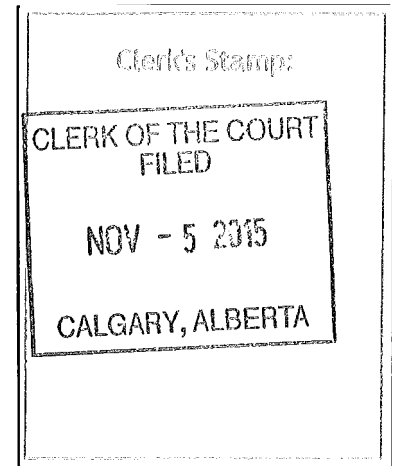


COURT FILE NUMBER 1501-11817
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



APPLICANT

RESPONDENTS BASE MORTGAGE & INVESTMENTS LTD. AND BASE FINANCE LTD.,
ARNOLD BREITKRUETZ, SUSAN BREITKRUETZ, SUSAN WAY, AND GP
ENERGY INC.

DOCUMENT FIRST REPORT OF THE RECEIVER
DATED NOVEMBER 5, 2015
PREPARED BY BDO CANADA LTD.

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

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INTRODUCTION AND BACKGROUND

Introduction

1. On October 15th, 2015, pursuant to an Ex-Parte Order (the “Order”) filed with the Court of Queen’s Bench of Alberta (the “Court”) Justice K. Yamauchi, pursuant to section 13(2) of the Judicature Act, R.S.A. 2000, c.J-2 and section 99(a) of *The Business Corporations Act*, R.S.A. 2000, c.B-9, appointed BDO Canada Limited (hereinafter referred to as “BDO” or the “Receiver”) as Receiver of all current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including (without limitation) (the “Property”) of Base Mortgage & Investments Ltd. and Base Finance Ltd. (“Base Mortgage” and “Base Finance” respectively, or jointly the “Debtors” or the “Companies”). A copy of the Receivership Order is attached as Appendix “A” and can be accessed on BDO’s website at www.extranets.bdo.ca/base/.
2. As part of the Order, Mr. Arnold Breikreutz, his spouse Ms. Susan Breikreutz, the debtors’ sole employee, Ms. Susan Way, Brian Fox, and 334103 Alberta Ltd. (now GP Energy Inc.) were also listed as Respondents, subject to certain terms of the Order.
3. The application was brought by the applicants, Easyloan Corporation and Mike Terrigno. Mr. Terrigno filed affidavits dated October 7, 2015, October 13, 2015, and October 15, 2015 (the “Affidavits”), to support the originating application. A Mr. Robert Comtois also filed an affidavit in support of the application dated October 13, 2015.
4. The Receiver retained Billington Barristers as its independent legal counsel.

Notice to Reader

5. In preparing this report, BDO has relied upon unaudited financial information, the Companies’ records and discussions with former management, interested parties, and the Companies’ stakeholders. The Receiver has not performed an independent review or audit of the information provided.
6. The findings contained herein are based primarily on review of various documents made available to the Receiver and discussions and communications with various parties. The Receiver may alter or refine its observations as further information is obtained or brought to its attention after the date of this report.
7. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this report. Any use which any party makes of this report, or any reliance on or decisions to be made based on it is the responsibility of such party.

Purpose of the Report

8. The purpose of this report is to:
 - (a) Provide the Court with background information about the Companies and their operations;

- (b) Report on the activities of the Receiver since its appointment on October 15th, 2015;
 - (c) Report on the Saddle Lake LLC leases as well as predecessor companies related to these leases and investments related to Mr. Brian Fox; and
 - (d) Outline the relief sought by the Receiver.
9. This report constitutes the first report to the Court of the Receiver (the “First Report”). The First Report is being filed in support of the Receiver’s application to this Honourable Court on November 6, 2015 seeking the following:
- (i) Approval of the reported actions of the Receiver to date in respect of administering these receivership proceedings;
 - (ii) Directing that the funds currently frozen pursuant to the ASC order dated September 29, 2015 be remitted to the Receiver to fund ongoing receivership fees and expenses;
 - (iii) Expand the Receivership Order to include Saddle Lake LLC and all property and assets thereof; and
 - (iv) Expand the Receiver’s powers to include full and complete access to all books and records and financial institution documents wherever situated in the world for the named Defendants, specifically, Mr. Breitzkreutz, Ms. Susan Breitzkreutz, Ms. Susan Way, as well as, Mr. Brian Fox and all companies related to Mr. Brian Fox. These related companies to Mr. Fox include, but are not limited to, Basco Resources Ltd., Basco Resources Inc., Arcana Resources Inc., Arcana Resources Ltd., Renard Resources Inc., Renard Resources Ltd., Kanark Energy Inc., 334103 Alberta Ltd., Powder River Basin Gas Corp., Powder River Petroleum International Inc., Renco Resources Inc., Renco Energy Inc., Renco Energy Corp., Goliad Phoenix Energy LLC, and Saddle Lake Energy LLC.

Background

10. Base Mortgage was formed in 1978 and registered to carry on business in the Province of Alberta. Mr. Arnold Breitzkreutz is the sole director and shareholder. The stated original intent of the business was to act as a mortgage broker. Mr. Breitzkreutz advises that in the last many years, in excess of twenty (20), it has operated as the administrator with only operating costs flowing through this company.
11. Base Finance was incorporated in 1984 and registered to carry on business in the Province of Alberta. Mr. Arnold Breitzkreutz is the sole director and shareholder. The stated intent of the business was to act as the investment company where the investor funds were deposited and distributed. Base Finance paid an administrative fee to Base Mortgage as well as rent. Both companies operated concurrently out of 724 - 55th Avenue SW, Calgary.

