copy of this assignment and waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this assignment.
19. **NAME, ETC. OF DEBTOR**
The full, true and correct legal name and address of Debtor and, where applicable, birth date and sex of Debtor is hereby declared by Debtor to be as follows:

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY	SEX M/F
ADDRESS OF INDIVIDUAL DEBTOR		CITY	PROVINCE	POSTAL CODE
SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY	SEX M/F
ADDRESS OF INDIVIDUAL DEBTOR		CITY	PROVINCE	POSTAL CODE

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR EAGLE RANCH RESOURCES LTD.			
ADDRESS OF BUSINESS DEBTOR 650, 910 - 7th Avenue SW	CITY Calgary	PROVINCE AB	POSTAL CODE T2P3N8
NAME OF BUSINESS			
ADDRESS OF BUSINESS DEBTOR	CITY	PROVINCE	POSTAL CODE

AFFIDAVIT OF EXECUTION BY INDIVIDUAL OR PARTNERSHIP

(To be completed when assignment to be registered in Atlantic Provinces)

CANADA
Province of _____
County of _____
TO WIT: I, _____
of the _____ of _____
in the Province of _____
by occupation _____, make oath and say:

(† Insert "one" or
"two" or as the
case requires)

1. That I was personally present and did see the Assignment of Book Debts hereto annexed duly signed, sealed and delivered by
† _____ of the parties thereto and that the name _____
set and subscribed as a witness to the execution thereof is of the proper handwriting of me this deponent and that the same was executed
at the _____ of _____ in the Province
of _____ on the _____ day of _____ 19 _____.

2. That I know the said _____ and he is in my
opinion of the full age of _____ years.

SWORN before me at the _____
of _____ in the Province
of _____ this _____
day of _____ A.D. 19 _____.

A Commissioner, etc., or a Notary Public.

AFFIDAVIT BY OFFICER OF INCORPORATED COMPANY

(To be completed when assignment to be registered in New Brunswick)

CANADA
Province of _____
County of _____
TO WIT: I, _____
residing at _____ (Full Address)
in the Province of _____
by occupation _____, make oath and say:

1. That the paper-writing hereunto annexed is the Assignment of Book Accounts and of every schedule or inventory thereto an-
nexed, or therein referred to, and of every attestation of the execution thereof, as made, given and executed by the
_____ hereinafter referred to as the Assignor.
(Name of incorporated company)

2. That the Assignment of Book Accounts was made and given by the said Assignor on the _____ day
of _____ 19 _____.

3. That I _____ as _____
(Full name) (Name of office)
of the said Assignor being duly authorized so to do did affix the seal of the said Assignor to the said Assignment of Book Accounts, did sign
the said Assignment of Book Accounts as _____ of the said Assignor and did duly deliver the said Assignment
(Name of office)
of Book Accounts as the act and deed of the said Assignor on the _____ day of _____ 19 _____.

4. That the head office or chief place of business of the said Assignor in New Brunswick is the situated at
_____ in the said Province
(Number, street and name of place)

SUBSCRIBED to and sworn before me at the _____
of _____ in the
Province of _____
this _____ day of _____
A.D. 19 _____.

A Commissioner, etc., or a Notary Public.

IN WITNESS WHEREOF, the undersigned Debtor has executed this Assignment this 11th day of

June JULY ~~xx~~ 2006.

(Signature of Debtor(s) if Individual)

EAGLE RANCH RESOURCES LTD.

(Name of Debtor if Corporation or Partnership)

BY

Russ Feschuk

TITLE President and Secretary

(If corporation have signed by authorized officer(s)
If Owner or Partner state which)

AFFIDAVIT OF BONA FIDES

(To be completed when assignment to be registered in Atlantic Provinces)

CANADA

Province of _____
County of _____

TO WIT:

I, _____
of the _____ of _____
in the Province of _____ an employee
at _____
of the National Bank of Canada the Assignee named in the Assignment of Book Debts
hereto annexed, make oath and say:

1. That I am an employee of the NATIONAL BANK OF CANADA at _____
in the Province of _____.

2. That I am aware of the circumstances connected with the said Assignment of Book Debts and have a personal knowledge of the facts herein deposed to.

3. That the said Assignment of Book Debts hereto annexed was executed in good faith and for valuable consideration, and not for the mere purpose of protecting the book debts therein mentioned against the creditors of _____, the Assignor, or for the purpose of preventing such creditors from recovering any claims which they have against the said Assignor.

SWORN before me at the _____
of _____ in the Province
of _____ this _____
day of _____ A.D. 19 _____

A Commissioner, etc., or a Notary Public.

(When assignment to be registered in New Brunswick
affidavit on next page to be completed in case of
Incorporated Companies.)

