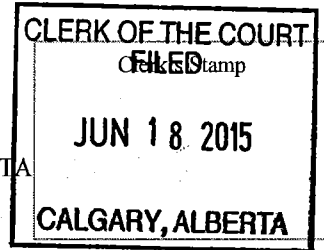


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COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF NATIONAL BANK  
DEFENDANT EAGLE RANCH RESOURCES LTD.  
DOCUMENT SECOND REPORT OF THE RECEIVER



June 18, 2015

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

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## INTRODUCTION

1. On August 15, 2014 (the "Receivership Date"), pursuant to an order of the Honourable Justice P.R. Jeffrey (the "Receivership Order"), Alvarez & Marsal Canada Inc. ("A&M") was appointed as receiver (the "Receiver") in respect of the books and records (not the property) of Eagle Ranch Resources Ltd. ("Eagle Ranch" or the "Company"), pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended., (the "BIA") in the within action (the "Receivership Proceedings"). By virtue of the Receivership Order, A&M became the Receiver, without security, of all of Eagle Ranch's 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 and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records").
2. On January 27, 2015, an amended and restated Receivership Order (the "Amended and Restated Order") was granted by this Honourable Court that among other things, (a) enhanced the powers and duties of the Receiver and expanded the Receiver's power to include all of Eagle Ranch's current and future assets, undertakings and properties, of every nature and kind whatsoever and wherever including all proceeds thereof (the "Property"); (b) increased the Receiver's borrowing charge from \$25,000 to \$100,000; and (c) authorized and directed the Receiver to execute and deliver the Settlement, Priority and Asset Sale Agreement, dated January 27, 2015, between the Eagle Ranch and Elkwater (the "Settlement and Asset Sale Agreement"). In addition, the Amended and Restated Order authorizes the transactions contemplated by the Settlement and Asset Sale Agreement (collectively, the "Transactions") and directs the Receiver to take any and all such steps and execute any and all such deeds, documents, and instruments as may reasonably be necessary to consummate the Transactions contemplated therein, including, but not limited to, retaining NRG Divestitures Inc. ("NRG") to market and complete a sale of any or all of the Property,

substantially in accordance with the terms of the Settlement and Asset Sale Agreement.

3. The purpose of this second report of the Receiver (the “Second Report”) is to provide this Honourable Court with information in respect of the following:

- a) an operational update since the first report of the Receiver dated January 23, 2015 (the “First Report”);
- b) the activities of the Receiver since the First Report;
- c) the sales process initiated by the Receiver soliciting offers for the purchase of the Property, out of the normal course of business,
- d) the asset purchase agreement (the “Newcrest APA”) entered into between the Receiver and Newcrest Resources Ltd. (“Newcrest”) dated June 10, 2015, along with the proposed Sale Approving and Vesting Order (subject to Court approval);
- e) a Temporary Sealing Order in respect of a confidential summary of offers to purchase select parcels of the Property, an analysis of the Newcrest APA, as well as the Newcrest APA with respect to those parcels of the Property;
- f) the extent and terms of borrowings by the Receiver pursuant to the terms of the Receivership Order;
- g) approval of the final statement of receipts and disbursements of the Receiver (the “Final Statement of Receipts and Disbursements”);
- h) approval of the Receiver and its counsel’s fees and expenditures in the Receivership Proceedings;
- i) approval of the proposed distribution of additional funds recovered by the Receiver (the “Proposed Final Distribution”);

- j) approving the actions and conduct of the Receiver throughout the Receivership Proceedings and granting the discharge of the Receiver (the "Receiver's Discharge"); and
  - k) authorizing the Receiver to destroy any and all documents, accounting records and other papers if not required by Newcrest or collected by any of the current directors (if any) of the Debtor by July 31, 2015 (the "Records").
4. Capitalized words or terms not defined or ascribed a meaning in the Second Report are as defined or ascribed a meaning in the First Report, the Receivership Order and the Amended and Restated Order.
5. All references to dollars are in Canadian currency unless otherwise noted.

#### **TERMS OF REFERENCE**

6. In preparing this Second Report, the Receiver has relied primarily upon unaudited financial information of Eagle Ranch and discussions with Eagle Ranch's previous management and its joint venture partner and operator of the oil and gas properties, Elkwater Resources Ltd. ("Elkwater"). The Receiver has not performed an audit, review or other verification of such information. An examination of the financial forecast has not been performed. Future oriented financial information relied upon in this memorandum is based on the Receiver's assumptions regarding future events and actual results achieved may vary from this information and the variations may be material.

#### **BACKGROUND**

7. Eagle Ranch is a private oil and gas company and was incorporated by a Certificate of Incorporation pursuant to the provisions of the Business Corporations Act, Alberta on April 27, 2005. The principal business activities include the evaluation, acquisition, exploration and development of oil and gas properties in Western Canada. Eagle Ranch has no subsidiaries or affiliates and

does not operate any of its oil and gas properties. Eagle Ranch carries on its operations through a Joint Operating Agreement (“JOA”) with Elkwater and holds a 65% working interest in 23 wells, where Elkwater holds the remaining 35% working interest (the “Bindloss Properties”). Elkwater is the licensee of the Bindloss Properties (i.e. holds the AER well and facility licenses) and is also the operator of these properties.

8. The Receiver was advised on June 5, 2015 that Elkwater sold its entire working interest in its jointly held Bindloss Properties with Eagle Ranch to Midlake Oil & Gas Limited (“Midlake”) on May 26, 2015, as discussed in further detail below.
9. Further background to Eagle Ranch and its operations are contained in the materials filed in these receivership proceedings that have been posted by the Receiver on its website at: [www.alvarezandmarsal.com/eagleranch](http://www.alvarezandmarsal.com/eagleranch) (the “Receiver’s Website”).

## **OPERATIONAL UPDATE OF EAGLE RANCH**

### **Bindloss Properties Production**

10. Since the First Report, Eagle Ranch’s production from its one non-operated producing well continued to produce gas, where its remaining 22 wells were either shut-in or abandoned and not producing.
11. The Receiver has yet to receive any of its proportionate share of net production revenues from Elkwater, despite repeated requests/demands of the Receiver to Elkwater to pay it over. Elkwater has been avoiding paying the Receiver any of Eagle Ranch’s earned production revenues in the Receivership as Elkwater is concerned that if Eagle Ranch were to owe Elkwater any funds from operations (monthly production costs were to exceed monthly production revenues), then Eagle may not pay it or the Receiver could not guarantee to pay it. As such, Elkwater is attempting to claim some form of reserve or “contingent” set-off for future expenditures under the JOA, which the Receiver is advised by counsel they are not permitted to do. The Receiver advised Elkwater that it does not agree with

its interpretation of holding back a reserve amount or contingent set-off for possible future expenses and Elkwater is required to pay the Receiver Eagle Ranch's proportionate share of net receipts pursuant to the Amended and Restated Order and by not doing so would be in contravention of the Amended and Restated Order. From January 2015 to March 31, 2015, the total net production receipts owing to Eagle Ranch are approximately \$14,500. The Receiver continues to seek payment for its net production receipts owed to Eagle Ranch by Elkwater.

### **Change of Operatorship**

12. As discussed above, Midlake purchased Elkwater's 35% working interest in the Bindloss Properties and is now the new licensee holder of the Bindloss Properties; however, the assignment of this interest from Elkwater to Midlake is not effective until August 1, 2015 pursuant to the Notice of Assignments ("NOA's") delivered to the Receiver on June 5, 2015.
13. On June 3, 2015, Midlake issued several abandonment notices ("Abandonment Notices") and authorization for expenditures ("AFE's") against Eagle Ranch and sent them to the Receiver for Eagle Ranch's proportionate share of costs to abandon several shut-in wells included in the Bindloss Properties. The Receiver advised Midlake that the Receiver is seeking a sale approval and vesting order to sell certain of Eagle Ranch's interest in the Bindloss properties.
14. Midlake advised the Receiver that it intends to oppose the sale to Newcrest unless all of Eagle Ranch's property is sold by the Receiver. The properties of Eagle Ranch to be sold to Newcrest are not contemplated in the Abandonment Notices and/or the AFE's submitted by Midlake.
15. The Receiver understands that Midlake had full knowledge of the sales process for the Bindloss Properties and elected to not submit an offer by the bid deadline, as discussed further below. The Receiver is also of the view that the "current" operator of the Bindloss Properties remains to be Elkwater until Midlake becomes

recognized as the operator on August 1, 2015 in accordance with the filed NOA's by Elkwater on June 5, 2015.

#### **ACTIVITIES OF THE RECEIVER**

16. Since the First Report, the Receiver's activities have included, among other things, the following:

- a) various communications with National Bank of Canada ("NBC") and its legal counsel with respect to Eagle Ranch and the Receivership Proceedings;
- b) meetings and discussions with Eagle's unsecured creditors (or their representatives) and secured creditor (NBC) and interested parties regarding the receivership, generally.
- c) various conference calls with the field operators of the Bindloss Properties on matters relating to the two producing non-operated wells;
- d) finalizing and executing the Settlement and Asset Sale Agreement as authorized and directed pursuant to the Amended and Restated Order (Appendix G);
- e) retention of NRG as the Receiver's marketing agent to sell the property of Eagle Ranch;
- f) retention of and instruction to the Receiver's independent legal counsel, Blake, Cassels and Graydon LLP ("Blakes"), in respect of various matters. The Receiver retained the services of Blakes on May 26, 2015;
- g) day to day management of the operations of Eagle Ranch including cash flow monitoring;



- h) numerous calls and emails with the Alberta Energy regarding various mineral lease matters;
- i) negotiating the terms and condition of the Newcrest APA, executing the Newcrest APA, and informing NBC of the offer accepted by the Receiver, subject to Court approval; and
- j) numerous and on-going meetings and discussions with various creditors (or their representatives), legal counsel to the Receiver, regarding the Receivership Proceedings generally.

## **SALES PROCESS UPDATE**

### **Overview**

- 17. Pursuant to paragraph 3(k) of the Amended and Restated Order, the Receiver is empowered and authorized to market the Property, including advertising and soliciting offers in respect of the Property or any parts thereof, and negotiating such terms and conditions for the sale of the Property as the Receiver in its discretion may deem appropriate.
- 18. As discussed above, on February 3, 2015, the Receiver engaged the services of NRG to assist in the sale and marketing of Eagle Ranch Property in the Receivership Proceedings (the “NRG Marketing Process”). The Eagle Ranch Property included the sale of Eagle Ranch’s entire 65% working interest of its 23 jointly-held wells with Elkwater. This was a joint sales process conducted by Elkwater and the Eagle Ranch (through its Receiver) and Elkwater and Eagle Ranch both separately engaged the services of NRG to act as its marketing agent, pursuant to the Settlement and Asset Sale Agreement.
- 19. Further, the Settlement and Asset Sale Agreement confirms that:
  - a) no further authorization or consent between Elkwater and Eagle Ranch will be required in order to effectively and successfully sell or transfer any of the Joint Assets;

- b) any and all costs, expenses with this agreement, the sales process any purchase and sale agreement or any other matter shall be borne and paid by the parties responsible for such costs; and
- c) the parties covenant and agree that the sales process and any and all obligations of the parties with respect to the sales process shall terminate on May 31, 2015.