12. According to the Receiver's review of investor's filed affidavits, ASC filed affidavits, and discussions with several of the Debtors' investors; the investors of the Base Finance believed that they were investing in first charge security against Alberta based mortgages.
13. The investments by investors were supported by a one page document effectively identical to all investors, with the only difference being the date, interest and time period terms, and amount. Each investment was tracked by a number, name and principal amount. No details related to the type of mortgage were given to the investors.
14. In May 2012, in response to an ASC information request, Mr. Breitzkreutz advised the Alberta Securities Commission (the "ASC") that since 2009, very little brokering had been done as he had a view to retirement.
15. On or around September 24, 2015, the ASC was advised by the Royal Bank of Canada ("RBC") that they had concerns about the validity of the Debtor businesses as a result of a large Not Sufficient Funds ("NSF") cheque issued to Base Finance.
16. Prior to the RBC contacting the ASC, Mr. Breitzkreutz communicated to RBC that Base Finance operated as a mortgage broker; Base Finance had approximately 100 mortgages that were secured on title; all mortgage funds were obtained from investors.
17. In conducting their own review, RBC was of the position that none of the transactions made out of the Base Finance account appeared to be for the purpose of lending for mortgages. The RBC investigator determined that the only RBC account that held funds was that of Base Finance and that many deposits were made to individual investors with memo notations of principal and interest.
18. A historical search of the Debtors' affairs related to an ASC investigation reveal that Base Finance and Mr. Breitzkreutz were investigated in 1992 as well as having responded to various queries in 2012.
19. According to the RBC and verified by the ASC, there is only one active bank account with RBC, the Base Finance account. This account appears to use pooled funds and distributes interest based upon specified terms to investors. There is no indication that any loans were ever made out of Base Finance.
20. Ms. Susan Way was a signing authority on the bank account. Ms. Way was also the signatory on the majority of the mortgage investor certificates. Ms. Way has been an employee with the Debtors since inception.
21. Approximately 240 investors invested approximately \$122 Million in Base Finance, based upon the information provided by Mr. Breitzkreutz and Ms. Way and confirmed through an initial review of the books and records of the Debtors. All records were kept by hand and not electronically.
22. Based upon the initial review of the books and records and pursuant to the many conversations with Ms. Way and Mr. Breitzkreutz, the Receiver has not discovered any

underlying Alberta based mortgages that the Debtors' have invested in for the benefit of their investors.

23. Mr. Breitreutz maintains that the first charge mortgage security that Base Finance holds is on approximately six (6) leasehold interests in the Goliad County region in the State of Texas. These leases are held by Saddle Lake LLC, a company whose sole director and shareholder appears to be Mr. Brian Fox. At the date of incorporation, Mr. John Manolescu was the director for the stated sole purpose of incorporation and execution of documentation. Mr. Manolescu advised the Receiver that he resigned as director. The Receiver has not confirmed this at this time.
24. There is a \$30 Million Deed of Trust, attached as **Appendix B**, payable to Base Finance secured against the leases outlined in the Deed of Trust documents.
25. Mr. Breitreutz advises that Base Finance has been investing in Mr. Fox and his related companies, including, most recently, Saddle Lake LLC since before 2000. Mr. Breitreutz indicated to the Receiver that he does not know how much has been invested in Mr. Fox and his related companies, but it is in the range of \$30 Million to upwards of \$80 Million. Mr. Fox opposes this position.
26. Mr. Breitreutz has told the Receiver that the bulk of the investor funds from Base Finance, in the approximate amount of \$80 Million, was lost when Powder River Petroleum International, Inc., ("Powder River") a public company which Mr. Fox was the sole director, president, CFO, and CEO filed for bankruptcy protection under Chapter 7 of the US Bankruptcy Code.
27. Mr. Breitreutz stated that no significant income was earned by the Debtors after the liquidation of Powder River.
28. In an effort to recover from the approximate \$80 Million in losses Mr. Breitreutz continued to solicit investments from his Base Finance investor group in order to maintain the interest payment and principal redemption requirements of his investor group.
29. Mr. Breitreutz also advises that he continued to forward investor funds to Mr. Fox and his related companies in an effort to recover the leases lost in the Powder River liquidation, as evidenced by the purchase of the Saddle Lake leases and the Deed of Trust.
30. Mr. Breitreutz advised that investor funds in the approximate amount of \$200,000 were used to pay for legal fees related to SEC allegations against Mr. Fox relating to the Powder River actions. Mr. Fox did not quantify the amounts paid to his legal counsel, but did agree that Base Finance helped fund his legal costs.

Actions Taken by the Receiver

31. Pursuant to the Order granted, on October 16, 2015, the Receiver attended the three known locations of the Debtors, concurrently:
 - (a) 242073 Range Road 255 Rural Wheatland County, AB;

(b) 63 Suncastle Bay SE, Calgary, AB; and

(c) 724 - 55th Ave SW, Calgary, AB.

242073 Range Road 255 Rural Wheatland County, AB;

- The Wheatland County property, consisting of a homestead and 40 acres of land, is owned by Base Finance and has a first charge security registered against the mortgage by Terrigno Investments Inc. Mr. Brian Fox lives in this property with his spouse.
- Due to the nature of the seizure, local RCMP escorted the Receiver. Residents of the premises were not given notice of the receivership prior to the Receiver attending the premises. Mr. Brian Fox permitted access to the premises and was served with a copy of the Receivership Order.
- The Receiver searched all floors of the house looking for any documents or property of Base. All other buildings on the 40 acre property were searched. The Receiver obtained the only laptop computer on the premises. The computer was imaged to preserve the contents of the computer at the time of the seizure. The emails and contents of the computer will be reviewed throughout the course of the Receiver's examination.

63 Suncastle Bay SE, Calgary, AB

- The Suncastle home is the residence of Ms. Susan Breitreutz.
- It is held in Mrs. Susan Breitreutz name solely and based on land titles searches was purchased for \$1.4 Million on January 28, 2011. It is the understanding of the Receiver that Mrs. Breitreutz has always been a homemaker and did not earn income.
- Mr. Breitreutz advises that they have been living separate and apart for several months. Mrs. Breitreutz permitted access to the premises and was served with a copy of the Receivership Order.
- The Receiver searched all three floors of the house looking for any documents or property of Base. There were no books and records or computers located on site.