Search ID#: Z05924868

Transmitting Party

MCCARTHY TETRAULT LLP

4000, 421 - 7th AVENUE SW
CALGARY, AB T2P 4K9

Party Code: 50087121

Phone #: 403 260 3500

Reference #: 065094 463517/tc

Search ID #: Z05924868

Date of Search: 2014-Aug-08

Time of Search: 15:53:23

Business Debtor Search For:

EAGLE RANCH RESOURCES LTD.

THIS IS EXHIBIT "D"
referred to in the Affidavit of
Elizabeth Pineda

Sworn before me this 13
day of August, 20 14

A Commissioner for Oaths in and for the

Province of Alberta
Frances E. Candy
Student-at-Law

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z05924868

Business Debtor Search For:

EAGLE RANCH RESOURCES LTD.

Search ID #: Z05924868

Date of Search: 2014-Aug-08

Time of Search: 15:53:23

Registration Number: 06062322653

Registration Type: SECURITY AGREEMENT

Registration Date: 2006-Jun-23

Registration Status: Current

Expiry Date: 2021-Jun-23 23:59:59

Exact Match on: Debtor

No: 1

Amendments to Registration

11051725075

Renewal

2011-May-17

Debtor(s)

Block

Status

1 EAGLE RANCH RESOURCES LTD.
650, 910 - 7TH AVENUE SW
CALGARY, AB T2P 3N8

Current

Secured Party / Parties

Block

Status

1 NATIONAL BANK OF CANADA
2700, 530 - 8TH AVENUE SW
CALGARY, AB T2P 3S8

Current

Collateral: General

Block

Description

Status

1 ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.

Current

Search ID#: Z05924868

Business Debtor Search For:

EAGLE RANCH RESOURCES LTD.

Search ID #: Z05924868

Date of Search: 2014-Aug-08

Time of Search: 15:53:23

Registration Number: 06062323107

Registration Type: LAND CHARGE

Registration Date: 2006-Jun-23

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 EAGLE RANCH RESOURCES LTD.
650, 910 - 7TH AVENUE SW
CALGARY, AB T2P 3N8

Current

Secured Party / Parties

Block

Status

1 NATIONAL BANK OF CANADA
2700, 530 - 8TH AVENUE SW
CALGARY, AB T2P 3S8

Current

Result Complete

June 10, 2014

Via Courier and E-Mail
Eagle Ranch Resources Ltd.
840 - 7th Ave SW, Suite 2000
Calgary, Alberta T2P 3G2

Attention: Mr. Don Brown, President

Dear Sir:

Re: \$600,000 Demand Revolving Secured Credit Facility granted by National Bank of Canada (the "**Lender**") to Eagle Ranch Resources Ltd. (the "**Borrower**") **NOTICE OF DEFAULT/RESERVATION OF RIGHTS**

Reference is made to the following agreements:

1. Commitment Letter, dated September 24, 2012, between NBC, as lender, and Eagle Ranch, as borrower, as subsequently amended, restated, supplemented, or modified from time to time;
2. \$25,000,000 Fixed and Floating Charge Demand Debenture, dated July 11, 2006, granted by the Borrower to the Lender (the "**Demand Debenture**");
3. \$1,700,000 Acknowledgment of Debt Revolving Demand Credit Agreement, dated August 18, 2011, granted by the Borrower in favour of NBC;
4. Pledge Agreement, dated July 11, 2006, granted by the Borrower in favour of NBC;
5. Negative Pledge and Undertaking, dated July 11, 2006, granted by the Borrower in favour of NBC (the "**Negative Pledge**"); and,
6. General Assignment of Book Debts, dated July 11, 2006, granted by the Borrower in favour of NBC.

(collectively referred to as, the "**Credit Facility Documents**").

Capitalized terms used in this letter that are not otherwise defined have the same meaning as in the respective Credit Facility Documents.

The Borrower has committed a number of defaults pursuant to the Credit Facility Documents, as more particularly outlined in Schedule "A", attached hereto (the "**Defaults**"). Pursuant to this letter, the Lender intends to provide notice of and confirm the Borrower's Defaults and provide notice that any and all interest and principal payments to Elkwater Resources Ltd. ("**Elkwater**") are no longer permitted in accordance with the Subordination Agreement, dated December 20, 2007, given by Elkwater to the Lender with respect to the Borrower (the "**Subordination Agreement**"), should such remain in effect.

As a result of the Defaults, the Lender seeks to have the Borrower repay any and all of the Borrower's indebtedness (the "**Indebtedness**") arising in accordance with or pursuant to the

THIS IS EXHIBIT "E"
referred to in the Attachment of
Elizabeth Poeda

Sworn before me this 13
day of August, 20 14

A Commissioner for Oaths in and for the
Province of Alberta

Frances L. Candy
Student-at-Law

Credit Facility Documents. Thereby, the Lender hereby requests that the Borrower provide the Lender with a proposal and corresponding timeline with respect to the Borrower concluding a sale of its petroleum and natural gas reserves and/or refinancing and/or recapitalization of its operations the effect of which would be to repay the Indebtedness owed to the Lender, in its entirety (the "Refinancing Plan"). Such Refinancing Plan shall be provided by the Borrower to the Lender on or before June 16, 2014.