### ***NRG Marketing Process***

#### **Implementation**

20. NRG undertook a significant sales and marketing process to ensure it effectively and thoroughly canvassed the market. The NRG Marketing Process is summarized below:

- a) The NRG Marketing Process commenced on February 5, 2015, with information brochures summarizing the Company being emailed out to approximately 1,500 oil and gas contacts. In addition, the brochure was posted on NRG's website, where statistics demonstrate that website was visited over 1,000 times per week.
- b) On February 26, 2015 and March 12, 2015 an advertisement was placed in the Daily Oil Bulletin announcing the divestiture of the sale of the Bindloss Properties owned by Eagle Ranch and Elkwater. In addition to the website and email promotion, both Geoscout and Oil & Gas Index were used to identify companies with interests in the same areas as the Bindloss Properties are being sold. These companies were contacted by NRG and were made aware of the sales process. Also, NRG reviewed the publically available monthly Alberta Energy Regulator ("AER") liability management programs results report (the "AER LLR Report") that lists all licensee holders and their respective licensee liability rating ("LLR"). NRG contacted

over 150 companies whose LLR was less than 1 to determine if any interest existed to purchase the Bindloss Properties;

- c) NRG advised prospective purchasers and interested parties that all offers for any or all of the Bindloss Properties were due by March 19, 2015 at 4:00 p.m. MST (the “Bid Deadline”);
- d) 10 confidentiality agreements (“CAs”) were received, which the Receiver was advised is an exceptional number of CAs for a divestiture of this nature. Each party signing a CA was provided with access to the virtual data room relating to the Bindloss Properties; and
- e) A physical data room containing well files was made available to prospective purchasers in the offices of the Receiver.

#### Results from the NRG Marketing Process

- 21. As a result of the NRG Marketing Process, one prospective purchaser submitted a written non-binding letter of intent to purchase the one producing well of Eagle Ranch, with no deposit, prior to the Bid Deadline. This offer was not accepted by the Receiver as the purchase price was insufficient and deemed not acceptable for the purchase of the one producing well of Eagle Ranch. The Receiver was advised by NRG that the common feedback from interested parties of the Eagle Ranch Property was that, as a whole, the Eagle Ranch Property was not economical due to their view that future abandonment liabilities exceeded the value of Eagle Ranch’s producing or capable of producing wells.
- 22. With there being no satisfactory offers received for the Property during the initial NRG Marketing Process, on or about late March and in early April 2015, the Receiver and NRG engaged with parties who had previously signed confidentiality agreements or submitted bids for the Property, including conversations with one party not originally involved in the NRG Marketing Process to determine if they would consider or reconsider providing an offer for some or all of Eagle Ranch’s Property. No new “bid deadline” was re-

established. The Receiver obtained from two prospective purchasers submitted written non-binding letters of intent with no deposits to the Receiver on May 7, 2015.

23. The highest and best non-binding letter of intent received was accepted by the Receiver (subject to Court approval) on May 11, 2015 and was submitted by 1765495 Alberta Ltd. (who then assigned the offer to Newcrest), for the purchase of two parcels of Property. The terms of the LOI entered into with Newcrest required that the Receiver would not have discussion, negotiations nor entertain offers from any third parties for the disposition or proposed disposition of any of the interests in the assets subject to the LOI. Accordingly, the Receiver proceeded to negotiate exclusively with Newcrest a form of asset and purchase agreement and this agreement became binding and was formalized in the Newcrest APA on June 10, 2015.
24. Due to the confidential nature of the information provided in the offers received on the Bindloss Properties during the NRG Marketing Process, the Receiver is concerned that if the information is disclosed to third parties prior to the closing of the sale of the respective properties the disclosure could jeopardize the sale or, if the sale does not close, could materially prejudice the value that the Receiver could subsequently obtain from the sale of these properties. As such, the Receiver is respectfully of the view that it is appropriate that this Honourable Court grant the Receiver's request for a temporary sealing of the following appendices to this Second Report:
  - a) the Receiver's analysis on the Newcrest APA, which includes a summary of the various offers received for the Bindloss Properties in the NRG Marketing Process (Confidential Appendix A); and
  - b) the Newcrest APA (Confidential Appendix B).

### Midlake Matters

25. As discussed above, Midlake has advised the Receiver that it will oppose the sale of certain of Eagle Ranch's interests to Newcrest.
26. On February 28, 2015, the Receiver understands that Midlake was contacted by NRG informing them of the "joint marketing process" opportunity between Elkwater and Eagle Ranch. On March 2, 2015, Midlake advised NRG that they were not interested in the Bindloss Properties due to "high water cuts and operational impairments" of the Bindloss Properties that would preclude them from making an offer.
27. After the Bid Deadline, Midlake requested to sign a CA to enter into the virtual data room to review documents on the Bindloss Properties. The Receiver, with no acceptable offer at this time, allowed Midlake to enter into the data room with the other interested parties. On March 25, 2015, Midlake signed the CA and entered into the virtual data room.
28. After granting access to the virtual data room on March 25, 2015, the Receiver understands that Midlake dealt solely and directly with Elkwater on a possible purchase of all Elkwater's 35% working interest in the Bindloss Properties and some other assets owned by Elkwater that were not part of the NRG Marketing Process. Neither NRG nor the Receiver participated in any discussions that included Midlake and Elkwater. The last contact Midlake had with NRG since granting access to the virtual data room was on May 29, 2015, when Midlake advised NRG that it had purchased Elkwater's interest in the Bindloss area and Midlake wished to confirm whether NRG was still marketing the Eagle Ranch interest. The Receiver also did not receive any communication from Midlake regarding it having any interest in the Bindloss Properties after the execution of CA on March 25, 2015.
29. On June 1, 2015, Midlake contacted the Receiver and expressed interest in purchasing just two of the non-operated interests of Eagle Ranch (the 10-04-027-

06W4 and 09-33-025-05W4) in the Bindloss Properties. On June 3, 2015, the Receiver responded and indicated that it had already entered into an LOI with a prospective purchaser for certain of the wells and a definitive agreement was close to being finalized. In response, Midlake asked who they should be sending the Abandonment Notices to and confirmed that on May 26, 2015 they purchased Elkwater's 35% working interest in the Bindloss Properties.

30. On June 3, 2015 the Receiver was advised that Midlake was now the operator of the Elkwater assets, Midlake wanted to know if the Purchaser was buying all of the Bindloss Properties of Eagle Ranch, and if not purchasing all of the Bindloss Properties, then Midlake was going to object to the sale because it did not want just the "good" wells to be sold by the Receiver and leave the remaining wells in Eagle Ranch to be abandoned by Midlake (as operator), who would then have to collect the costs of the abandonment obligations of Eagle Ranch from the Orphan Well Fund.
31. The Receiver believes the Bindloss Properties were adequately exposed to the market through the NRG Marketing Process and all interested parties were given an opportunity to submit an offer on some or all of the interests of the Bindloss Properties of either Elkwater, Eagle Ranch or both (including Midlake).

#### **NBC SECURITY**

32. Pursuant to paragraph 32 and 33 of the Amended Receivership Order, this Honourable Court ordered declared that the security interest granted by Eagle Ranch to NBC over the Property is valid and enforceable and, subject to the charges created in the Receivership Order, holds priority over any and all claims, estates, rights, title, interests, hypothecs, mortgages, charges, liens, etc. In addition, the Receiver shall be at liberty and is hereby authorized and empowered to pay any and all amounts due and owing to NBC, subject to their being adequate funds in Eagle Ranch's estate to pay any such amounts.

## **RECEIVER'S BORROWINGS**

33. Pursuant to paragraph 21 of the Receivership Order, the Receiver has been empowered to borrow up to \$100,000 (or such greater amount as this Court may further Order).
34. On February 10, 2015, the Receiver issued Receiver's Certificate No. 1 in the amount of \$20,000 to NBC. Receiver's Certificate No. 1 is attached as Appendix C to this Second Report.
35. The terms of Receiver's Certificate No. 1 include a per annum interest rate of +4% above the prime commercial lending rate of NBC, which, in the Receiver's view, is commercially reasonable in the circumstances. Pursuant to paragraph 21 of the Receivership Order, NBC, for the loans made under the Receiver Certificates, has a charge over the whole of the Property by way of a fixed and specific charge as security for the repayment of the monies loaned under the Receiver's Certificates, together with interest and costs.
36. The Receiver intends to repay NBC the loan made under the Receiver's Certificate, together with interest from the proceeds of the sale of the Bindloss Properties.

## **FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS – AUGUST 15, 2014 TO JUNE 14, 2015**

37. The table below provides a summary of the actual cash flows for the Receivership Period, which contains the final cash receipts and disbursements relating to Eagle Ranch.
38. As discussed above, given that there has been no production receipts collected since the Receivership Date to present, this resulted in the Receiver borrowing \$20,000 under the Receiver's Certificates, as discussed further below. The Receiver has paid \$3,412.50 to NRG as a set-up fee to market the Bindloss

Properties and approximately \$465 in interest and banking fees on the Receiver's Certificate.

39. The table below provides a summary of the Eagle Ranch actual cash flows from August 15, 2014 to June 14, 2015 (the "Reporting Period"):

<b>Eagle Ranch Resources Ltd. - In Receivership Final Statement of Receipts and Disbursements</b>	
<i>Week ending</i>	<b>TOTAL August 15, 2014 to June 14, 2015</b>
<b>Receipts</b>	
Receiver's Borrowings	20,000
Net production receipts (non-operated wells)	-
Other	-
Total receipts	20,000
<b>Disbursements</b>	
Operating costs	-
Marketing agent costs	3,413
NBC interest on Receiver's Certificate and fees	465
Receivership Professional Fees and costs	-
Total disbursements	3,878
<b>Net change in cash flows</b>	16,122
<b>Receiver's Borrowings</b>	
Opening cash balance	-
Net change in cash flows	16,122
Ending cash balance	16,122

40. The receipts during the Reporting Period totalled approximately \$20,000, which relate to Receiver's borrowings under the Receiver's Certificate.
41. The disbursements during the Reporting Period totalled \$3,878, which include the following:



- a) set-up fees for NRG to conduct its sales process of \$3,412; and
  - b) interest charged by NBC from the Receiver's borrowings and other bank fees of \$465;
- 42. The professional fees and costs of the Receiver and its counsel during the Reporting Period totalled \$49,000, up to June 12, 2015. These fees have not been paid in the Reporting Period and are anticipated to be paid from the proceeds of the sale of the certain Bindloss Properties (subject to Court approval), as discussed further below.
- 43. Receiver's borrowing under the Receiver's Certificate was \$20,000 during the Reporting Period. The Receiver has a maximum borrowing limit of \$100,000, as discussed further below.
- 44. Eagle Ranch's ending cash liquidity balance as at June 14, 2015 was \$16,122.

#### **Forecast Disbursements**

- 45. The Receiver is required to pay certain costs and disbursements relating to the administration of the receivership proceedings, including the outstanding professional fees and costs of the Receiver and its counsel to date of \$49,000 and forecast professional fees and costs to complete this engagement of approximately \$35,000 ("Forecast Fees and Costs"). In addition, the Receiver may be required to pay certain other costs/charges outstanding of Eagle Ranch relating largely to:
  - a) NRG commission fees for the proposed sale of certain Bindloss Properties (subject to Court approval) of approximately \$21,000; and
  - b) Contract accountant fees and Pandel software accounting fees of approximately \$5,000.
- 46. These disbursements are expected to be paid from the sales proceeds of certain Bindloss Properties (subject to Court approval).

47. If the sale to Newcrest (as discussed below) of the certain Bindloss Properties does not proceed, there will be no funds available for the Receiver to continue under the Receivership proceedings and this may have a material adverse impact on the value of the property and on the ability of the Receiver to sell the property in the future. It is unknown whether the Receiver will be able to borrow any additional funds (if required) through a Receiver's Certificate to administer the estate.

#### **APPROVAL OF THE RECEIVER'S AND ITS COUNSELS FEES AND EXPENDITURES**

48. The Receiver seeks approval from this Honourable Court of its actions from August 15, 2014 to May 31, 2015 and those of its legal counsel as well as the fees and costs incurred from May 26, 2015 to June 12, 2015.
49. The total fees and disbursements of A&M, in its capacity as the court-appointed Receiver Manager of Eagle Ranch for the period of August 15, 2014 to May 31, 2015 aggregate \$40,776.49 (excluding GST). A summary of the Receiver's fees and disbursements are attached as Appendix D to this Report.
50. The total fees and disbursements of the Receiver's independent legal counsel in these proceedings for the period of May 26, 2015 to June 12, 2015 aggregate \$8,169 (excluding GST). A summary of Blake's fees and disbursements are attached as Appendix E to this Report.
51. The Receiver and its counsel's fee accounts outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the invoices will be made available upon request of the Court, if required.
52. As discussed above, the Receiver and its counsel's estimate fees and costs to complete this engagement will be approximately \$35,000 (the "Forecast Fees and Costs").