724 - 55th Ave SW, Calgary, AB

- This location is both the corporate premises of the Debtors, and the home of Mr. Breitreutz as a result of the recent marital breakdown.
- Ms. Susan Way, who was working at the location at the time of the seizure, permitted access and was served with a copy of the Receivership Order.
- The Receiver's IT specialist attended at this location and assisted with the seizing and imaging of the computers on site. The technology consisted of a well-aged laptop and desk-top.

- The locks to the premises were changed.
 - A walk through of the entire property was conducted, books and records were located in 3 rooms, 2 offices, and the kitchen. All books and records were seized. Furniture and fixtures remained in place.
 - Given that Mr. Breitzkreutz was discovered to be living at the premises in the basement of the home, the Receiver allowed him to have a key, and did a thorough search of all rooms for books and records prior to leaving the premises. All books and records found by the Receiver were removed and transported to the Receiver's offices.
32. In addition to the simultaneously searched properties listed above, on October 16, 2015 the Receiver also attended the home of Ms. Susan Way and conducted a thorough inspection. No books or records relating to the Debtors were discovered.
 33. The two other residential properties noted in the Order, 728 - 55th Avenue and 735 - 55th Avenue are both rental properties that are currently occupied by unrelated tenants. A title search reflects that 728 is owned by Mr. Breitzkreutz and his spouse, while 735 is owned by GP Energy Inc. (formerly named 334103 Alberta Ltd.) a company owned by Mr. Breitzkreutz.
 34. The Receiver is in the process of registering on title on each of these properties, we have not received confirmation from land titles that this has been completed as they indicated that the Order must state that it shall be registered against all necessary titles forthwith, notwithstanding s. 191 (1) of the Land Titles Act.
 35. Notwithstanding the knowledge of the ASC freeze order, the Receiver sent written requests dated October 16, 2015 to freeze all known bank accounts. As a result of the freeze order, the Receiver did not demand that the funds be remitted. To date, the Receiver has received no funds though these requests.
 36. In addition to the above actions, the Receiver redirected the Debtors' mail to the Receiver.
 37. The Receiver contacted Nissan Canada in relation to the 2015 Nissan Juke noted in the Order. This vehicle is leased by Mr. Breitzkreutz and has no equity. Nissan advises that his October 24, 2015 payment was returned NSF. They further advised that Mr. Breitzkreutz contacted them on or around October 22 to state that he was leaving the country for 6 months and would therefore not be making any payments during this time.

ASSETS

Accounts Receivable

38. The only known accounts receivable of the company relates to funds forwarded on behalf on Saddle Lake LLC by base Finance. Both Mr. Fox and Mr. Breitzkreutz agree that Base Finance paid approximately US\$300,000 to various lawyers, land owners, and

operations staff in an effort to first purchase then try to bring at least one of the wells to production.

39. A review of Saddle Lake LLC records includes several emails from Mr. Brian Fox to various legal counsel referring to Base Finance as the source of funds for the operations of Saddle Lake LLC and requesting that banking go through the Base Finance RBC account.

Saddle Lake and Brian Fox Related Companies

40. Saddle Lake LLC does not appear to be solvent, the only assets held by Saddle Lake LLC are the lease interests previously discussed. All leases are fully secured by virtue of the Deed of Trust held by Base Finance.
41. The nature in which the leases came to be secured by Base Finance appears to be related to an agreement that Base Finance would loan up to \$30 Million to Saddle Lake LLC in return for first charge security against the lease interests.
42. Prior to the leases being owned by Saddle Lake there were several predecessor companies owned by or related to Mr. Fox, which owned these same leases.
43. Mr. Fox and Mr. Breitzkreutz appear to be in agreement with the most recent transactions as set out as follows:
 - (a) The leases now held by Saddle Lake were previously held in Powder River.
 - (b) During the liquidation of Powder River, these leases were sold to a third party, a Mr. John Ehrman.
 - (c) Mr. Ehrman then sold the leases to Goliad Phoenix Energy LLC, a company related to Mr. Fox. Base Finance paid \$30,000 as an initial down payment on the leases that were believed to have value of \$1.5 Million. The \$1.5 Million was to be paid to Mr. Ehrman over a specified period of time. The purchase of these leases was secured by Base with a \$50 Million Deed of Trust Note.
 - (d) The \$50 Million Deed of Trust note appears to not have been valid and Mr. Ehrman was never the legal owner of the leases he sold to Goliad Phoenix Energy LLC.
 - (e) Mr. John Manolescu, at the request of Mr. Brian Fox and Mr. Breitzkreutz, incorporated Saddle Lake LLC to re-purchase these same leases. Base Finance funded the purchase of the leases and paid for legal counsel in the US to secure the registrations to Saddle Lake LLC. Saddle Lake LLC was incorporated on or around October 3, 2014.
 - (f) Mr. Breitzkreutz continued to solicit further investor funds in an effort to raise monies to start production on the Texas wells. There were insufficient funds available in Base Finance to support operations of Saddle Lake LLC. One well was brought to production briefly generating income of US\$5,000-10,000 in a one month period.