Furthermore, pursuant to the Credit Facility Documents, the Lender requests that the Borrower provide the following information, on or before June 16, 2014:

1. the Borrower's sub-ledger associated with any joint venture billings and/or any other documents evidencing or describing any amounts owing to Elkwater, along with any documents related thereto;
2. the Borrower rectify any and all Defaults relating to its reporting obligations pursuant to the Credit Facility Documents, as outlined in Schedule "A" hereto, on or before June 16, 2014;
3. any relevant documents or correspondence associated with the potential cancellation of the Subordination Agreement, dated December 20, 2007, given by Elkwater to the Lender with respect to the Borrower (the "Subordination Agreement"); and
4. pursuant to paragraph 5 of the Negative Pledge and paragraph 5 of the Demand Debenture, an updated list of all of the Borrower's rights, title, estate, and interest in: (i) any petroleum and natural gas assets; (ii) any rights, title, estate, and interest related thereto; and, (iii) any other significant assets of the Borrower.

Finally, the Lender will require the engagement of a consultant, acceptable to the Lender, to review and provide advice with respect to, but not limited to, the Borrower's operations, financial records, production records, management documents and records, and any other matters related to the Refinancing Plan or with respect to a sale of the Borrower's petroleum and natural gas reserves and/or refinancing and/or recapitalization all costs of which will be for the account of the Borrower.

The Lender intends to continue to monitor the default situation very carefully and will decide in its sole discretion on a "day-by-day" basis whether or not to exercise its rights and remedies. Nothing in this letter including without limitation the acceptance by the Lender of payments due under and pursuant to the Credit Facility Documents or in any ongoing discussions or negotiations between the Lender, on the one hand, and the Borrower and/or Elkwater, on the other hand, nor any delay on the part of the Lender in exercising any of its rights and remedies under the Credit Facility Documents, any of the security held by the Lender and/or under applicable law, shall directly or indirectly: (i) create any obligation to forbear from taking any enforcement action, or to make any further extensions of credit, (ii) constitute a consent to or waiver of any past, present, or future event of default, the Defaults, or other violation of any provisions of the Credit Facility Documents, (iii) amend, modify, or operate as a waiver of any provision of the Credit Facility Documents or any right, power, privilege, or remedy of the Lender therein or under applicable law or constitute an agreement to forbear or to restructure the obligations arising under the Credit Facility Documents in any respect, or (iv) constitute a course of dealing or other basis for altering any rights or obligations of the Lender under the Credit Facility Documents, or any other instruments. Nothing contained in this letter shall confer on the Borrower or any other person any right to notice or cure periods with respect to any of the Defaults or any additional events of default that is occurring or may occur in the future.

This letter confirms that the Lender has not waived the Defaults and expressly reserves all of its rights, powers, privileges, and remedies under the Credit Facility Document and/or applicable law, including, without limitation, its right at any time, as applicable, (i) to declare the amounts outstanding by the Borrower to be immediately due and payable, (ii) to commence any legal or other action to collect any or all of the amounts outstanding from the Borrower including, without limitation, the right to appoint a receiver or receiver and manager over the assets, properties, and undertakings of the Borrower, (iii) to foreclose or otherwise realize on any or all of the Borrower's assets, (iv) to take any other enforcement action or otherwise exercise any or all rights and remedies provided for by any or all of the Credit Facility Documents and/or applicable law, and (v) to reject any forbearance, financial restructuring or other proposal made by or on behalf of the Borrower or any creditor of or equity holder in the Borrower.

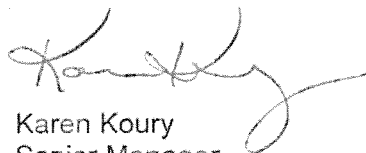
The Lender may exercise its rights, powers, privileges, and remedies, including those set forth in (i) through (v) above at any time in its sole and absolute discretion. No oral representations or course of dealing on the part of the Lender or any of its officers, employees, agents, or solicitors, and no failure or delay by the Lender with respect to the exercise of any right, power, privilege or remedy under any of the Credit Facility Documents and/or applicable law shall operate as a waiver thereof, and the single or partial exercise of any such right, power, privilege or remedy shall not preclude any later exercise of any other right, power, privilege or remedy.