53. The Receiver is respectfully of the view that its and its counsel's fees and costs are fair and reasonable under the circumstances and respectfully requests that this Honourable Court approve the accounts of the Receiver from August 15, 2014 to May 31, 2015 and its counsel fees and costs from May 26, 2015 to June 12, 2015. In addition, the Receiver respectfully requests this Honourable Court approve the Forecast Fees and Costs of the Receiver and its counsel.

#### **PROPOSED FINAL DISTRIBUTION**

54. If the Newcrest APA is approved by this Court and the transaction closes, the proceeds from the sale will be sufficient to pay the outstanding obligations under the Receiver's Charge and the Receiver's Borrowings.
55. In addition, there will be monies available to repay some of the NBC for its secured loan of approximately \$702,314 (this amount includes accrued interest, but not costs); however, the amount of the remaining distribution to NBC will not be sufficient to cover the entirety of NBC's secured loan and therefore, the secured lender will be experiencing a shortfall.
56. The Receiver recommends the Proposed Final Distribution of anticipated remaining funds available in this estate to be distributed, as discussed below. The Proposed Final Distribution includes the Newcrest APA purchase price, which if disclosed to third parties prior to the closing of the sale of the respective properties the disclosure could materially jeopardize the sale or, if the sale does not close, could materially jeopardize the value that the Receiver could subsequently obtain from the sale of these properties. As such, the Receiver is respectfully of the view that it is appropriate that this Honourable Court grant the Receiver's request for a temporary sealing of the Proposed Final Distribution as an appendix to this Second Report (Confidential Appendix F);

#### **APPROVING CONDUCT AND DISCHARGE OF THE RECEIVER**

57. The Receiver's administration of the estate is essentially complete and the Receiver's discharge should be granted upon the Receiver making the Proposed

Final Distribution. The Receiver may have some miscellaneous administrative items to attend to post-discharge including the filing of GST returns with the Canada Revenue Agency, conveyancing of properties and preparation of documentation regarding the same to Newcrest (subject to Court approval), but these items are immaterial and should not prevent this Honourable Court from granting an unconditional discharge.

58. The Receiver understands that upon its discharge (subject to Court approval) there will be various other oil and gas properties that remain in the estate of Eagle Ranch, as these oil and gas properties are considered uneconomical, with no value and are unsaleable. The remaining properties that cannot be sold are non-operated and Eagle Ranch is not the AER licence holder of the properties.
59. The Receiver is of the respectful view that it has conducted itself appropriately during this receivership and is respectfully requesting that this Honourable court approve the actions and conduct of the Receiver throughout the Receivership Proceedings.
60. The Receiver is in custody of certain Records of Eagle Ranch. The Receiver is seeking authorization from this Honourable Court to allow the Receiver to destroy any and all Records by July 31, 2015, if some or all of the records are not required/requested by Newcrest in relation to the Newcrest APA or not required/requested by Elkwater or Midlake for its purposes or not collected by any of the current directors (if any) of Eagle Ranch.
61. Lastly, the Receiver respectfully requests that this Honourable Court approve an Order discharging absolutely, forever and unconditionally the Receiver from any claims against the Receiver arising from, relating to, or in connection with, the performance of the Receiver's duties and obligations as Receiver of the Property, save and except for claims based on fraud or wilful misconduct on the part of the Receiver.

## RECOMMENDATION

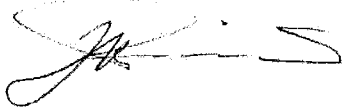
62. The Receiver respectfully recommends that this Honourable Court approve the:

- a) the Sales and Vesting Order sought by the Receiver in respect of the Newcrest APA;
- b) a temporary sealing of the Confidential Appendices A, B and F to this Second Report;
- c) Proposed Final Distribution;
- d) Final Statement of Receipts and Disbursements;
- e) actions and conduct of the Receiver throughout the Receivership Proceedings;
- f) Receiver's professional fees and costs and those of its legal counsel and its Forecast Fees and Costs;
- g) authorization of the Receiver to destroy the Records if not requested by Newcrest in relation to the Newcrest APA; or not required/requested by Elkwater; or not collected by current directors of Eagle Ranch by July 31, 2015; and
- h) discharge of the Receiver.

All of which is respectfully submitted this 18<sup>th</sup> day of June, 2015.

**ALVAREZ & MARSAL CANADA INC.**

*In its capacity as the Court appointed Receiver  
and not in its personal capacity*



Tim Reid, CA•CIRP  
Senior Vice-President



Orest Konowalchuk, CA•CIRP  
Vice-President

# CONFIDENTIAL

## APPENDIX A

# CONFIDENTIAL

## APPENDIX B

# APPENDIX C



## RECEIVER CERTIFICATE

CERTIFICATE NO. 1 \_\_\_\_\_

AMOUNT \$20,000


1. THIS IS TO CERTIFY that Alvarez and Marsal Canada Inc., the receiver (the "**Receiver**") of all of the assets, undertakings and properties of Eagle Ranch Resources Ltd., appointed by Order of the Court of Queen's Bench of Alberta (the "**Court**") dated the 27<sup>th</sup> day of January, 2015 (the "**Order**") made in action number 1401-08528, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$20,000, being part of the total principal sum of \$100,000 which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded daily and payable monthly not in advance on the 26<sup>th</sup> day of each month at a notional rate per annum equal to the rate of +4% above the prime commercial lending rate of the National Bank of Canada from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at:

**National Bank of Canada**  
**C/o Beth Pineda**  
**Suite 600, 311 – 6<sup>th</sup> Avenue SW**  
**Calgary, Alberta T2P 3H2**

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property) as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the 10<sup>th</sup> day of February, 2015.

ALVAREZ AND MARSAL CANADA INC., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity



Per: \_\_\_\_\_

Name: Orest Konowalchuk

Title: Vice President

# APPENDIX D

**Eagle Ranch Resources Ltd. - In Receivership**  
Summary of Receiver's Fees and Disbursements  
August 15, 2014 to May 31, 2015

APPENDIX D

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
1	August 15, 2014 to August 31, 2014	10,634.50	0.00	10,634.50	531.73	11,166.23
2	September 1, 2013 to September 30, 2014	6,566.00	0.00	6,566.00	328.30	6,894.30
3	September 29, 2014 to January 31, 2015	4,704.00	368.69	5,072.69	253.63	5,326.32
4	February 1, 2015 to March 31, 2015	5,989.50	56.35	6,045.85	302.29	6,348.14
5	April 1, 2015 to May 31, 2015	12,452.50	4.95	12,457.45	622.87	13,080.32
<b>TOTAL</b>		<b>\$ 40,346.50</b>	<b>\$ 429.99</b>	<b>\$ 40,776.49</b>	<b>\$ 2,038.82</b>	<b>\$ 42,815.31</b>

# APPENDIX E

**Eagle Ranch Resources Ltd. - In Receivership****APPENDIX E**

Summary of the Receiver's counsels (Blakes, Cassels & Graydon LLP) Fees and Disbursements  
May 26, 2015 to June 12, 2015

Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
1	May 26, 2015 to June 12, 2015	\$ 8,169.00	0.00	8,169.00	408.45	8,577.45
<b>TOTAL</b>		<b>\$ 8,169.00</b>	<b>\$ -</b>	<b>\$ 8,169.00</b>	<b>\$ 408.45</b>	<b>\$ 8,577.45</b>

# CONFIDENTIAL

## APPENDIX F

# APPENDIX G



**SETTLEMENT, PRIORITY AND ASSET SALE AGREEMENT**

**THIS AGREEMENT** is made effective as of the 27 day of January, 2015.

**AMONG:**

**EAGLE RANCH RESOURCES LTD.** a corporation incorporated pursuant to the laws of the Province of Alberta by and through Alvarez & Marsal Canada Inc., in its capacity as court-appointed receiver of Eagle Ranch Resources Ltd., and not in its personal or corporate capacity ("**Eagle Ranch**")

- and -

**ELKWATER RESOURCES LTD.** a corporation incorporated pursuant to the laws of the Province of Alberta ("**Elkwater**")

**WHEREAS** Elkwater and Eagle Ranch are working interest participants under and pursuant to the Joint Operating Agreement, with respect to the Joint Assets;

**AND WHEREAS** as operator of the Joint Assets, Elkwater is the holder of the Junior Operator's Claim;

**AND WHEREAS** NBC and Eagle Ranch are party to the Loan Agreement;

**AND WHEREAS** pursuant to the Loan Agreement, NBC had made certain availments available to Eagle Ranch;

**AND WHEREAS** Eagle Ranch provided the Senior Security to NBC in order to secure the performance of Eagle Ranch's obligations under the Loan Agreement, which would include the repayment of the Senior Debt;

**AND WHEREAS** NBC applied for and obtained the Receivership Order, appointing the Receiver as receiver of Eagle Ranch's Records;

**AND WHEREAS** the Receiver, through the examination of the Records and as a result of the mutual business dealings between the Parties, identified the Released Claim;

**AND WHEREAS** the Parties hereto wish to settle and resolve any and all actual or potential disputes by acknowledging and granting priority to the Senior Debt and the Senior Security over the Junior Operator's Claim and the Junior Rights, releasing the Released Claim, and commencing and completing the Sales Process, in accordance with the terms and conditions stated herein;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby expressly acknowledged, each of the Parties covenant and agree as follows:

**ARTICLE 1  
CONSTRUCTION AND INTERPRETATION**

**1.1 Definitions**

In this Agreement, including the aforementioned recitals, this Section 1.1, and any schedules attached hereto, unless the context otherwise requires, or unless otherwise defined herein, the following words and phrases shall have the following meanings:

- (a) **"Affiliate"** means, with respect to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that controls, is controlled by, or is under common control with such Person. The term "control" as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through ownership of more than fifty percent (50%) of the voting securities of such Person, by contract or otherwise;
- (b) **"Agreement"** means this agreement, as the same may be amended, modified, supplemented, or restated from time to time in accordance with the provisions hereof;
- (c) **"Applicable Laws"** means, in relation to any Person, asset, transaction, event or circumstance:
  - (i) statutes (including regulations enacted thereunder);
  - (ii) judgments, decrees, and orders of courts of competent jurisdiction;
  - (iii) regulations, orders, ordinances, and directives issued by Government Authorities;
  - (iv) the terms and conditions of all permits, licenses, approvals, and authorizations; and,
  - (v) common law, equity, or any other laws of any nature whatsoever;which are applicable to such Person, asset, transaction, event, or circumstance;
- (d) **"Court"** means the Court of Queen's Bench of Alberta;
- (e) **"Court Approval"** means the approval of the Court of the NBC Application;
- (f) **"Government Authority"** means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub ministry, agency or sub agency, court, board, bureau, office, or department, including any government owned entity, having jurisdiction over a Party, the Joint Assets, or any transactions or process contemplated by this Agreement;
- (g) **"Eagle Ranch's Participating Interest"** means Eagle Ranch's 65.0% undivided interest in the Joint Assets;