- (g) Mr. Fox was actively pursuing a Chinese based investor who had indicated they would invest approximately US\$50 Million into Saddle Lake LLC. This investment was to close in June 2015.
 - (h) Notwithstanding the \$30 Million Deed of Trust. No more than US\$300,000 was ever forwarded by Base Finance to Saddle Lake LLC.
44. Mr. Breitzkreutz has indicated that the entirety of the initial \$80 Million was invested in or loaned to Brian Fox related companies dating back to pre-2000. Mr. Fox vehemently denies any such investments or borrowings.
45. Based on the Receiver's early investigations, we have determined the following as it relates to Fox related corporations:
- (a) **Basco Resources Ltd.**
 - (i) Incorporation appears to be in Oklahoma, however the Receiver has not been able to confirm at this time. Alberta Corporate Registry has no record of this company.
 - (ii) An Oil & Gas Lease Mortgage to Base Finance, was filed on March 27, 1985 in the amount of \$1.5 Million.
 - (iii) A Line of Credit Agreement in the amount of \$1.5 Million with Base Finance was executed on April 1, 1985.
 - (b) **Basco Investments Ltd.**
 - (i) Incorporation appears to be in Oklahoma, however the Receiver has not been able to confirm at this time. It has been confirmed, by an Alberta Corporate Registry search that the company was incorporated in Alberta on July 18, 1980 and struck as of January 1, 1984.
 - (ii) An Oil & Gas Lease Mortgage to Base Finance, was filed on March 27, 1985 in the amount of \$1.5 Million.
 - (iii) A Line of Credit Agreement in the amount of \$1.5 Million with Base Finance was executed on April 1, 1985.
 - (c) **Arcana Resources Inc.**
 - (i) Incorporated in Oklahoma on November 22, 1985 as indicated by the incorporation documents located in the Debtor's books and records. Alberta Corporate Registry has no record of this company.
 - (ii) Arcana Resources Inc. and Arcana Resources Ltd. assumed the entire asset structure of Basco Resources Ltd. and Basco Investments Ltd. as indicated by a signed acknowledgment dated July 30, 1986.

- (iii) A Line of Credit Agreement in the amount of \$3 Million with Base Finance was executed on April 24, 1987
 - (iv) An Oil & Gas Lease Mortgage to Base Finance, was filed on April 30, 1987 in the amount of \$1 Million.
 - (v) An Oil & Gas Lease Mortgage to Base Finance, was filed on April 30, 1987 in the amount of \$2 Million.
- (d) **Arcana Resources Ltd.**
- (i) It has been confirmed, by an Alberta Corporate Registry search that the company was incorporated in Alberta on December 2, 1985 and struck as of June 1, 1990.
 - (ii) Arcana Resources Inc. and Arcana Resources Ltd. assumed the entire asset structure of Basco Resources Ltd. and Basco Investments Ltd. as indicated by a signed acknowledgment dated July 30, 1986.
 - (iii) A Promissory Note to Base Finance in the amount of \$2.8 Million was signed on July 30, 1986 by Mr. Brian Fox.
- (e) **Renard Resources Inc.**
- (i) Incorporated in Oklahoma on December 17, 1993 as indicated by the incorporation documents located in the Debtor's books and records. Alberta Corporate Registry has no record of this company.
 - (ii) Renard Resources Inc. assumed all outstanding loans regarding Arcana Resources Inc., Arcana Resources Ltd., Basco Investments Ltd., Mr. Brian Fox and any other entity controlled by Mr. Fox as indicated by a signed acknowledgment dated December 20, 1993.
- (f) **Renard Resources Ltd.**
- (i) It has been confirmed, by an Alberta Corporate Registry search that the company was incorporated in Alberta on November 23, 1992 and struck as of May 2, 2015.
 - (ii) The company filed a Division I Proposal in 2003. Base Finance filed a proof of claim in this Proposal in the amount of \$13.3 Million. Base Finance received 3.3 Million shares of Renco Resources Inc. as distribution from the Proposal.
- (g) **Renco Resources Inc.**
- (i) It has been confirmed, by a British Columbia Corporate Registry search that the company was incorporated in British Columbia on April 11, 1983 and cancelled as of October 6, 2000.

- (ii) Base Finance received 5 Million shares in Renco Resources Inc. in trust from Renard Resources Inc. as indicated by within the Debtor's books and records dated May 18, 1999.
 - (iii) Base Finance purchased 1.8 Million shares of Renco Resources Inc. on April 30, 2003
- (h) **Renco Energy Inc.**
 - (i) Incorporation appears to be in Oklahoma, however the Receiver has not been able to confirm at this time. Alberta Corporate Registry has no record of this company.
 - (ii) The books and records of the Debtor's indicate that this company is a wholly owned subsidiary of Renco Resources Inc.
 - (iii) A Line of Credit Agreement in the amount of \$250,000 with Base Finance was executed on March 15, 1999.
 - (iv) A Mortgage of Interest in Lease to Base Finance in the amount of \$7 Million was executed on July 1, 2009. The property relating to this agreement appears to be located in Osage County in the State of Oklahoma.
- (i) **Renco Energy Corp.**
 - (i) It has been confirmed, by an Alberta Corporate Registry search that the company was incorporated in Alberta on May 18, 1995 and struck as of November 2, 2014.
- (j) **Kanark Energy Inc.**
 - (i) Incorporation appears to be in Arkansas, however the Receiver has not been able to confirm at this time. Alberta Corporate Registry has no record of this company.
 - (ii) A Mortgage of Interest in Lease to Base Finance in the amount of \$25 Million was executed by Kanark Energy Inc. on July 1, 2010. The property relating to this agreement appears to be located in Crawford and Franklin County in the State of Arkansas.
- (k) **Powder River Basin Gas Corp.**
 - (i) Incorporation appears to be in Oklahoma, however the Receiver has not been able to confirm at this time. Alberta Corporate Registry has no record of this company.
 - (ii) The books and records of the Debtor's indicate that the company is a wholly owned subsidiary of Renco Resources Inc.