Yours truly,

NATIONAL BANK OF CANADA



Beth Pineda
Manager



Karen Koury
Senior Manager

SCHEDULE "A"
DEFAULTS

Late Reporting:

1. Monthly production and revenue reports as at March 31, 2014 in final form due May 31, 2014 (ie, within 60 calendar days of each month-end);
2. December 31, 2013 annual audited consolidated financial statements and compliance certificate due April 30, 2014 (ie, within 120 calendar days of each fiscal year-end);
3. March 31, 2014 quarterly unaudited consolidated financial statements including balance sheet, income statement and cash flow statement and compliance certificate due May 31, 2014 (ie, within 60 calendar days of each fiscal quarter-end);
4. December 31, 2013 annual independent engineering report in final form due April 30, 2014 (ie, within 120 calendar days of each fiscal year-end);
5. F2014 annual consolidated budget including production, cash flow and capital expenditures forecasts due April 30, 2014 (ie, within 120 calendar days of each fiscal year-end);

Occurrence of Material Adverse Effect:

6. Property operator Elkwater Resources Ltd. withholding the Borrower's monthly production to offset amounts owing to them by Eagle Ranch Resources Ltd. for unpaid joint venture billings;
7. Loan value attributed to Eagle Ranch Resources Ltd.'s proved developed producing petroleum and natural gas assets as outlined in GLJ Petroleum Consultant Ltd.'s draft third party engineering report with an effective date of December 31, 2013 is less than the Maximum Amount of \$600,000 under Credit Facility "A"; and,

Other

8. Failure to maintain its current account at the Calgary Branch of the Bank through which it shall conduct all of its banking activities.

**mccarthy
tetrault**

THIS IS EXHIBIT "F"
referred to in the Affidavit of
Elizabeth Pineda

Sworn before me this 13
day of August, 2014

A Commissioner for Oaths in and for the
Province of Alberta

Frances L. Candy
Student-at-Law

McCarthy Tétrault LLP
Suite 4000
421-7th Avenue S.W.
Calgary AB T2P 4K9
Canada
Tel: 403-260-3500
Fax: 403-260-3501

Walker W. MacLeod
Direct Line: (403) 260-3710
Direct Fax: (403) 260-3501
Email: wmacleod@mccarthy.ca

Assistant: Marcia Smith
Direct Line: 403-260-3546
Email: marciasmith@mccarthy.ca

June 25, 2014

Via Courier

Eagle Ranch Resources Ltd.
Suite 2000, 840 7th Avenue SW
Calgary, AB T2P 3G2

Attention: Mr. Don J. Brown, President

Dear Sirs:

**Re: \$600,000 Secured Credit Facilities granted by National Bank of Canada
in favour of Eagle Ranch Resources Ltd.**

We are counsel to National Bank of Canada ("NBC") in connection with the secured credit facilities NBC has granted to Eagle Ranch Resources Ltd. (the "**Borrower**"). Reference is made to the commitment letter, dated September 24, 2012, between Eagle Ranch Resources Ltd., as borrower, and NBC as lender, as amended, modified, supplemented, restated, or replaced from time to time (the "**Loan Agreement**").

On behalf of NBC, we hereby demand repayment of all amounts due and owing by the Borrower to NBC which, as of June 24, 2014, are \$603,336.98, exclusive of professional fees and costs. Interest continues to accrue in accordance with the terms and conditions of the Loan Agreement at the *per diem* rate of \$115.07. Please contact us on the date repayment is to be made and we shall provide the then outstanding balance inclusive of professional fees and costs.

If full payment, as set forth above, is not made within ten (10) days from the date hereof then NBC will take whatever steps it deems appropriate to secure payment of all amounts outstanding. To this end, we enclose for service upon you, a Notice of Intention to Enforce Security in accordance with Section 244(1) of the *Bankruptcy and Insolvency Act*.

NBC expressly reserves its rights as against the Borrower in connection with any further amounts that may become due and owing to NBC. This notice is without prejudice to any and all rights, powers, privileges and remedies of NBC under the Loan Agreement, the security granted to NBC by the Borrower and/or applicable law, including with respect to any defaults committed by the Borrower, or any additional defaults that are or may be committed by the Borrower under the Loan Agreement or the security granted to NBC by the Borrower, all of which rights are expressly reserved, and nothing herein shall act as a waiver thereof.

Yours truly,

McCarthy Tétrault LLP

A handwritten signature in black ink, appearing to read 'Walker W. MacLeod', written over the printed name.

Walker W. MacLeod

WWM/ms
Encl.

c.c. National Bank of Canada

FORM 86
Notice of Intention to Enforce Security
(Rule 124)

TO: Eagle Ranch Resources Ltd. (the "Debtor"), an insolvent person

TAKE NOTICE THAT:

1. National Bank of Canada ("**NBC**"), a secured creditor, intends to enforce its security on the insolvent person's property, being all of the Debtor's present and after acquired personal and real property.
2. The security that is to be enforced is in the form of: (i) 25,000,000 Fixed and Floating Charge Demand Debenture, dated July 11, 2006, granted by the Debtor to the Lender; (ii) Pledge Agreement, dated 11, 2006, granted by the Debtor in favour of NBC; (iii) Negative Pledge and Undertaking, dated 11, 2006, granted by the Debtor in favour of NBC; and (iv) General Assignment of Book Debts, dated July 11, 2006, granted by the Debtor in favour of NBC (collectively, the "**Security**").
3. The total amount of indebtedness secured by the Security, as of June 24, 2014, is \$603,336.98, plus accruing interest, costs, expenses and fees including, without limitation, solicitor and own client costs on a full indemnity basis.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Calgary, Alberta, this 25th day of June, 2014.