- (h) **"Elkwater's Participating Interest"** means Elkwater's 35.0% undivided interest in the Joint Assets;
- (i) **"JIBs"** means joint-interest billings and related invoices with respect to Elkwater's operation of the Joint Assets, validly issued, strictly in accordance with the Joint Operating Agreement;
- (j) **"Joint Operating Agreement"** means the Joint Operating Agreement, dated June 19, 2013, between Elkwater and Eagle Ranch, as amended and restated from time to time;
- (k) **"Joint Lands"** means any and all lands subject to the Joint Operating Agreement or as identified in Schedule "A" hereto and all Petroleum Substances therein;
- (l) **"Joint Assets"** means, collectively, the Joint Lands, the Petroleum and Natural Gas Rights, the Tangibles, and the Title Documents;
- (m) **"Junior Operator's Claim"** means any and all present and future obligations, indebtedness, liabilities, covenants, agreements, and undertakings of Eagle Ranch which may be owing or become owing to or in favour of Elkwater, including but not limited to any and all obligations, indebtedness, liabilities, covenants, agreements, and undertakings owed by Eagle Ranch to Elkwater under, pursuant to, or relating to any such debt, agreement, instrument, or other document which evidences or relates to the Joint Operating Agreement, the Joint Assets, or which may otherwise result from the mutual business relationship between Eagle Ranch and Elkwater wheresoever and howsoever incurred or arising, whether direct or indirect, absolute or contingent, matured or not, extended or renewed, and any ultimate unpaid balance thereof;
- (n) **"Junior Rights"** means any and all rights, remedies, and powers of Elkwater with respect to the Junior Operator's Claim, the Joint Operating Agreement, the Joint Assets, or pursuant to any agreement, instrument, or other document evidencing or relating to the mutual business dealings between the Parties, including but not limited to any liens, set-off rights, or any other rights or remedies otherwise available to Elkwater pursuant to Applicable Laws or in connection with the Joint Operating Agreement, the Joint Assets, the Junior Operator's Claim, or as a result of the mutual business dealings between the Parties;
- (o) **"Leases"** means the leases, reservations, permits, licenses, or other documents related to the Parties interests in any of the Joint Assets and any documents of title issued in substitution for, amendment of, or in addition to any of such document or instrument;
- (p) **"Loan Agreement"** means the Commitment Letter, dated September 24, 2012, between Eagle Ranch, as borrower, and NBC, as lender, as amended and restated from time to time;
- (q) **"NBC"** means the National Bank of Canada;
- (r) **"NBC Application"** means the application by NBC to appoint the Receiver as receiver of Eagle Ranch's Participating Interest in the Joint Assets and with the



Court's explicit authorization and direction for the Receiver to: (i) execute this Agreement; (ii) without further Order, execute any document or instruments related to the Sales Process, including the engagement of NRG; (iii) without further Order, conduct the Sales Process; (iv) without further Order or approval, sell and transfer Eagle Ranch's Participating Interest in the Joint Assets; and (v) without further order, distribute any and all proceeds from the sale of Eagle Ranch's Participating Interest in the Joint Assets in accordance with this Agreement;

- (s) **"NRG"** means NRG Divestitures Inc.;
- (t) **"Order"** means any order as may be granted or pronounced by any court of competent jurisdiction;
- (u) **"Party"** means either Eagle Ranch or Elkwater, as the context may require, and **"Parties"** means both Eagle Ranch and Elkwater;
- (v) **"Participating Interests"** means, collectively, Eagle Ranch's Participating Interest and Elkwater's Participating Interest;
- (w) **"Permitted Payments"** has the meaning given in Section 2.3;
- (x) **"Persons"** means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Government Authority or any other entity capable of entering into a binding legal contract;
- (y) **"Petroleum and Natural Gas Rights"** means all of the right, title, estate, and interest, whether absolute or contingent, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", which a Party may have in the Joint Lands and the Title Documents, in accordance with such Party's Participating Interests therein;
- (z) **"Petroleum Substances"** means any of crude oil, crude bitumen, and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to or produced in conjunction with any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur and hydrogen sulphide;
- (aa) **"Purchase and Sale Agreement"** means any and all agreements of purchase and sale or any agreement or instruments similar thereto which result from the Sales Process or otherwise relate to the sale of the Joint Assets or Eagle Ranch's Participating Interest in the Joint Assets;
- (bb) **"Receiver"** means Alvarez & Marsal Canada Inc., in its capacity as receiver in accordance with the Receivership Order;
- (cc) **"Receivership Charges"** means any and all charges as outlined in, or pursuant to, the Receivership Order with the same priority as indicated therein, which would include, but is not limited to, any and all charges resulting from the Receiver's borrowings in accordance with the Receivership Order;



- (dd) **"Receivership Order"** means the order issued by the Court in the Receivership Proceedings on August 15, 2014, as amended, modified, or supplemented from time to time;
- (ee) **"Receivership Proceedings"** means the proceedings before the Court and identified as Court File No. 1401-08528;
- (ff) **"Records"** means all of Eagle Ranch's 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, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information;
- (gg) **"Released Claim"** means any and all claims, debts, counter-claims, and rights of set-off Eagle Ranch may have against Elkwater as a result of Elkwater acting as the operator of the Joint Assets or pursuant to the Joint Operating Agreement;
- (hh) **"Representatives"** means, with, respect to any Party, its Affiliates, and the respective directors, officers, servants, agents, advisors, employees, consultants, and representatives of that Party and its Affiliates;
- (ii) **"Sales Process"** means the process by which the Parties agree to retain and engage NRG, as marketing agent, in order conduct a sales and marketing process with respect to both: (i) the Joint Assets, as a whole; and, (ii) Eagle Ranch's Participating Interest in the Joint Assets, both jointly and severally;
- (jj) **"Senior Debt"** means any and all present and future obligations, indebtedness, liabilities, covenants, agreements, and undertakings of Eagle Ranch to NBC under, pursuant to, or in any way relating to the Loan Agreement or the Senior Security, whether direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred or arising, and any ultimate unpaid balance thereof, including all obligations and indebtedness thereunder whether the same are from time to time reduced and thereafter increased and including any and all of the expenses that NBC has incurred or will incur arising out of NBC's dealings with Eagle Ranch (including but not limited to the costs and expenses associated with the Receivership Proceedings, which do not or will not form part of the Receivership Charges, this Agreement, and any and all costs, expenses, and disbursements paid by NBC which relate to Alvarez & Marsal Canada Inc.'s involvement with Eagle Ranch, which do not or will not form part of the Receivership Charge) and in the preparation, registration, protection, preservation, and enforcement of the Senior Security including, without limitation, NBC's legal costs, calculated as between a solicitor and its own client on a full indemnity basis, and any associated fees, disbursements, and any and all charges which may be recoverable by NBC or may otherwise be for the account of Eagle Ranch pursuant to the Loan Agreement or the Senior Security;
- (kk) **"Senior Security"** means any and all general and continuing security, guarantees, indemnities, liens, charges, encumbrances, security interests, or other similar rights provided to NBC, by Eagle Ranch, for the performance of Eagle Ranch's obligations and the repayment of the Senior Debt, as such documents or instruments may be amended or restated from time to time;



- (ll) **"Tangibles"** means, collectively, any and all right, title, interest, and estate of the Parties, whether absolute or contingent, legal or beneficial, present or future, vested or not, in and to the tangible depreciable property and assets located within or upon the Joint Lands, and which are used or are intended to be used to produce, process, gather, treat, measure, dispose, or make marketable Petroleum Substances or in connection with water condensate, injection or removal operations that pertain to the Petroleum and Natural Gas Rights;
- (mm) **"Title Documents"** means all agreements, contracts, instruments, and other documents that govern the ownership, operation, or use of the Joint Lands, including: (i) the Leases and other agreements and instruments pursuant to which the Petroleum and Natural Gas Rights were issued, granted, or created; (ii) permits, licenses, approvals, and authorizations; (iii) operating agreements, unit agreements, production allocation agreements, trust declarations, participation agreements, joint venture agreements, farmin agreements, farmout agreements, and royalty agreements, (iv) agreements that create or relate to any surface interests with respect to the Joint Lands and the Petroleum and Natural Gas Rights; (v) agreements for the construction, ownership and/or operation of the Tangibles; (vi) trust declarations and other documents and instruments that evidence the Parties interests in the Joint Lands or the Petroleum and Natural Gas Rights; and, (vii) trust declarations pursuant to which the Parties hold interests in the Joint Assets in trust for other Persons;

## **1.2 Construction**

In this Agreement, unless otherwise expressly stated:

- (a) the headings in this Agreement are inserted for convenience of reference only and shall not affect the meaning, interpretation, or construction of this Agreement;
- (b) whenever the singular or masculine or neuter is used in this Agreement, the same shall be construed as meaning plural or feminine or referring to a body politic or corporate, and vice versa, as the context requires;
- (c) the words "hereto", "herein", "hereof", "hereby", "hereunder", and similar expressions refer to this Agreement and not to any particular provision of this Agreement;
- (d) reference to any Article, Section, or Schedule means an Article, Section or Schedule of this Agreement unless otherwise specified;
- (e) if any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict; and
- (f) "include" and derivatives thereof shall be read as if followed by the phrase "without limitation".

## **1.3 References to Agreements and Enactments**

Unless otherwise stated, references herein to any agreement, instrument, licence, or other document shall be deemed to include reference to such agreement, instrument, licence, or other



document as the same may from time to time be amended, modified, supplemented, or restated; and reference herein to any enactment shall be deemed to include reference to such enactment as re-enacted, amended, or extended from time to time and to any successor enactment.

## ARTICLE 2 PRIORITY OF SENIOR DEBT AND SENIOR SECURITY

### 2.1 General

Notwithstanding the terms of any agreements, instruments, or other documents giving rise to the Junior Operator's Claim or the Junior Rights, Elkwater hereby agrees that any and all of Elkwater's rights, including the enforcement, payment, and priority of the Junior Operator's Claim and the Junior Rights shall be governed in accordance with the terms of this Agreement.

### 2.2 Priority, Postponement, and Standstill

Elkwater hereby covenants and agrees with Eagle Ranch, for the benefit of NBC, that so long as any Senior Debt remains outstanding or the Loan Agreement remains active and until all of the Senior Debt has been indefeasibly and irrevocably repaid and satisfied, in full, and the Loan Agreement is terminated in accordance with its terms:

- (a) the Senior Debt and the Senior Security shall have priority, in any and all respects, over the Junior Operator's Claim, the Junior Rights, and any and all present or future interest of Elkwater in and to any and all of Eagle Ranch's present and after-acquired personal and real property, assets, and undertakings, including, but not limited to, the Joint Assets, any Petroleum Substances, or the Title Documents;
- (b) any payment with respect to the Junior Operator's Claim is postponed to the indefeasible and irrevocable repayment of the Senior Debt, in its entirety, and the termination of the Loan Agreement, in accordance with its terms;
- (c) subject to Section 2.3, Elkwater will not, directly or indirectly, receive from Eagle Ranch, in any manner, payment of, or consideration for the reduction of, the whole of or any part of, the Junior Operator's Claim and if any such payment is received or made, such payment shall be held by Elkwater in trust for the benefit of, and shall be promptly paid over, in the form received (duly endorsed to NBC, if necessary), to NBC, in accordance with Section 2.6; and
- (d) Elkwater shall not realize upon or otherwise exercise any Junior Rights or commence, consent to, or join with any other creditor in commencing any enforcement, receivership, bankruptcy, moratorium, reorganization, readjustment of debt, adjustment of debt, reorganization, compromise, arrangement or any dissolution, receivership, liquidation or any other proceedings, of any nature whatsoever, against or with respect to Eagle Ranch.

Notwithstanding the foregoing provisions of Section 2.2 yet subject to the remaining terms of this Agreement, including Sections 2.4, 2.5, and 2.6, Eagle Ranch shall be entitled to make, and, Elkwater shall be entitled to receive and retain, payments in accordance with Section 2.3.

### **2.3 Permitted Payments**

Notwithstanding Section 2.2, Elkwater shall be entitled to receive payment from Eagle Ranch only in respect of JIBs issued from and after the date hereof.

### **2.4 Covenants of Elkwater**

Elkwater hereby covenants and agrees with Eagle Ranch, for the benefit of NBC, as follows:

- (a) Elkwater shall provide NRG with full and complete access to Elkwater's books, records, offices, and other properties, as may be required, with respect to the engagement of NRG or otherwise associated with the Sales Process and furthermore shall assist and co-operate with NRG with respect to the Sales Process;
- (b) Elkwater shall not take, hold, or have any additional security interest in, to, or against any property, assets, or undertaking of Eagle Ranch or take, hold, or have any collateral security with respect to or in connection with the Junior Operator's Claim which may in any way prejudice, prevent, or delay the repayment of the Senior Debt; and
- (c) other than any changes that are administrative or curative in nature or are not adverse to NBC or Eagle Ranch, as determined by the Receiver, in the Receiver's sole and unfettered discretion, Elkwater shall not amend, modify, supplement, or restate the Joint Operating Agreement or any Title Documents related thereto without the prior written consent of Eagle Ranch, by and through the Receiver.