- (iii) Base Finance received 7 Million shares in Powder River Basin Gas Corp. as indicated by the share certificates within the Debtor's books and records.
 - (iv) Powder River Basin Gas Corp. assumed all personal guarantees of Mr. Brian Fox as indicated by a signed letter dated December 8, 2005. The amounts of the personal guarantees were not specified.
 - (l) **Powder Petroleum International Inc. (previously Powder River Basin Gas Corp.).**
 - (i) A Court appointed Receivership (first Chapter 11 then Chapter 7 under the US Bankruptcy Code) was filed on July 14, 2008. Mr. Fox was charged by the SEC for materially misleading the investing public by fraudulently inflating revenue and assets, and omitting major liabilities.
46. The delta between the alleged \$80 Million investment into Fox related corporations and the \$122 Million on the Notice and Statement of the Receiver appears to relate to, according to Mr. Breitzkreutz, soliciting new investments in order to keep up with the interest and principal redemption obligations of the investor group.
47. At this early stage of the Receiver's investigations, we have been unable to determine the authenticity of either of Mr. Breitzkreutz or Mr. Fox's position. We are continuing to review the inflow and outflow of funds as evidenced in the source documentation available.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

48. The Receiver has not prepared a Statement of Receipts and Disbursements to date however, a great deal of work has been performed by the Receiver and their agents. Significant professional fees have been incurred to date in our efforts to preserve, protect, and investigate the affairs of the Debtors. Additionally, to ascertain the existence and preserve the interest in the potential US assets the Receiver has identified, it will require retaining a US legal counsel and agents as necessary.
49. The Receiver has not identified any Canadian mortgages or any non-exempt property of the Debtors other than the Debtor's funds frozen by the ASC.
50. The funds frozen by the ASC appears to consist of money advanced by investors. Some of this money was advanced very recently in a transaction dated September 24, 2015 in the amount of \$500,000. The Receiver takes the position that these funds, once deposited, become irreparably co-mingled with other investor's funds, and in the absence of a trust, which appears to be the case, each of the investors should share equally in any and all funds on hand with the Debtors. It would follow that all creditors will benefit by the Receiver's actions and investigations and, at some point in the future, a claims process to determine the priorities of each creditor will be established by the Receiver and any funds will be systematically distributed in accordance with the same. The Receiver does not have any funds to continue performing its duties as ordered.

RELIEF SOUGHT

51. The receiver respectfully submits this report and seeks the direction of this Honourable Court on the following:

- (i) Approval of the reported actions of the Receiver to date in respect of administering these receivership proceedings;
- (ii) Directing that the funds currently frozen pursuant to the ASC be remitted to the Receiver to continue preserving and investigating the affairs of the Debtors and various related parties;
- (iii) Expand the Receivership Order to include Saddle Lake LLC and all property and assets thereof; and
- (iv) Direction for the named Respondents specifically, Mr. Breitzkreutz, Mrs. Susan Breitzkreutz, and Ms. Susan Way, as well as Mr. Brian Fox and all of his related companies both in the US and Canada, to provide full and complete access to all books and records, and financial institution documents, located both in and out of Canada.
- (v) Directing that the Registrar of Land Titles shall register a copy of the Order against all titles referred to, or which the Receiver directs, forthwith and notwithstanding the provisions of s. 191(1) of the *Land Titles Act*, RSA 2000, c L-4 as am.

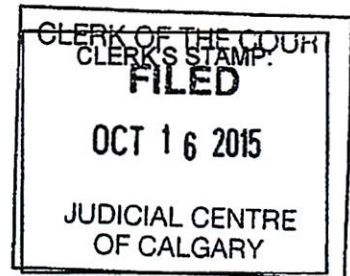
BDO CANADA LIMITED, solely in its capacity as Court Appointed Receiver (as defined in the Order), and not in its personal capacity

Per: _____


Name: Craig A. Fryzuk

Title: Senior Vice-President

APPENDIX "A"



COURT FILE NUMBER: 1501-11817
COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE: CALGARY
PLAINTIFFS / APPLICANTS: EASYLOAN CORPORATION AND MIKE TERRIGNO
DEFENDANTS / RESPONDENTS: BASE MORTGAGE & FINANCE LTD. AND BASE FINANCE LTD., ARNOLD BREITKRUEZT, SUSAN BREITKRUEZT, SUSAN WAY AND GP ENERGY INC.
DOCUMENT: ORDER
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Riverside Law Office
4108 Montgomery View NW
Calgary, AB T3B 0L9
Christopher Souster
Direct: (403) 685-4224
File: 3097

DATE ON WHICH THIS ORDER WAS PRONOUNCED: October 15, 2015
LOCATION OF HEARING: Calgary, Alberta
NAME OF JUSTICE WHO MADE THIS ORDER: Justice K. Yamauchi

UPON THE APPLICATION of the Plaintiffs, Easyloan Corporation and Mike Terrigno; AND UPON having read the Application, the Affidavits of Mike Terrigno sworn on October 15, 2015, filed; AND UPON reading the consent of BDO Canada Limited to act as receiver by way of equitable execution (the "Receiver") of Base Mortgage & Finance Ltd and Base Finance Ltd. ("Base Mortgage" and "Base Finance" or jointly the "Debtors"), filed; AND UPON hearing *ex parte* counsel for the Plaintiffs, Easyloan Corporation and Mike Terrigno, and counsel for BDO Canada Limited, the proposed receiver; AND UPON being advised that the Alberta Securities Commission has been advised of the within Application, and upon hearing from counsel for the Alberta Securities Commission; AND UPON being

advised that the neither the Applicants or the Receiver shall be seeking relief against the Alberta Securities Commission or the Director thereof.