NATIONAL BANK OF CANADA
by its duly authorized solicitors and agents
McCarthy Tétrault LLP

Per: 

Walker W. MacLeod

BURSTALL

BURSTALL WINGER ZAMMIT

Writer's Direct Line: (403) 234-3337
Writer's Email: dstuve@burstall.com

Our File No. 31257/DMS

THIS IS EXHIBIT " G "
referred to in the Affidavit of
Elizabeth Pineda

Sworn before me this 13
day of August, 20 14

A Commissioner for Oaths in and for the
Province of Alberta
Frances L. Candy
Student-at-Law

Via E-mail

June 26, 2014

McCarthy Tétrault LLP
Suite 4000
421 - 7th Avenue S. W.
Calgary, AB T2P 4K9

Attention: Walker W. MacLeod

Dear Sir:

**Re: \$600,000 Secured Credit Facilities granted by National Bank of Canada in favour
of Eagle Ranch Resources Ltd.**

Please be advised we are in receipt of your letter dated June 25, 2014 to Don Brown of Eagle Ranch Resources Ltd. Please be advised that we are legal counsel to Eagle Ranch Resources Ltd. and consequently we request that in the future you direct all correspondence to us.

We understand that our clients have been in discussions with your clients regarding the appropriate next steps and we ask you to consider your availability for a meeting during the week of July 7 in order to discuss how to proceed.

We trust the foregoing is in order. We look forward to hearing from you.

Yours truly,

BURSTALL WINGER ZAMMIT LLP



for Douglas M. Stuve
DMS/djd

cc: Don Brown – Eagle Ranch Resources Ltd.
Candice Ross – Burstall Winger Zammit LLP

I:\DMS\Eagle Ranch Resources Ltd. - 31257 - General Matters\Ltr_Walker MacLeod (McCarthy Tetrault)_NBC Credit Facility_June 25, 2014.docx

BURSTALL WINGER ZAMMIT LLP
Lawyers
www.burstall.com

Suite 1600 Dome Tower
333 - 7th Avenue SW
Calgary, Alberta T2P 2Z1

T (403) 264-1915
F (403) 266-6016
F (403) 265-8565



McCarthy Tétrault LLP
Suite 3300
421-7th Avenue S.W.
Calgary AB T2P 4K9
Canada
Tel: 403-260-3500
Fax: 403-260-3501

Walker W. MacLeod
Direct Line: (403) 260-3710
Direct Fax: (403) 260-3501
Email: wmacleod@mccarthy.ca

Assistant: Smith, Marcia A
Direct Line: (403) 260-3546
Email: marciasmith@mccarthy.ca

June 27, 2014

VIA EMAIL

Burstall Winger Zammit LLP
Suite 1600 Dome Tower
333 - 7th Avenue SW
Calgary, AB T2P 2Z1

Attention: Douglas M. Stuve

Dear Sirs:

Re: \$600,000 Secured Credit Facilities (the "Credit Facilities") granted by National Bank of Canada ("National Bank") in favour of Eagle Ranch Resources Ltd. ("Eagle Ranch")

Thank you for your correspondence dated June 26, 2014.

National Bank has made several previous requests for Eagle Ranch to comply with its reporting obligations in connection with the Credit Facilities. Eagle Ranch has failed to respond to these requests and/or provide the required information. National Bank hereby reiterates its request for the following information and records from Eagle Ranch which currently remain incomplete:

1. a signed copy of the Alvarez & Marsal Canada ULC's engagement letter, dated June 20, 2014;
2. monthly joint interest billings for January, 2013 and September, 2013;
3. F2014 annual consolidated budget including production, cash flow, and capital expenditures forecasts;
4. any relevant documents or correspondence associated with the Subordination Agreement, dated December 20, 2007, given by Elkwater Resources Ltd. ("**Elkwater**") to National Bank with respect to Eagle Ranch;
5. review engagement December 31, 2013 year-end financial statements in final form;
6. March 31, 2014 interim statements reflecting requisite year-end adjustments based on review engagement December 31, 2013 financial statements;
7. a complete copy of Eagle Ranch's sub-ledger associated with any joint venture billings and/or any other documents evidencing or describing any amounts owing to Elkwater, along with any documents and records related thereto; and

8. December 31, 2013 annual independent engineering report in final form.

While National Bank may consider meeting with Eagle Ranch in the immediate future, such meeting will occur only in the event that the entirety of the information previously requested of Eagle Ranch (as summarized above) is provided to National Bank. This would necessarily include the engagement of Alvarez & Marsal Canada ULC to monitor and report on the financial affairs of Eagle Ranch.