### **2.5 Distribution to Creditors**

Subject to Article 2.3, upon any payment or distribution of any assets of Eagle Ranch (of any kind or character, whether in cash, property, Petroleum Substances, or securities, whether or not such distribution relates to a Purchase and Sale Agreement, the Sales Process, or this Agreement) to any Persons, whether any of the foregoing is voluntary or involuntary, partial or complete, the Parties expressly agree that the distribution of any such assets or proceeds, which would include but is not limited to any proceeds from the sale of Eagle Ranch's Participating Interest in the Joint Assets, as contemplated by this Agreement, shall be used to satisfy the following obligations, in accordance with the following priorities:

- (a) **firstly**, to satisfy any and all outstanding Receivership Charges, in accordance with the terms and priorities of the Receivership Order;
- (b) **secondly**, to satisfy and indefeasibly and irrevocably repay any and all of the Senior Debt, in full;
- (c) **thirdly**, subject to the payment of the Senior Debt, in full, and upon the termination of the Loan Agreement, in accordance with its terms, to satisfy the Junior Operator's Claim, in full, or any obligations which may be owed by Eagle Ranch to Elkwater as a result of or with respect to the Junior Rights; and
- (d) **fourthly**, any all remaining proceeds or assets, if any, shall be paid to or retained by Eagle Ranch;





should any payment or distribution of the assets of Eagle Ranch, of any kind or character, whether in cash, property, Petroleum Substances, or securities, be payable to Elkwater, as a result of the Junior Operator's Claim or any of the Junior Rights, such payment or distribution shall be paid by Eagle Ranch, or the Receiver, or any other person making such payment or distribution, directly to NBC to the extent necessary to satisfy and indefeasibly repay, in full, all of the Senior Debt before any payment or distribution is made to Elkwater or any of its Representatives thereof.

## **2.6 Trust**

If any payment or distribution of any and all assets or any proceeds related thereto, of Eagle Ranch, of any kind or character, whether in cash, property, Petroleum Substances, or securities, whether in connection with this Agreement, the Sale Process, the Joint Assets, any Purchase and Sale Agreement or which is in any other way connected to the Junior Operator's Claim or the Junior Rights is received by Elkwater or any of its Representatives before the Senior Debt is indefeasibly repaid, in full, and irrevocably satisfied, such payment or distribution shall be held by Elkwater (or such Representatives) in trust for the benefit of, and shall be promptly paid over, in the form received (duly endorsed, if necessary, to NBC), to NBC.

## **2.7 Entitlement to Proceeds of Joint Assets**

The Parties are entitled to any and all revenues and benefits from the operation and development of the Joint Assets, incurred or accrued, from and after the date hereof in accordance with such Party's Participating Interests in the Joint Assets. Subject to any and all other provisions of this Agreement, all benefits and obligations of any kind and nature relating to the operation of the Joint Assets, excluding income taxes but otherwise including without limitation maintenance, development, operating and capital costs, government incentives and administration fees, royalties (paid and received), and other burdens, and proceeds from the sale of any and all production, Petroleum Substances, or any other property connected to the Joint Assets, whether accruing, payable, or paid and received or receivable, shall be adjusted between the Parties as of and from the date hereof in accordance with generally accepted accounting principles and the terms and conditions of this Agreement.

# **ARTICLE 3 ACKNOWLEDGEMENTS OF ELKWATER; FURTHER COVENANTS; REPRESENTATIONS AND WARRANTIES**

## **3.1 Dealings by NBC**

Notwithstanding anything in this Agreement, Elkwater acknowledges, covenants, and agrees with Eagle Ranch, for the benefit of NBC, that

- (a) NBC shall be entitled to lend monies or otherwise extend credit or accommodations to Eagle Ranch or the Receiver in connection with the Receivership Proceedings, the Sales Process, or any borrowings thereunder or in connection thereto (including any and all borrowing which shall form part of the Receivership Charges);
- (b) NBC shall be entitled to take any security interests from Eagle Ranch, including any Receiver's certificates in connection with the Receivership Proceedings or any other charges, documents, or instruments related thereto;

- (c) NBC shall be entitled to acquire, give up, vary, exchange, release, discharge, or otherwise deal with or fail to deal with, any interest relating to the Senior Debt or the Senior Security, or allow Eagle Ranch or any other person to deal with any property which is subject to the Senior Security; and
- (d) no loss in respect of any interests associated with the Senior Debt or the Senior Security, whether occasioned by fault, omission, or negligence of any kind, whether by NBC, Eagle Ranch, or otherwise, shall in any way limit or impair the liability of Elkwater or the rights of NBC and Eagle Ranch under this Agreement.

### **3.2 Agreement Not to Challenge**

Elkwater covenants and agrees with Eagle Ranch, for the benefit of NBC, that Elkwater shall not, at any time, challenge, dispute, or contest the validity or enforceability of any of the Senior Debt, the Loan Agreement, the Senior Security, or the perfection of the security interests constituted by any such documents, instruments, or any documents or instruments related thereto, including, but not limited to this Agreement, nor shall Elkwater or any of its Representatives at any time challenge, dispute, or contest the validity or enforceability of the priority, postponement, and standstill provided for herein or take any action whereby the priority, postponement, or standstill contemplated hereby may be prejudiced.

### **3.3 Restriction on Enforcement**

Elkwater will not take any steps whatsoever to enforce payment of the Junior Operator's Claim (including, without limitation, demand for payment, rights of set-off, commencement of any proceedings, bankruptcy proceedings, foreclosure, sale, power of sale, taking of possession, appointing or making application to a court for an order appointing an agent or a receiver or receiver-manager) unless, prior to the taking of any such steps, the Senior Debt has been indefeasibly and irrevocably paid, in full, and the Loan Agreement has been terminated in accordance with its terms.

### **3.4 Elkwater's Representations & Warranties**

Elkwater hereby represents and warrants to Eagle Ranch and for the benefit of NBC, that:

- (a) **Standing:** It is and until the conclusion of the Sales Process shall continue to be a corporation duly organized and validly existing under the laws of the jurisdiction of incorporation of Alberta, is authorized to carry on business in the Province in which the Joint Assets are located, and now has good right, full power, and absolute authority to complete the Sales Process and enter into any Purchase and Sale Agreement, should Elkwater determine, in its sole and unfettered discretion to do so;
- (b) **Requisite Authority:** It has taken all action and has full power and authority to enter into this Agreement and any other documents and agreements executed and delivered hereunder and it has taken all necessary action to consummate the Agreement and to perform its obligations hereunder and the other documents and agreements executed and delivered hereunder;
- (c) **Execution and Enforceability:** This Agreement has been, and all documents and agreements to be executed and delivered pursuant to this Agreement shall be, duly executed and delivered by it, and upon execution by Elkwater, this Agreement



constitutes, and all documents and agreements required to be executed and delivered, in accordance with this Agreement, will constitute legal, valid, and binding obligations of Elkwater enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditor's rights generally and the discretionary nature of equitable remedies and defences;

- (d) **No Further Authorization Required:** To its knowledge after due inquiry no authorization or approval or other action by, and no notice to or filing with, any Government Authority exercising jurisdiction over the Joint Assets is required by it or on its behalf for the due execution and delivery of this Agreement;
- (e) **No Conflicts:** The consummation of this Agreement or any of the transactions contemplated herein will not constitute or result in a material violation, breach, or default by it under any provision of any agreement or instrument to which Elkwater is a party, or by which it is bound, or any judgment, law, decree, order, or ruling applicable to it; and
- (f) **Acknowledgment of Documentation:** Elkwater hereby acknowledges that it is familiar with and understands the terms of the Loan Agreement and the Senior Security. Elkwater shall ensure that Eagle Ranch provides such copies as Elkwater wishes to receive of all amendments, modifications, or supplements to any of the aforementioned documents and of any other security or agreements which are executed in the future pursuant to which the Senior Debt may arise. NBC shall have no obligation whatsoever to ensure such receipt, nor shall lack of receipt in any way affect the absolute, irrevocable, and unconditional nature of Elkwater's obligations, covenants, and agreements herein.

#### **ARTICLE 4 CONTINUING PRIORITY**

##### **4.1 Continuing Priority**

This Agreement shall create a continuing acknowledgement and grant of priority which, in any and all events, including but not limited to the Sales Process being unsuccessful, no Purchase and Sale Agreement being entered into, or any other provision of this Agreement remaining incomplete or incapable of being successfully completed in accordance with the terms and conditions herein, such continuing acknowledgement and grant of priority, as created by this Agreement, shall:

- (a) be irrevocably and unconditionally binding upon Elkwater and its successors, assigns, heirs, executors, administrators, and other Representatives; and
- (b) enure, together with the rights and remedies of NBC and Eagle Ranch hereunder, to the benefit of and be enforceable by NBC and Eagle Ranch and their successors and assigns.

##### **4.2 Other Obligations not Affected**

The Parties hereby acknowledge and agree, in favour of NBC, that any priority or acknowledgment of such, as provided for herein, is in addition to and not in substitution for any other agreement or

any other security by whomsoever given or at any time held by NBC with respect to the Senior Debt, and NBC shall at all times have the right to proceed against or realize upon all or any portion of the Senior Security, any other agreement or security or any other monies or assets to which NBC may become entitled to or have a claim against, in such order and in such manner as NBC, in its sole and unfettered discretion, may deem appropriate.

## **ARTICLE 5 SETTLEMENT AND RELEASE**

### **5.1 Release of Eagle Ranch's Claim**

In consideration of Elkwater's acknowledgment and grant of priority of the Senior Debt and Senior Security over the Junior Operator's Claim and the Junior Rights, in accordance with the terms of this Agreement, Eagle Ranch, on its behalf as well as on behalf of all of its respective directors, officers, employees, agents, representatives, successors, affiliates, security holders, insurers, heirs, and assigns hereby releases and forever discharges Elkwater and any and all of its employees, agents, representatives, successors, affiliates, security holders, insurers, heirs, and assigns from any and all liabilities, causes of action, claims, proceedings, demands, suits, debts, duties, losses, damages, injuries, and costs of any nature or kind whatsoever whether known or unknown, presently existing or which hereafter may exist, which Eagle Ranch either has or hereafter can, shall, or may have against Elkwater in connection with the Released Claim or this Agreement; provided, however, that nothing herein shall release or discharge Elkwater from operating in accordance with this Agreement and complying with Section 2.3 with respect to the issuance of any JIBs, as of the date hereof and going forward.

### **5.2 Release of Elkwater's Claim**

In consideration of Eagle Ranch's release of the Released Claim in accordance with Section 5.1, Elkwater hereby remises, releases, and forever discharges Eagle Ranch, the Receiver, and NBC, and any of their Representatives, administrators, employees, servants, agents, counsel, insurers, successors, and assigns from any and all actions, causes of action, claims, suits, debts, contracts, complaints, demands, damages, interest, costs, expenses, and compensation of whatsoever kind and howsoever arising, whether in law or in equity, whether at common law, under any legislation or otherwise, whether known or unknown, and which Elkwater now has or at any time hereafter can, shall, or may have in any way resulting or arising from or in any other way connected to any matters associated with the sale of the Joint Assets, the Sales Process, this Agreement, any Purchase and Sale Agreement, Court Approval, the priority of the Senior Debt, and the priority of the Senior Security or any matters related thereto.

## **ARTICLE 6 SALES PROCESS AND SALE OF JOINT LANDS AND TITLE DOCUMENTS**

### **6.1 Engagement of NRG**

Elkwater and Eagle Ranch covenant and agree that they shall engage NRG, as a marketing agent, to establish and conduct the Sales Process in order to identify, examine, and consider the sale of the Joint Assets. Such Sales Process shall be subject to and in accordance with the specific milestones, as outlined in Schedule "B" hereto. Furthermore, Eagle Ranch and Elkwater shall, immediately upon execution of this Agreement, instruct and allow NRG to make full and complete

disclosure to NBC in respect of NRG's involvement with the Parties with respect to the Joint Assets, the Sales Process, any potential Purchase and Sale Agreement or any other relevant information in connection therewith.