IT IS HEREBY ORDERED AS FOLLOWS:

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2 and section 99(a) of *The Business Corporations Act*, R.S.A. 2000, c.B-9, BDO Canada Limited is hereby appointed Receiver, without security, of all of the Debtors' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including (without limitation):
 - (a) funds on deposit in bank accounts of the Debtors, respectively (the "Frozen Accounts"), as such Frozen Accounts are more particularly known to the Alberta Securities Commission and which have been frozen, described as Britannia Branch 1004050 - Transit Number 2649003.
 - (b) all Records (as hereinafter defined in paragraph 6 hereof) of the Debtor which are located or situated in, on or about the Subject Premises (as hereinafter defined in paragraph 3(t) hereof); and
 - (c) all Records (as hereinafter defined in paragraph 6 hereof) which are located or situated in, on or about the subject premises (as hereinafter defined in paragraph 3(t) hereof) which describe, pertain or in any way directly or indirectly relate to any one or more of:

- (i) 2015 Nissan Juke automobile, license plate #BJT 501. SN# JN8AF5MV2FT560636.
- (ii) Meridian 4 Range 25 Township 24, Section 17 (North halves of legal subdivisions 13 and 14 in the north west quarter containing approximately 16.2 hectares (Reference 0211599).
- (iii) including the Deed of Trust Note dated November 5, 2013 between Goliad Phoenix Energy LLC, a Texas LLC and Base Finance Ltd. ; and The Deed of Trust, Security Agreement and Assignment of Rental in which the Debtors have an interest as between Saddle Lake Energy LLC and Robert Carl Bedgood, Trustee, all of the State of Texas;
- (iv) Other properties as set out in the table below:

Property Address	Owner	Relation to Arnold B.	Legal Description
63 SUNCASTLE BAY SE Calgary Alberta	SUSAN ERBTKREUTZ	Wife	PLAN S120677; BLOCK 25; LOT 20 EXCEPTING THEREOUT ALL OILS AND MINERALS
725, 55th Ave SW Calgary Alberta	234203 ALBERTA LTD.	Same owner and Director	PLAN 390258; BLOCK 27; LOT 9 RESERVING UY TO HER MAJESTY ALL COAL
724, 55th AVE SW Calgary Alberta	ARNOLD ERBTKREUTZ		PLAN 1583A9; BLOCK 24, THE EASTERN 50 FEET THROUGHOUT OF ALL THAT PORTION OF LOT 8 WHICH IS SHOWN ON PLAN 1583B0 AND THEREON OUTLINED IN RED EXCEPTING THEREOUT ALL OILS AND MINERALS
723, 55th AVE SW Calgary Alberta	ARNOLD ERBTKREUTZ & SUSAN ERBTKREUTZ		PLAN 1553E0; THE WEST 50 FEET OF THE SOUTH 120 FEET OF THE PARCEL EXCEPTING THEREOUT ALL COAL

(all of such current and future assets, undertakings and properties hereinafter collectively described as the "Property").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered

and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) subject to paragraphs 4, 4A and 4B hereof, to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, legal counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;

- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and

- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 shall not be required.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers;

- (t) subject to paragraph 4 hereof, to 724, 728 and 735 - 55 Ave SW Calgary, AB T2V 0G3, 63 Suncastle Bay SE Calgary Alberta, enter onto and inside the premises bearing the civic address without notice to, or consent from, any registered owner, landlord, tenant or person residing in or occupying the Subject Premises, for the purpose of locating, identifying and taking possession and control of the Property. The Subject Premises includes the business premises of the Base Corporations, the personal residences and business premises of Arnold Breitkruetz, Susan Breitkruetz, Susan Way and Brian Fox, together with their automobiles, storage facilities and any premises upon which computing devices or discs or electronic storage devices are located belonging to such Persons;
- (u) subject to paragraph 4 hereof, to take whatever steps are required by the Receiver in order to gain access to and to enter the Subject Premises, for the purpose of locating, identifying and taking possession and control of the Property;
- (v) subject to paragraph 4 hereof, to take whatever steps are required by the Receiver in order to gain access to any locked or secured cabinet, container, safe, safety deposit box, door, security system, room, suite, or computer (whether password-protected or otherwise) located in, upon or about the Subject Premises, for the purpose of locating, identifying and taking possession and control of the Property;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

4. Any search of the Subject Premises which is carried out by or on behalf of the Receiver for the purpose of locating, identifying and taking possession and control of the Property:

- (a) shall take place between the hours of 9:00 a.m. and 5:00 p.m. on any day of the week other than Sunday;
- (b) if not completed prior to 5:00 p.m. on any particular day, may be completed between 9:00 a.m. and 5:00 p.m. on a subsequent day (other than a Sunday); and
- (c) shall involve no more than five persons carrying out such search, including up to two employees of BDO CANADA LIMITED and up to three contractors or agents whose assistance, services or expertise the Receiver may require, including (without limitation) legal counsel, locksmiths, bailiffs, computer technicians and peace officers.

4A. In the event that any Person (as hereinafter defined in paragraph 5 hereof) claims that any one or more of the Records (as hereinafter defined in paragraph 6 hereof) is subject to a claim of privilege in favour of such Person (the "Claimant"), or is subject to a claim of ownership in favour of the Claimant, then such Record(s) shall be dealt with as follows:

- (a) such Record(s) shall be identified and segregated by the Claimant in the presence of the Receiver;
- (b) all Record(s) so identified and segregated shall be sealed and left in the possession or control of the Receiver;
- (c) all Record(s) so identified, segregated, sealed and left in the possession or control of the Receiver shall not be shown by the Receiver to any Person (as hereinafter defined in paragraph 5 hereof) other than representatives of the Receiver and legal counsel to the Receiver; and
- (d) all Record(s) so identified, segregated, sealed and left in the possession or control of the Receiver shall not be further dealt with until the Receiver is directed to deal with same:

- (i) by agreement between the Receiver and the Claimant; or
- (ii) by further Order of the Court.

4B. The delivery of Record(s) to the Receiver in accordance with the provisions of paragraph 4A of this Order shall not, in and of itself, constitute a waiver of any solicitor-client privilege which may attach to such Record(s).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

- 5. (i) The Debtors, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, including (without limitation) described as Britannia Branch 1004050 - Transit Number 2649003. and the Alberta Securities Commission (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
- 6. All Persons shall forthwith advise the Receiver of the existence of any 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 the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this

paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure. Without limiting the generality of the foregoing, such Persons include Arnold Breitkruetz, Susan Breitkruetz, Susan Way and Brian Fox.

7. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.
- 7A. At the request of the Receiver, a representative of the Calgary Police Service and/or a representative of the Royal Canadian Mounted Police shall attend at the Subject Premises for the purposes of keeping the peace, preventing any actual or apprehended breaches of the peace and assisting the Receiver in ensuring compliance with and execution of this Order.