National Bank reiterates and restates its full and complete reservation of rights in respect of Eagle Ranch and the security held by National Bank as provided for in its June 25, 2014 correspondence to Eagle Ranch.

Yours truly,

McCarthy Tétrault LLP

Per:



Walker W. MacLeod
WWM/

c.c: National Bank of Canada

U.S. EDITION

Wednesday, June 25, 2014 As of 8:45 AM EDT



Internet Explorer cannot display the w

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The Wall Street Journal news department was not involved in the creation of this content.

PRESS RELEASE June 25, 2014, 8:45 a.m. ET

Elkwater Resources Ltd. Announces Recapitalization Financing and New Management Team

/NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF U.S. SECURITIES LAWS./

CALGARY, June 25, 2014 /CNW/ - Elkwater Resources Ltd. ("Elkwater" or the "Corporation") (TSX Venture: ELW) is pleased to announce that it has entered into a definitive reorganization and investment agreement (the "Agreement") with Doug Bailey, Frank Muller, Darrin Drall, Glenn Cartier and Ryan Heath (the "Initial Investor Group") which provides for: (i) a non-brokered private placement of up to an aggregate of approximately \$25 million (the "Private Placement"); (ii) the appointment of a new management team and board of directors (collectively, the "New Management Team"); and (iii) a rights offering (the "Rights Offering") to current holders of common shares ("Common Shares") of Elkwater (collectively, the "Transaction"). Completion of the Transaction is subject to customary closing conditions, including the approval of the TSX Venture Exchange (the "TSXV"). Upon completion of the Transaction, it is anticipated that the shareholders of Elkwater will be asked to approve, at a special meeting called for such purposes: (i) a change of the Corporation's name to "Striker Exploration Corp."; and (ii) a consolidation of the Common Shares.

The New Management Team will be led by Doug Bailey as President & Chief Executive Officer, Frank Muller as Vice President, Exploration, Darrin Drall as Vice President, Engineering, Glenn Cartier as Vice President, Production and Operations and Ryan Heath as Vice President, Land and Business Development.

Upon closing of the Transaction, the new board of directors will be comprised of Neil Roszell, Kevin Olson, John Ferguson, Patrick R. Ward and Doug Bailey. Sony Gill, a partner in the CFMA Group in the Calgary office of the national law firm McCarthy Tétrault LLP, will act as Corporate Secretary.

New Management Team

The New Management Team has a solid track record of creating value in high-growth, junior oil and gas companies through an integrated strategy of acquiring, exploiting and exploring. The members of the New Management Team have been involved in senior leadership roles with oil and gas producers, including companies focused in the Viking oil resource plays in Alberta and Saskatchewan.

The New Management Team will apply its past experience to grow the recapitalized Elkwater through a combination of organic growth and acquisitions.

Doug Bailey,
President and Chief Executive Officer

Doug Bailey is a certified general accountant with over 21 years of financial management, reporting and accounting experience primarily in the oil and gas industry. Most recently, Mr. Bailey was the Chief Financial Officer of Hyperion Exploration Corp. from July 2010 to December 2013. Prior thereto, Mr. Bailey was the Chief Financial Officer of Canadian Phoenix Resources Corp. from June 2008 to May 2009. Mr. Bailey was also involved in the restructuring of numerous E&P companies including Action Energy, Magnus Energy and Arapahoe Energy. Frank Muller is a professional geologist with over 30 years of geosciences, management and corporate experience specializing in the Viking, Mannville, Montney and Devonian production horizons throughout the Western Canadian Sedimentary Basin. From December 2007 to October 2012, Mr. Muller was a co-founder and Senior Vice President of WestFire Energy Ltd. until its amalgamation with Guide Exploration Ltd. to form Long Run Exploration Ltd. Prior thereto, Mr. Muller was the Senior Vice President, Exploration of Real Resources Inc. from 2001 to 2007. Mr. Muller graduated from St. Francis Xavier University in 1984 with a Bachelor of Science in Geology with Honors.

Frank Muller,
Vice President, Exploration

Darrin Drall is a professional engineer with over 32 years of engineering, management and corporate experience in the oil and gas

Darrin Drall,
Vice President, Engineering

THIS IS EXHIBIT "H"
referred to in the Affidavit of
Elizabeth Pineda

Sworn before me this 13
day of August, 2014

A Commissioner for Oaths in and for the
Province of Alberta
Frances L. Candy
Student-at-Law

Glenn Cartier, Vice President,
Production and Operations

industry. Mr. Drall's experience includes Vice President, Engineering of Pinecrest Energy Inc. since February 2013, Vice President, Engineering of WestFire Energy Ltd. from 2008 to 2012, Vice President Engineering and Operations of Burmis Energy Inc. from 2003 to 2008 and Vice President Corporate Development at Elk Point Resources Inc. prior thereto. Mr. Drall graduated from the University of Manitoba in 1982 with a Bachelor of Science degree in Mechanical Engineering.