**6.2 Parties Consent to Sale of Joint Assets**

The Parties confirm and agree that each Party hereto expressly consents to and authorizes the sale of the Joint Assets, and that no further consent or authorization, between the Parties, is required pursuant to, or in accordance with, the Joint Operating Agreement or the Title Documents in order to execute, complete, or close any sale or transfer of the Joint Assets or Eagle Ranch's Participating Interest in the Joint Assets pursuant to any Purchase and Sale Agreement. For greater clarity, no further authorization or consent, among and between the Parties will be required in order to effectively and successfully sell or transfer any of the Joint Assets.

**6.3 Proceeds of Sale of Joint Assets**

The Parties covenant and agree that any and all proceeds received from the sale of Eagle Ranch's Participating Interest in the Joint Assets, less any fees payable to NRG, shall be distributed in accordance with Section 2.5 of this Agreement.

**6.4 Parties Shall Cover Their Own Expenses**

The Parties covenant and agree that any and all costs, expenses, and disbursements associated with this Agreement, the Sales Process, any Purchase and Sale Agreement, or any other matters related thereto shall be borne and paid by the Party responsible for such costs, expenses, and disbursements and that each Party shall be solely responsible for its own costs, expenses, and disbursements in relation thereto, and the Parties expressly acknowledge and agree that if any such costs, expenses, and disbursements are paid by NBC, on behalf of or to Eagle Ranch or the Receiver, any and all such amounts, as paid by NBC and which do not form part of the Receivership Charges, shall form part of the Senior Debt and, as such, shall benefit from any and all of the terms, conditions, and priorities afforded to the Senior Debt pursuant to this Agreement.

**6.5 Termination of the Sales Process**

The Parties covenant and agree that the Sales Process and any and all obligations of the Parties under and pursuant to Section 6.1 of this Agreement, with respect to the Sales Process, shall terminate on May 31, 2015, or as may otherwise be agreed to in writing and duly executed by the Parties.

**ARTICLE 7  
CONDITIONS PRECEDENT**

**7.1 Eagle Ranch's Condition Precedent**

The obligation of Eagle Ranch to enter into and execute this Agreement, along with any and all of Eagle Ranch's obligations and covenants as contained herein, is subject to and predicated upon, as a condition precedent, the Court Approval.

## ARTICLE 8 GENERAL

### 8.1 No Waiver

No waiver by any Party of any breach of any of the terms, conditions, representations, or warranties in this Agreement shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party and any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

### 8.2 Non-Merger

The provisions contained in this Agreement shall survive the closing of the transactions contemplated hereby and shall not merge upon any transfer or other document or instrument in connection herewith. Without limiting the generality of the foregoing, the liability of any Party for any breach of any of its representations, warranties, covenants, agreements or other obligations hereunder prior to the full and irrevocable repayment of the Senior Debt and the termination of the Loan Agreement, in accordance with its terms, as contemplated herein, shall not be extinguished or in any manner diminished by such completion.

### 8.3 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and the Parties agree and confirm that this Agreement cancels and supersedes any prior understandings and agreements between the Parties hereto with respect to the subject matter hereof. No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Parties.

### 8.4 Notice

Any notices or demands given under this Agreement may be delivered by courier, facsimile, or electronic mail transmission to the parties at the addresses set forth below and, where so given, shall be deemed received by the recipient on the same business day as delivered or transmitted if delivered or transmitted prior to 5:00 p.m. (MST), otherwise such notice or demand will be deemed received by the recipient on the next business day:

(a) If to Eagle Ranch

Alvarez & Marsal Canada Inc., Receiver of Eagle Resources Ltd.  
Bow Valley Square I  
Suite 570, 202 – 6<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2R9

Attention: Orest Konowalchuk  
Fax: (403) 538-7551  
Email: [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com)

with a copy to

National Bank of Canada  
600, 311 – 6<sup>th</sup> Ave SW  
Calgary, Alberta T2P 3H2

Attention: Beth Pineda  
Fax: (403) 410-2084  
email: [ElizabethF.Pineda@nbc.ca](mailto:ElizabethF.Pineda@nbc.ca)

(b) If to Elkwater

Elkwater Resources Ltd.  
Suite 1250, 645-7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 4G8

Attention: Doug Bailey  
email: [dbailey@strikerexp.com](mailto:dbailey@strikerexp.com)

#### **8.5 Governing Law**

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Alberta. Each party hereto irrevocably attorns to the jurisdiction of the Courts of the Province of Alberta.

#### **8.6 Severability**

In the case any of the provisions of this Agreement should be invalid, illegal, or unenforceable in any respect, the validity, legality, or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

#### **8.7 Further Assurances**

Each of the Parties shall from time to time and at all times on and after the date hereof, without further consideration, do and perform all such further acts and things, and execute and deliver all such further agreements, assurances, notices, releases, and other documents and instruments, at their own expense, as may reasonably be required to more fully give effect to the intent and purpose of this Agreement.

**8.8 Counterpart Execution**

This Agreement may be executed in counterpart and all executed counterparts together shall constitute one agreement. This Agreement shall be binding upon any Party upon such Party's execution and delivery of this Agreement in accordance with the terms herein.

**8.9 Electronic Execution**

Delivery of an executed signature page to this Agreement by any Party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

**[THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]**







IN WITNESS WHEREOF the parties have executed and delivered this Agreement as of the date first above written.

**EAGLE RANCH RESOURCES LTD.** by its court appointed receiver **ALVAREZ & MARSAL CANADA INC.**, in its capacity as court appointed receiver of certain of the assets, properties, and undertakings of Eagle Ranch Resources Ltd., and not in its personal capacity

Per:


  
Orest Konowalchuk  
Vice President

Per:

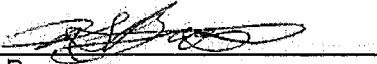
  
Tim Reid  
Senior Vice President

**ELKWATER RESOURCES LTD.**

Per:

  
Doug Bailey  
President & CEO

Per:

  
Neil Burrows  
CFO



- 18 -

**SCHEDULE "A"**

**JOINT LANDS**

065094/463517  
DOCS 13897247v8



**STRIKER EXPLORATION CORP.**

**Mineral Property Report**

**Generated by Craig Ruddy on February 10, 2015 at 5:46:10 pm.**

**Selection**

Select By DLS:

T020 R01 W4M S01 To T028 R09 W4M S31

CS EXPLORER Version:

# STRIKER EXPLORATION CORP.

## Mineral Property Report

### Print Options

Acres / Hectares:	Hectares
Working Interest DOI:	Yes
Other DOI:	No
Related Contracts:	No
Royalty Information:	Yes
Well Information:	Yes
Remarks:	No
Acreage:	Producing / Non Producing
	Developed / Undeveloped
	Proven / Unproven

### Sort Options

Division:	No
Category:	No
Province:	No
Area:	No
Location:	Yes

Report Date: Feb 10, 2015

Page Number: 1

# STRIKER EXPLORATION CORP. Mineral Property Report

\*\*REPORTED IN HECTARES\*\*

File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No	Name	Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	
M00903	PNG	CR	Eff: Aug 11, 2011	256.000	C00592 A No	WI	Area : MEDICINE HAT
Sub: A	WI		Exp: Aug 11, 2016	256.000	ELKWATER	35.000000000	TWP 20 RGE 1 W4M SEC 1
ACTIVE	0411080012			89.600	EAGLE	65.000000000	PNG FROM BASE MEDICINE_HAT_SD
	ELKWATER						TO BASE BASEMENT
100.000000000	ELKWATER						
				Total Rental:	896.00		

Status: NON PRODUCING  
 UNDEVELOPED  
 Hectares: 0.000  
 Net: 0.000  
 NPProd: 256.000  
 Undev: 256.000  
 NProv: 0.000

## Royalty / Encumbrances

Royalty Type: CROWN SLIDING SCALE ROYALTY  
 Product Type: ALL PRODUCTS  
 Sliding Scale: Y  
 Convertible: N  
 % of Prod/Sales: 100.000000000

Roy Percent: STANDARD  
 Deduction: Gas: Royalty:  
 S/S Oil: Min: Other Percent:  
 Min Pay: Div: Min:  
 Prod/Sales: Prod/Sales: Prod/Sales:

M00876	PNG	CR	Eff: Oct 17, 2002	256.000	C00592 A No	WI	Area : EMPRESS SOUTH
Sub: A	WI		Exp: Dec 31, 9999	256.000	ELKWATER	35.000000000	TWP 21 RGE 2 W4M SEC 25
ACTIVE	0402100316		Ext: 15	89.600	EAGLE	65.000000000	ALL PNG FROM BASE
	ELKWATER						FISH_SCALE_ZONE TO BASE
100.000000000	MEDICINEHAT						VIKING_ZONE
				Total Rental:	896.00		

Status: NON PRODUCING  
 UNDEVELOPED  
 Hectares: 0.000  
 Net: 0.000  
 NPProd: 256.000  
 Undev: 256.000  
 NProv: 0.000



**Page Number:**

**STRIKER EXPLORATION CORP.**  
**Mineral Property Report**

(cont'd)

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**Royalty / Encumbrances**

Roy Percent:	5.00000000	Min Pay:	Prod/Sales:
Deduction:	NO	Max:	Prod/Sales:
Gas: Royalty:		Div:	Prod/Sales:
S/S OIL: Min:		Min:	
Other Percent:			

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE	ROYALTY ALL PRODUCTS	Y	N	100.00000000 % of PROD
Roy Percent:	STANDARD			
Deduction:				
Gas: Royalty:		Min Pay:		Prod/Salest:
S/S OIL: Min:		Max:	Div:	Prod/Salest:
Other Percent:			Min:	Prod/Salest:

M00873	PNG	CR	Eff: Mar 07, 2002	256.000	C00592	A	Nb	WI	Area : EMPRESS SOUTH
Sub: A	WI		Exp: Dec 31, 1999	256.000	ELKWATER			35.000000000	TWP 21 RGE 2 W4M SEC 28
ACTIVE	0402030063			89.600	EAGLE			65.000000000	ALL PNG FROM BASE
	ELKWATER								MEDICINE_HAT_SD TO BASE
	ELKWATER								VIKING_ZONE
100.000000000					Total Rental:		896.00		
	Status			Hectares	Net				
	PRODUCING		Prod:	256.000	89.600	NProd:		0.000	Well U.W.I.
	DEVELOPED		Dev:	256.000	89.600	Undev:		0.000	100/07-28-021-02-W4/00 FLOWING/GAS
			Prov:	0.000	0.000	NProv:		0.000	

# STRIKER EXPLORATION CORP. Mineral Property Report

\*\*\*REPORTED IN HECTARES\*\*\*

File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	

(cont'd)

M00873

A

Royalty / Encumbrances

<Linked>  
C00530 A

Royalty Type  
GROSS OVERRIDING ROYALTY

Roy Percent: 5.00000000  
Deduction: NO  
Gas: Royalty:  
S/S OIL: Min:  
Other Percent:

Product Type  
ALL PRODUCTS

Sliding Scale  
N

Convertible  
N

% of Prod/Sales  
100.00000000 % of PROD

Prod/Sales:  
Prod/Sales:  
Prod/Sales:

Min Pay:  
Div:  
Min:

Royalty Type  
CROWN SLIDING SCALE ROYALTY

Roy Percent:  
Deduction: STANDARD  
Gas: Royalty:  
S/S OIL: Min:  
Other Percent:

Product Type  
ALL PRODUCTS

Sliding Scale  
Y

Convertible  
N

% of Prod/Sales  
100.00000000 % of PROD

Prod/Sales:  
Prod/Sales:  
Prod/Sales:

Min Pay:  
Div:  
Min:

M00784	PNG	CR	Eff: Oct 03, 2002	256.000	C00592	A	No	WI	Area : EMPRESS SOUTH
Sub: A	WI		Exp: Dec 31, 9999	256.000	ELKWATER			35.000000000	TWP 21 RGE 2 W4M SEC 35
ACTIVE	0402100040		Ext: 15	89.600	EAGLE			65.000000000	ALL PNG FROM BASE
100.000000000	ELKWATER								MEDICINE_HAT_SD TO BASE.
	ELKWATER								VIKING_ZONE
Total Rental:								896.00	
Status:			Hectares		Net		Hectares		Net
PRODUCING			Prod:	256.000	89.600		0.000		0.000
DEVELOPED			Dev:	256.000	89.600		0.000		0.000
			Prov:	0.000	0.000		0.000		0.000



Report Date: Feb.10, 2015

Page Number: 5

\*\*REPORTED IN HECTARES\*\*

# STRIKER EXPLORATION CORP. Mineral Property Report

File Number	Use Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code
File Status	Int Type / Lse No/Name		Gross			
Mineral Int	Operator / Payor		Net	DOI Partner(s)		Lease Description / Rights Held

(cont'd)

M00784	A					Royalty / Encumbrances
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Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction:	STANDARD			
Gas: Royalty:				
S/S OIL: Min:				
Other Percent:				
Max:				
Min Pay:				
Div:				
Min:				
Prod/Sales:				
Prod/Sales:				
Prod/Sales:				

M00788	PNG	CR	Eff: Mar 07, 2002	256.000	C00592	A	No	WI	Area: EMPRESS SOUTH
Sub: A	WI		Exp: Dec 31, 9999	256.000	ELKWATER			35.000000000	TWP 21 RGE 2 W4M SEC 36
ACTIVE	0402030064			89.600	EAGLE			65.000000000	ALL PNG FROM BASE
100.000000000	ELKWATER								MEDICINE_HAT_SD TO BASE
	ELKWATER								VIKING_ZONE
				Total Rental:	896.00				

Status	Hectares	Net	Hectares	Net
NON PRODUCING Prod:	0.000	0.000	NPProd:	89.600
UNDEVELOPED Dev:	0.000	0.000	Undev:	89.600
Prov:	0.000	0.000	NPProv:	0.000

						Royalty / Encumbrances
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<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C00613A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.000000000 % of PROD
Roy Percent:				
Deduction:	STANDARD			
Gas: Royalty:				
S/S OIL: Min:				
Min Pay:				
Prod/Sales:				

# STRIKER EXPLORATION CORP. Mineral Property Report

\*\*REPORTED IN HECTARES\*\*

File Number	File Status	Mineral Int.	Lse Type	Lessor Type	Int Type / Lse No/Name	Operator / Payor	Exposure	Oper/Cont	ROFR	DOI Code	Lease Description / Rights Held
							Gross				
							Net	DOI Partner(s)			

(cont'd)

M00788	A										
Royalty / Encumbrances											
<p>Royalty Type CROWN SLIDING SCALE ROYALTY ALL PRODUCTS</p> <p>Roy Percent: STANDARD</p> <p>Deduction: STANDARD</p> <p>Gas Royalty: S/S OIL: Min: Max: Div: Min: Prod/Sales: Prod/Sales:</p> <p>Other Percent: Min Pay: Div: Min: Prod/Sales: Prod/Sales: Prod/Sales:</p>											

M00875	PNG	CR	Eff: Aug 25, 1978	256.000	C00592	A	No				
Sub: A	WI		Exp: Aug 25, 1983	256.000	ELKWATER						
ACTIVE	0478080209			89.600	EAGLE						
	ELKWATER										
	100.00000000	MEDICINEHAT									
Total Rental: 396.00											
<p>Status: NON PRODUCING Prod: Dev: Prov: Net</p> <p>DEVELOPED 256.000 89.600 0.000 89.600 0.000 0.000</p> <p>Hectares: 256.000 0.000 0.000</p> <p>Net: 89.600 0.000 0.000</p>											
<p>Area: EMPRESS SOUTH</p> <p>TWP 22 RGE 2 W4M SEC 11</p> <p>ALL PNG FROM BASE</p> <p>FISH_SCALE_ZONE TO BASE</p> <p>VIKING_ZONE</p> <p>Well U.W.I. 102/06-11-022-02-W4/00 SUS/GAS</p> <p>Status Type</p>											

Royalty / Encumbrances											
<p>Royalty Type C00531 A GROSS OVERRIDING ROYALTY</p> <p>Roy Percent: 11.32500000</p>											
<p>Product Type: ALL PRODUCTS</p> <p>Sliding Scale: N</p> <p>Convertible: N</p> <p>% of Prod/Sales: 100.00000000</p>											

**STRIKER EXPLORATION CORP.**  
**Mineral Property Report**

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CS EXPLORER Version: 11.0.4

Page Number: 8

**STRIKER EXPLORATION CORP.**  
**Mineral Property Report**

CS EXPLORER Version: 11.0.4

Report Date: Feb 10, 2015

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\*\*REPORTED IN HECTARES\*\*

# STRIKER EXPLORATION CORP. Mineral Property Report

File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)			

(cont'd)

M00806  
Sub: A  
DEVELOPED  
Dev: 256.000  
Undev: 0.000  
NPov: 0.000  
Prov: 0.000  
0.000  
0.000  
0.000

## Royalty / Encumbrances

<Linked> Royalty Type  
C00515 A GROSS OVERRIDING ROYALTY  
Product Type: ALL PRODUCTS  
Sliding Scale: Y  
Convertible: Y  
% of Prod/Sales: 100.00000000  
% of PROD: 100.00000000  
Roy Percent: STANDARD  
Deduction: 12.00000000  
Gas: Royalty: 12.00000000  
S/S Oil: Min: 5.00000000  
Other Percent: 12.00000000  
Div: Min: 12.00000000  
Prod/Sales: 12.00000000  
Prod/Sales: 12.00000000  
Prod/Sales: 12.00000000

Royalty Type  
CROWN SLIDING SCALE ROYALTY ALL PRODUCTS  
Product Type: ALL PRODUCTS  
Sliding Scale: Y  
Convertible: N  
% of Prod/Sales: 100.00000000  
% of PROD: 100.00000000  
Roy Percent: STANDARD  
Deduction: 12.00000000  
Gas: Royalty: 12.00000000  
S/S Oil: Min: 5.00000000  
Other Percent: 12.00000000  
Div: Min: 12.00000000  
Prod/Sales: 12.00000000  
Prod/Sales: 12.00000000  
Prod/Sales: 12.00000000

M00900 PNG CR Eff: Dec 02, 2010 Exp: Dec 02, 2015  
Sub: A WI 256.000 C00537 A No  
ACTIVE 0410120014 256.000 ELKWATER  
100.00000000 35.840 EAGLE  
ELKWATER WADDINGTON  
Total Rental: 896.00  
Area: HELMSDALE  
TWP 25 RGE 5 W4M SEC 6  
ALL PNG  
Well U.W.I.  
Status/Type  
100/06-06-025-05-W4/00 STD/UNKNOWN

Report Date: Feb 10, 2015  
Page Number: 10

STRIKER EXPLORATION CORP.  
Mineral Property Report

\*\*REPORTED IN HECTARES\*\*

File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code
File Status	Int Type / Lse No/Name		Gross			
Mineral Int	Operator / Payor		Net	DOI Partner(s)		Lease Description / Rights Held

(cont'd)

M00890						
Sub: A	Status	Hectares	Net	Hectares	Net	
	NON PRODUCING Prod:	0.000	0.000	256.000	35.840	
	DEVELOPED	256.000	35.840	0.000	0.000	
	Dev:	0.000	0.000	0.000	0.000	
	Prov:					

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C00538 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
	Roy Percent:	1.00000000			
	Deduction:	STANDARD			
	Gas: Royalty:		Min Pay:		Prod/Sales:
	S/S OIL: Min:		Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction:	STANDARD			
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:

M00890	PNG	CR	Eff: May 20, 2010	256.000	C00592 A No	WI	Area: LANFINE
Sub: A	WI		Exp: May 20, 2015	256.000	ELKWATER		TWP 25 RGE 5 W4M SEC. 17
ACTIVE	0410050371			89.600	EAGLE		ALL PNG
	ELKWATER						
100.00000000	ELKWATER						

Total Rental: 896.00

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**STRIKER EXPLORATION CORP.**  
**Mineral Property Report**

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**Sub:** A

**Royalty / Encumbrances**

Roy Percent:  
Deduction:  
Gas: Royalty:  
S/S OIL: Min:  
Other Percent:

**Deduction:**

**Gas: Royalty:-**

S/S OIL: Min:Other Percent

Area : LANFINE  
TWP 25 RGE 5 W4M SEC 29  
PNG TO BASE MANNVILLE

Hectares	Net
256.000	89.600
0.000	0.000
0.000	0.000

Well U.W.I.	Status/Type
100/01-29-025-05-W4/00 STD/GAS	
100/01-29-025-05-W4/02 STD/GAS	
100/01-29-025-05-W4/03 STD/GAS	

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**STRIKER EXPLORATION CORP.**  
**Mineral Property Report**

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**STRIKER EXPLORATION CORP.**  
**Mineral Property Report**

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File Number	Lease Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status:	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	

(cont'd)

M00899  
Sub: A  
Prov: 0.000 0.000 NProv: 0.000 0.000 0.000

**Royalty / Encumbrances**

Royalty Type  
CROWN SLIDING SCALE ROYALTY ALL PRODUCTS  
Product Type Sliding Scale Convertible % of Prod/Sales  
Y N 100.000000000 % of PROD  
Roy Percent:  
Deduction: STANDARD  
Gas Royalty:  
S/S Oil: Min:  
Other Percent:  
Max: Min Pay: Div: Mini:  
Prod/Sales:  
Prod/Sales:  
Prod/Sales:

M00789 PNG CR Eff: Feb 10, 2000 256.000 C00513 A No WI  
Sub: A WI Exp: Feb 10, 2005 256.000 ELKWATER 35.000000000  
ACTIVE 0400020036 Ext: 15 89.600 EAGLE 65.000000000  
ELKWATER  
100.000000000  
Status  
NON PRODUCING Prod:  
DEVELOPED Dev: 89.600 NProd: 89.600  
Prov: 0.000 Undev: 0.000  
NPProd: 0.000  
NProv: 0.000  
Total Rental: 896.00  
Hectares Net Hectares  
Area: HELMSDALE  
TWP 26 RGE 5 W4M SEC 4  
PNG TO BASE MANNVILLE  
Well U.W.I. Status/Type  
100/08-04-026-05-W4/00 STD/GAS

**Royalty / Encumbrances**

<Linked> Royalty Type  
C00513 A GROSS OVERRIDING ROYALTY  
Product Type Sliding Scale Convertible % of Prod/Sales  
N N 100.000000000 % of PROD

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# STRIKER EXPLORATION CORP. Mineral Property Report

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File Number	Lse Type	Lessor Type	Exposure	Oper Cont	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	

(cont'd)

Royalty Type: CROWN SLIDING SCALE ROYALTY  
Product Type: ALL PRODUCTS  
Sliding Scale: Y  
Convertible: N  
% of Prod/Sales: 100.00000000

Roy Percent: STANDARD  
Deduction: Gas: Royalty: S/S OIL: Min: Other Percent:  
Max: Min Pay: Div: Min: Prod/Sales: Prod/Sales: Prod/Sales:

M00790	PNG	CR	Eff: Feb 10, 2000	256.000	C00513	A	No	WI	Area: HELMSDALE
Sub: A	WI		Exp: Feb 10, 2005	256.000	ELKWATER			35.000000000	TWP 26 RGE 5 W4M SEC 10
ACTIVE	0400020038		Ext: 15	89.600	EAGLE			65.000000000	PNG TO BASE MANNVILLE
100.000000000	ELKWATER								
				Total Rental:	896.00				