NO PROCEEDINGS AGAINST THE RECEIVER

8. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8.

NO EXERCISE OF RIGHTS OF REMEDIES

10. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent

of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined in section 11.1(1) of the *Companies' Creditors Arrangement Act*) with the Debtor from terminating such contract or exercising any rights of set-off, in accordance with its terms.

CONTINUATION OF SERVICES

12. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time,

net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.
15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal

information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
 - (a) complies with the order, or

- (b) on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage; and
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - (a) the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - (b) the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the BIA or any other applicable legislation.

RECEIVER'S ACCOUNTS

17. Any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").

18. The Receiver and its legal counsel shall pass their accounts from time to time.
19. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.
21. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
23. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

24. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

25. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
26. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
27. The Receiver shall incur no personal or corporate liability or obligation as a result of its appointment or the fulfillment of its duties in carrying out the provisions of this Order, save and except for instances (if any) of gross negligence or wilful misconduct on its part.
28. Any liability of the Receiver whatsoever arising out of or from its appointment or the exercise of its powers hereunder shall be limited in the aggregate to the total remuneration earned by the Receiver in the carrying out of its duties under this Order.

29. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
30. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.
31. The Applicants are directed to file a Statement of the Claim in the within action to reflect the Defendants/Respondents to the within order. The clerk of the Honourable Court is directed to file the within order notwithstanding the style of cause is inconsistent with the style of the existing action.
32. The Plaintiffs, Easyloan Corporation and Mike Terrigno shall have their costs of this motion, up to and including entry and service of this Order, on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate in priority to all other claims against the Debtor's estate. The Plaintiffs, Easyloan Corporation and Mike Terrigno, shall have leave to reapply to the Court for additional costs (and indemnity from the Debtor's estate in respect of same) in the event that they determine that circumstances warrant such an application.
33. Any interested party may apply to this Court to vary or amend this Order on not less than 2 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

34. The Applicants shall file an Undertaking in Damages as to the Injunctive Relief granted herein.

"K. Yamauchi"
J.C.C.Q.B.A.

APPROVED AS ORDER GRANTED[*]

ENTERED this 16 day of October, 2015.

CLERK OF THE COURT

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of [DEBTOR'S NAME] appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the _____ day of _____, _____ (the "Order") made in action numbers _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ 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] [monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ 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 _____.
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 _____ day of _____, 20__.

[RECEIVER'S NAME], solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____
Name:
Title:

APPENDIX "B"

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

DEED OF TRUST, SECURITY AGREEMENT AND ASSIGNMENT OF RENTAL

THE STATE OF TEXAS
COUNTY OF GOLIAD

§ KNOW ALL MEN BY THESE PRESENTS:
§
§

THAT the undersigned, Saddle Lake Energy LLC, hereinafter referred to as "Grantor," whether one or more, of the County of Goliad, and State of Texas, in consideration of the sum of Ten Dollars (\$10.00) to Grantor in hand paid, the receipt and sufficiency of which is hereby acknowledged, and in further consideration of the uses, purposes and trusts herein set forth and declared, have Granted, Bargained and Sold, and by these presents do Grant, Bargain, Sell, Alienate, Convey and Confirm unto Robert Carl Bedgood, Trustee, hereinafter referred to as "Trustee," all of the property described in paragraphs A, B and C, immediately following, to-wit:

- A. All of the Grantor's present or future acquired interest in and to the following described real estate and leases, together with all buildings and improvements now or hereafter situated thereon, located in Goliad County, Texas, and more particularly described in attached Exhibit "A," such real estate, buildings and improvements being herein after sometimes called the "Land."
B. All fixtures, equipment, inventory and personal property in which Grantor now has, or at any time hereafter acquires, an interest, and which are now, or at anytime hereafter, situated in, on or about the Land, including, but not limited to, all heating, lighting, refrigeration, plumbing, ventilating, incinerating, water-heating, cooking, radio communication, electrical, dishwashing and air-conditioning equipment, and all appliances, furniture, engines, machinery, elevators, pumps, motors, compressors, boilers, condensing units, doors, windows, window screens, disposals, range hoods, tables, chairs, drapes, rods, beds, springs, mattresses, lamps, bookcases, cabinets, sprinklers, hoses, tools, lawn equipment, sofas, dressers, mirrors, televisions, radios, speakers, electrical wiring, pipe and floor coverings, and all renewals, replacements and substitutions thereof and additions thereto (all property described or referred to in this paragraph B being hereinafter sometimes called "Accessories"). Grantor agrees that the Accessories are and will be a part of and affixed to the Land.
C. All other interest of every kind and character which Grantor now has or at any time hereafter acquires in and to the property described or referred to in Paragraphs A and B preceding and all property which is used or useful in connection with the Land and Accessories.

D. All other interest of every kind and character which Grantor now has or at any time hereafter acquires in and to the property described or referred to in any modifications, addendums and/or supplements to this Deed of Trust and all property which is used or useful in connection with the Land and Accessories.

All property and interest described or referred to in paragraphs A, B, and C preceding and any property added to this Deed of Trust by future modifications, addendums and/or supplements is sometimes hereinafter referred to collectively as the "Mortgaged Property."

TO HAVE AND TO HOLD the Mortgaged Property, together with all and singular the rights, hereditaments and appurtenances in anyway appertaining or belonging thereto, unto Trustee, and his successors or substitutes in this trust, and his and their assigns, in trust and for the uses and purposes hereinafter set further, forever.

Grantor, for Grantor and Grantor's successors, hereby agrees to warrant and forever defend, all and singular, the Mortgaged Property unto Trustee, and his successors or substitutes in this trust, and to his and their assigns, forever, against every person whomsoever lawfully claiming or to claim the same or any part thereof. As used herein, the term "Grantor's successors" means each and all of the successors, assigns, executors, heirs, administrators and legal representatives of Grantor, both immediate and remote.