Glenn Cartier is a professional engineer with 32 years of engineering, management and corporate experience in the oil and gas industry. From October 1, 2012 to December 2013, Mr. Cartier was the President and Chief Executive Officer of Petrox Resources Corp., a TSXV listed exploration and production company with operations in Western Canada. Prior thereto, Mr. Cartier was Vice President, Business Development and Director of Ki Exploration Inc. from August 2011 to May 2012. Prior thereto, Mr. Cartier was a co-founder, President, Chief Executive Officer and Director of Siphon Energy Corp. from June 2008 to August 2011. Mr. Cartier graduated from the University of Calgary in 1983 with a Bachelor of Science degree in Mechanical Engineering.

Ryan Heath, Vice President, Land
and Business Development

Ryan Heath is a professional landman with 15 years of negotiation, management and corporate experience in the oil and gas industry. From November 2010 to June 2014, Mr. Heath was the Vice President, Land and Business Development of Hyperion Exploration Corp. Prior thereto, Mr. Heath was a co-founder and Vice President, Land and Business Development of Severo Energy Corp. until its sale to Paramount Energy Trust. Mr. Heath graduated from the University of Calgary in 2000 with a Bachelor of Commerce degree in Petroleum Land Management.

The New Management Team, in consultation with the proposed new members of the board of directors, are actively engaged in interviewing a number of strong candidates to act as the Chief Financial Officer of Elkwater to be effective upon completion of the Transaction. The New Management Team and proposed board of directors are focused on ensuring that the successful candidate has strong qualifications, extensive public company experience and a track record of success. The New Management Team recognizes the value and importance of strong financial reporting and disciplined internal controls in ensuring the future success of the Corporation.

New Board of Directors

The directors have strong track records and distinguished careers in both the oil and gas industry and capital markets and have held prominent lead positions within a range of successful companies. Their combined experience and expertise will provide the New Management Team with invaluable advice, guidance and mentorship.

Neil Roszell Neil Roszell, P. Eng., has been the President and Chief Executive Officer of Raging River Exploration Inc. ("Raging River") since March 2012. Prior thereto, Mr. Roszell served as the Chief Executive Officer and President of Wild Stream Exploration Inc. from October 2009 to March 2012. Prior thereto, Mr. Roszell served as the Chief Executive Officer and President of Wild River Resources Ltd. from February 2007 to July 2009 and as the President and Chief Operating Officer of Prairie Schooner Petroleum Ltd from August 2004 to September 2006. Mr. Roszell served as the Vice President of Engineering of Great Northern Exploration Ltd. from September 2001 to June 2004.

Kevin Olson Mr. Olson is the President of Kyklopes Capital Management Ltd. and a director of Raging River. Prior thereto Mr. Olson was a Portfolio Manager with EnergyX Equity Inc from 2001 to 2011. Mr. Olson was the Vice President, Corporate Development of Northrock Resources Ltd. from 2000 to 2001. From 1993 to 1999, Mr. Olson worked with FirstEnergy Capital Corp. as Vice President, Corporate Finance.

John Ferguson John Ferguson is the President and Chief Executive Officer of RMP Energy Inc. Prior thereto, Mr. Ferguson was Vice President, Chief Financial Officer and Corporate Secretary of RMP Energy Ltd. (a private oil and gas company). Mr. Ferguson held the position of Vice President of Finance and Chief Financial Officer with Rider Resources Ltd. from 2003 to 2008, Meeta Resources Corp. from 2000 to 2002 and Poco Petroleum Ltd. from 1992 to 1999.

Patrick R. Ward Patrick Ward, P. Geol., has been the President and Chief Executive Officer of Painted Pony Petroleum Ltd. since May 6, 2007. Prior thereto, Mr. Ward served as the Vice President, Exploration of Innova Exploration Ltd., a public oil and gas company, from May 2004 to May 2006. Mr. Ward co-founded Chowade Energy Ltd., a private oil and gas company, in 2003 which merged into Innova Exploration Ltd. in 2004. From 1999 to 2003, Mr. Ward was Manager, Geology & Geophysics with the NCE Resources Group and Petrofund Energy Trust, a public oil and gas energy trust. Mr. Ward was Vice President and Chief Operating Officer at Rockport Energy Corp., a public oil and gas company, from 1998 to 1999. Mr. Ward held various positions, lastly as Exploration Manager from 1981 to 1997 for Total Petroleum Canada (subsequently Rigel Oil & Gas, both public oil and gas companies).

Corporate Strategy

The New Management Team, together with the proposed new members of the board of directors, have extensive experience in creating shareholder value through a focused full-cycle business plan and believes the current market environment provides an excellent opportunity to reposition Elkwater as a high growth junior oil and gas company. The New Management Team believes that Elkwater will be well positioned to take advantage of acquisition opportunities in the current market.