Well U.W.I. Status/Type  
100/14-10-026-05-W4/00 STD/GAS

Status	Hectares	Net	Hectares	Net
NON PRODUCING	0.000	0.000	256.000	89.600
DEVELOPED	256.000	89.600	0.000	0.000
	0.000	0.000	0.000	0.000

## Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
<Linked> C00513 A GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
Roy Percent: 5.00000000				
Deduction: NO				
Gas: Royalty:				Prod/Sales:
S/S OIL: Min:				Prod/Sales:
Other Percent:				Prod/Sales:
Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales

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# STRIKER EXPLORATION CORP. Mineral Property Report

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File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)			

(cont'd)

M00786	WI	Exp: Aug 05, 2009	256.000	ELKWATER	35.000000000	TWP 26 RGE 5 W4M SEC 27
Sub: A	0404080043	Ext 15	89.600	EAGLE	65.000000000	PNG TO BASE MANNVILLE
ACTIVE	ELKWATER					
100.000000000	ELKWATER					
			Total Rental:		896.00	
			Status			
			NON PRODUCING Prod:			
			DEVELOPED			
			Dev:			
			Prov:			
			Net			
			NProd:			
			Undev:			
			NProv:			
			Hectares			
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File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	

(cont'd)

M00809  
Sub: A  
NON PRODUCING Prod: 0.000 0.000 NProd: 255.000 35.840  
DEVELOPED Dev: 255.000 35.840 Undev: 0.000 0.000  
Prov: 0.000 0.000 NProv: 0.000 0.000

## Royalty / Encumbrances

<Linked> Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales  
C00538 A GROSS OVERRIDING ROYALTY ALL PRODUCTS N 100.000000000 % of PROD

Roy Percent: 1.00000000  
Deduction: STANDARD  
Gas: Royalty:  
S/S OIL: Min:  
Other Percent:

Max: Min Pay: Div: Min:  
Prod/Sales: Prod/Sales: Prod/Sales:

Royalty Type Product Type Sliding Scale Convertible % of Prod/Sales  
CROWN SLIDING SCALE ROYALTY ALL PRODUCTS Y 100.000000000 % of PROD

Roy Percent: STANDARD  
Deduction: STANDARD  
Gas: Royalty:  
S/S OIL: Min:  
Other Percent:

Max: Min Pay: Div: Min:  
Prod/Sales: Prod/Sales: Prod/Sales:

M00891 PNG CR Eff: May 20, 2010 255.000 C00592 A No WI  
Sub: A WI Exp: May 18, 2015 255.000 ELKWATER 35.000000000  
ACTIVE 0410050373 89.600 EAGLE 65.000000000  
100.00000000 ELKWATER  
Total Rental: 896.00

Area: HEATHDALE  
TWP 26 RGE 8 W4M SEC 15  
PNG FROM BASE BELLY RIVER TO  
BASE BASEMENT

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File Number	File Status	Mineral Int	Use Type	Lessor Type	Int Type / Lse No/Name	Operator / Payor	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
							Gross				
							Net	DOI Partner(s)			

(cont'd)

M00891  
Sub: A

Status	Net	Hectares	Net	Hectares	Net
NON PRODUCING	0.000	0.000	NPProd:	256.000	89.600
UNDEVELOPED	0.000	0.000	Undev:	256.000	89.600
Prov:	0.000	0.000	NPProv:	0.000	0.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	N	N	100.00000000
Roy Percent:				
Deduction:	STANDARD			
Gas Royalty:				
S/S OIL: Min:				
Other Percent:				
Max:				
Min Pay:				
Div:				
Min:				
Prod/Sales:				
Prod/Sales:				
Prod/Sales:				

Area: HELMSDALE  
TWP 27 RGE 4 W4M SEC 9  
ALL PNG

M00901	PNG	CR	Eff: Mar 24, 2011	256.000	C00592	A	No	WI
Sub: A	WI		Exp: Mar 24, 2016	256.000	ELKWATER			35.00000000
ACTIVE				89.600	EAGLE			65.00000000
100.00000000	ELKWATER							
	ELKWATER							

Total Rental: 896.00

Status	Net	Hectares	Net	Hectares	Net
NON PRODUCING	0.000	0.000	NPProd:	256.000	89.600
UNDEVELOPED	0.000	0.000	Undev:	256.000	89.600
Prov:	0.000	0.000	NPProv:	0.000	0.000

Royalty / Encumbrances



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# STRIKER EXPLORATION CORP. Mineral Property Report

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File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)			
(cont'd)							
Royalty Type							
CROWN SLIDING SCALE ROYALTY ALL PRODUCTS							
Product Type Sliding Scale Convertible % of Prod/Sales							
Y N 100.00000000 % of PROD							
Roy Percent: STANDARD							
Deduction:							
Gas: Royalty:							
S/S OIL: Min:							
Other Percent:							
M00901	A		Max:	Min Pay:			Prod/Sales:
				Div:			Prod/Sales:
				Min:			Prod/Sales:
Area : HELMSDALE							
M00791	PNG	CR	Eff: Feb 10, 2005	256.000	C00592	A No	WI
Sub: A	WI		Exp: Feb 10, 2010	256.000	ELKWATER		35.0000000000
ACTIVE	0405020040		Ext: 15	89.600	EAGLE		65.0000000000
	ELKWATER						
100.000000000	ELKWATER						
Total Rental: 895.00							
Status							
NON PRODUCING Prod:							
UNDEVELOPED Dev:							
Prov:							
Hectares							
Net							
NProd:							
Undev:							
NProv:							
Hectares							
Net							
89.600							
256.000							
256.000							
0.000							
0.000							
100/10-04-027-06-W4/03 FLOWING/GAS							
100/10-04-027-06-W4/00 ABZ/GAS							
100/10-04-027-06-W4/02 ABZ/GAS							
Well U.W.I.							
Status/Type							
100/10-04-027-06-W4/03 FLOWING/GAS							
100/10-04-027-06-W4/00 ABZ/GAS							
100/10-04-027-06-W4/02 ABZ/GAS							
Royalty / Encumbrances							
Royalty Type							
CROWN SLIDING SCALE ROYALTY ALL PRODUCTS							
Product Type Sliding Scale Convertible % of Prod/Sales							
Y N 100.00000000 % of PROD							
Roy Percent: STANDARD							
Deduction:							
Gas: Royalty:							
S/S OIL: Min:							
Other Percent:							
Min Pay:							
Div:							
Min:							
Prod/Sales:							
Prod/Sales:							
Prod/Sales:							

Div:

Min:

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# STRIKER EXPLORATION CORP. Mineral Property Report

File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)			

M00803	PNG	CR	Eff: Sep 08, 2005	256.000	C00592	A No	WI
Sub: A	WI		Exp: Sep 08, 2010	256.000	ELKWATER		35.000000000
ACTIVE	0405090035		Ext: 15	89.600	EAGLE		65.000000000
	ELKWATER						
100.000000000	ELKWATER						

Total Rental: 896.00

Status	Hectares	Net	NPProd:	Hectares	Net
NON PRODUCING Prod:	0.000	0.000		256.000	89.600
DEVELOPED	256.000	89.600	Undev:	0.000	0.000
	0.000	0.000	NPProd:	0.000	0.000

Area: HELMSDALE  
TWP 27 RGE 6 W4M SEC 19  
PNG TO BASE MANNVILLE

Well U.W.I. Status/Type  
100/06-19-027-06-W4/00 STD/GAS

## Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY ALL PRODUCTS	Y	N	100.000000000	% of PROD

Roy Percent:	STANDARD	Min Pay:	Prod/Sales:
Deduction:		Div:	Prod/Sales:
Gas Royalty:		Min:	Prod/Sales:
S/S OIL: Min:			
Other Percent:			

M00808	PNG	CR	Eff: Apr 13, 1995	256.000	C00526	A No	WI
Sub: A	WI		Exp: Apr 12, 2000	256.000	ELKWATER		8.750000000
ACTIVE	0495040033		Ext: 15	22.400	EAGLE		16.250000000
	ELKWATER				NUVISTA		75.000000000
100.000000000	NUVISTA						

Total Rental: 896.00

Status	Hectares	Net	NPProd:	Hectares	Net
NON PRODUCING Prod:	0.000	0.000		256.000	22.400

Area: HEATHDALE  
TWP 27 RGE 8 W4M SEC 22  
PNG TO BASE MANNVILLE

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# STRIKER EXPLORATION CORP. Mineral Property Report

File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)			

(cont'd)

M00808	UNDEVELOPED	Dev:	0.000	0.000	Undev:	256.000	22.400
Sub: A		Prov:	0.000	0.000	NProv:	0.000	0.000

## Royalty / Encumbrances

Royalty Type: CROWN SLIDING SCALE ROYALTY ALL PRODUCTS  
Product Type: Sliding Scale  
Convertible: Y  
% of Prod/Sales: N 100.000000000 % of PROD

Roy Percent:

Deduction:

Gas: Royalty:

S/S Oil: Min:

Other Percent:

STANDARD

Max:

Min:

Min Pay:

Div:

Prod/Sales:

Area : SOUTH DOBSON  
TWP 28 RGE 9 W4M SEC 35  
ALL PNG

M00892	PNG	CR	Eff: May 20, 2010	256.000	C00592	A	No	WI
Sub: A	WI		Exp: May 20, 2015	256.000	ELKWATER			35.000000000
ACTIVE	0410050383			89.600	EAGLE			65.000000000
100.000000000	ELKWATER							
	ELKWATER							

Total Rental: 896.00

Status	Hectares	Net	Hectares	Net
NON PRODUCING Prod:	0.000	0.000	NProd:	89.600
UNDEVELOPED Dev:	0.000	0.000	Undev:	89.600
Prov:	0.000	0.000	NProv:	0.000

## Royalty / Encumbrances

Royalty Type: Product Type  
Sliding Scale  
Convertible: % of Prod/Sales

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File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int. Type / Lse. No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	

(cont'd)

CROWN SLIDING SCALE ROYALTY ALL PRODUCTS Y N 100.000000000 % of PROD

Roy Percent:  
Deduction:  
Gas: Royalty:  
S/S OIL: Min:  
Other Percent:

STANDARD

M00892 A

Min Pay:  
Div:  
Min:

Prod/Sales:  
Prod/Sales:  
Prod/Sales:

**STRIKER EXPLORATION CORP.**  
**Mineral Property Report**

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File Number	File Status	Mineral Int	Lse Type	Lessor Type	Int Type / Lse No/Name	Operator / Payor	Exposure Gross	Oper.Cont	ROFR	DOI Code	Lease Description / Rights Held
							Net	Doi Partner(s)	*	*	
<b>Report Total:</b>											
							7,424,000	Total Net:	2,423,580		
							1,024,000	Prod Net:	358,400	NProd Gross:	6,400,000
							4,352,000	Dev Net:	1,415,680	Undev Gross :	3,072,000
							0,000	Prov Net:	0,000	NProv Gross:	0,000
										NProd Net:	2,065,280
										Undev Net:	1,008,000
										NProv Net:	0,000

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**SCHEDULE "B"**  
**SALES PROCESS MILESTONES**

<b>Milestones</b>	<b>Estimated Completion Date(*)</b>
Finalize brochure / teaser package for sales process	February 6, 2015
NRG to mail out brochure package to mailing list	February 9, 2015
Data room open for qualified bidders / Execute CA's	February 9 to March 19, 2015
Bid Deadline	March 19, 2015: 4:00 pm MDT
Review of bids by Elkwater and Eagle Ranch with NRG	March 19 – 20, 2015
Second round bids (if required)	March 23 – 27, 2015
Selection of successful bidder and agree to a purchase and sale agreement ("PSA") with Elkwater / Eagle Ranch and purchaser	March 23 – April 3, 2015
Facilitate purchaser due diligence	April 3 – April 24, 2015
Court approval of the sale of Eagle Ranch working interest	On or around April 24, 2015
Closing Date	2-3 days of Court Approval

(\*) Elkwater and the Receiver, with the assistance of NRG, will work closing in achieving the above milestones at the estimated completion dates. The estimated completion dates are subject to change depending on circumstance encountered in the sales process and receivership proceedings.