Following the completion of the Transaction, Elkwater expects to focus on predominantly light oil opportunities in Western Canada, growing through a targeted acquisition and consolidation strategy complemented by development and exploitation drilling. The current Elkwater production base (current production of approximately 170 boepd) and the recapitalized corporate structure will allow for the exploitation of the current drilling inventory and the expansion of the Corporation's opportunity suite through internally generated prospects and strategic acquisitions.

Upon completion of the Transaction, the recapitalized Elkwater is expected to have a net cash position of approximately \$20.0 million, assuming the Private Placement is fully subscribed. The New Management Team believes that this starting point will provide them with a platform for aggressive growth through strategic acquisition and internally generated prospects.

Upon completion of the Transaction and subject to all regulatory and shareholder approvals, it is anticipated that: (i) the New Management Team will change the name of the Corporation from "Elkwater Resources Ltd." to "Striker Exploration Corp."; and (ii) the Corporation will complete a consolidation of its Common Shares, at a ratio to be determined by the New Management Team.

Private Placement

Pursuant to the Private Placement, the Initial Investor Group, together with additional subscribers identified by the Initial Investor Group, will subscribe for up to a maximum of 60.0 million units (the "Units") of Elkwater at a price of \$0.10 per Unit and up to a maximum of 190.0 million Common Shares at a price of \$0.10 per Common Share for maximum total proceeds of \$25 million. Each Unit shall be comprised of one Common Share and one Common Share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.12 for a period of five years. The Warrants will vest and become exercisable as to one-third upon the 20-day weighted average trading price of the Common Shares (the "Market Price") equaling or exceeding \$0.20, an additional one-third upon the Market Price equaling or exceeding \$0.265 and a final one-third upon the Market Price equaling or exceeding \$0.335.

The completion of the Private Placement is expected to occur on or about July 9, 2014, and may be completed in one or more tranches (the "Closing"). The resignation of the current board of directors and management team of Elkwater and the appointment of the New Management Team will occur contemporaneous with the Closing. The closing of subscriptions for any remaining Units and of the Common Shares will occur on such dates as determined by the Initial Investor Group.

Proceeds from the Private Placement will be used for general corporate purposes.

Rights Offering

Upon completion of the Private Placement, and subject to Elkwater receiving the Written Consent (as defined below) on or before July 2, 2014, Elkwater shareholders will be entitled to participate in the Rights Offering, which is expected to be conducted by way of a Rights Offering Circular. Pursuant to the Rights Offering, each shareholder as of the record date for such offering (the "Record Date") will be issued one right ("Right") for each Common Share held on the Record Date, entitling that holder to purchase one Common Share for every four Rights held at a price of \$0.10 per Common Share at or before the expiry time of the Rights Offering, following which all outstanding Rights shall terminate and expire. Subscribers of Common Shares under the Private Placement will not be entitled to participate in the Rights Offering with respect to any securities acquired pursuant to the Private Placement. The Rights Offering is subject to applicable regulatory approval, including the TSXV.

Shareholder and Stock Exchange Approvals

Completion of the Transaction is subject to a number of conditions and approvals including, but not limited to, the approval of the TSXV and shareholder approval. Under the policies of the TSXV, the completion of the Private Placement is subject to the approval of the shareholders of Elkwater as the completion of the Private Placement will result in the creation of a new "control person" (as defined under the policies of the TSXV). In addition thereto, the appointment of the New Management Team is subject to shareholder approval under the policies of the TSXV. The required disinterested shareholder approval may be obtained by Elkwater either by receipt of written consents by holders of more than 50% of the issued and outstanding voting shares of Elkwater (the "Written Consent") effective as of the close of business on June 25, 2014 or by approval of a resolution at a special meeting of shareholders (the "Elkwater Meeting"). Pursuant to the Agreement, Elkwater has agreed to obtain the Written Consent on or before July 2, 2014, failing which the Initial Investor Group has the right to terminate the Agreement. In the event that the Written Consent is not obtained on or before July 2, 2014 and the Initial Investor Group waives its termination right, Elkwater has agreed to convene and hold the Elkwater Meeting on or before August 15, 2014.

The Corporation

Elkwater consists of approximately 170 boepd of production (approximately 50% oil and NGLs) in eastern Alberta and western Saskatchewan and has approximately 19.1 million Common Shares outstanding on a fully diluted basis and current combined working capital deficiency and long term debt of approximately \$4.0 million, excluding the costs of the Transaction. Upon completion of the Private Placement and assuming

the exercise of all Rights issued in connection with the Rights Offering, Elkwater will have approximately 269.1 million Common Shares, and assuming the exercise of all Warrants issued in connection with the Private Placement, there will be approximately 329.1 million Common Shares outstanding on a fully diluted basis.

Board of Directors' Recommendation

The Wall Street Journal news department was not involved in the creation of this content.