Grantor hereby grants to the Mortgagee hereinafter named, and to the successors and assigns of Mortgagee, a security interest in the Mortgaged Property, and each and every part thereof, and in all proceeds from the sale, lease or other disposition thereof and in all sums, proceeds, funds and reserves described or referred to in Sections 5.7, 5.8 and 5.9 hereof; provided, that the grant of a security interest in proceeds shall not be deemed to authorize any action otherwise prohibited herein.

ARTICLE I The Obligation

Section 1.1. This Deed of Trust (as used herein, the expression "this Deed of Trust" shall mean this Deed of Trust, Security Agreement and Assignment of Rental), and all rights, titles, interests, liens, security interests, powers and privileges created hereby or arising by virtue hereof, are given to secure payment and performance of the following indebtedness, obligations and liabilities: (a) the indebtedness evidenced by that certain promissory note ("Note") of even date herewith executed by Grantor, payable to the order of Base Finance Ltd., an Alberta, Canada corporation (hereinbefore and hereinafter referred to as "Mortgagee"), at 724 - 55 Avenue SW, Calgary, AB T2V 0G3 or such other place as Payee may designate in writing, said Note being in the original principal amount of \$30,000,000.00, bearing interest as therein specified, containing an attorney's fee clause, interest, and principal being payable as therein specified, finally maturing on October 2, 2018 and being upon the other terms and conditions therein stipulated, to which Note reference is here made for all pertinent purposes; (b) all indebtednesses, obligations and liabilities arising pursuant to the provisions of this Deed of Trust; and (c) any and all renewals or extensions of all or any part of the indebtednesses, obligations and liabilities described or

referred to in Subsections 1.1(a) and 1.1(b) preceding. The word "Obligations," as used herein, shall mean all of the indebtednesses, obligations and liabilities described or referred to in Subsections 1.1(a), 1.1(b) and 1.1(c) preceding. The word "Holder," as used herein, shall mean the holder or holders of the Obligation at the time in question.

ARTICLE II Certain Representations, Warranties and Covenants of Grantor

Section 2.1. Grantor represents and warrants that: (a) Grantor has authority to execute and deliver this Deed of Trust; (b) the Accessories are and will be used as equipment in Grantor's business and not as inventory, or as goods leased or held for lease by Grantor but not held for sale; (c) the statements contained in this Deed of Trust concerning Grantor's mailing address are true and correct; (d) with respect to each Grantor who is an individual, no part of the Mortgaged Property constitutes a part of his business or residential homestead; and (e) Grantor is lawfully seized of the Mortgaged Property.

Section 2.2. Grantor, for Grantor and Grantor's successors, covenants and agrees to: (a) pay or cause to be paid, before delinquent, all lawful taxes and assessments of every character in respect of the Mortgaged Property, or any part thereof and from time to time, upon request of Holder, to furnish to Holder evidence satisfactory to Holder of the timely payment of such taxes and assessments; (b) carry insurance with respect to the Mortgaged Property with such insurers, in such amounts and covering such risks as shall be satisfactory to Holder, including, but not limited to, insurance against loss or damage by fire, lightning, hail, windstorm, explosion, hazards, casualties and other contingencies; provided that in the absence of written direction from Holder, the insurance shall not be less than the full insurable value of the Mortgaged Property or the amount of the Obligation, whichever is less; (c) cause all insurance so carried to be payable to Holder as its interest may appear, to stipulate that same can be cancelled only upon thirty days written notice to Holder, to deliver the policies of insurance to Holder, and, in the case of all policies of insurance carried by each Lessee (as that term is hereinafter defined) for the benefit of Grantor, to cause all such policies to be payable to Holder as its interest may appear; (d) pay, or cause to be paid, all premiums for such insurance at least thirty days before such premiums become due, to furnish to Holder satisfactory proof of the timely making of such payments and to deliver all renewal policies to Holder at least thirty days before the expiration date of each expiring policy; (e) comply with all valid governmental laws, ordinances and regulations applicable to the Mortgaged Property and its ownership, use and operation, and to comply with all, and not violate any easements, restrictions, agreements, covenants, and conditions with respect to or affecting the Mortgaged Property, or any part thereof; (f) at all times maintain, preserve and keep the Mortgaged Property in excellent repair and condition, and from time to time make all necessary and proper repairs, replacements and renewals, and not to commit or permit any waste on or of the Mortgaged Property, and not to do anything to the Mortgaged Property that may impair its value; (g) promptly pay all bills for labor and materials incurred in connection with the Mortgaged Property and never to permit to be fixed against the Mortgaged Property, or any part thereof, any lien or security interest, even though inferior to the liens and security interests hereof, for any such bill which may be legally due and payable, and never to permit to be created or exist in respect of the Mortgaged Property, or any part thereof,

any other or additional lien or security interest on a parity with or superior to the liens and security interests hereof; (h) at any time and from time to time, upon request by Holder, forthwith, execute and deliver to Holder any and all additional instruments and further assurances, and do all other acts and things as may be necessary or proper, in Holder's opinion, to effect the intent of these presents, more fully evidence and perfect the rights, titles, liens and security interests herein created or intended to be created and protect the rights, remedies, powers and privileges of Holder hereunder; (i) from time to time, upon request of Holder, promptly furnish to Holder such financial statements and reports relating to Grantor and Grantor's business affairs as Holder may request; (j) if Grantor is a corporation, continuously maintain Grantor's corporate existence and its right to do business in Texas and in each other state where any part of the Mortgaged Property is situated; (k) not, without the prior written consent of Holder (which consent may be withheld with or without cause), sell, trade, transfer, assign, exchange or otherwise dispose of the Mortgaged Property, or any part thereof, except items of the Accessories which have become obsolete or worn beyond practical use and which have been replaced by adequate substitutes having a value equal to or greater than the replaced items when new; (l) pay and perform all of the Obligation in accordance with the terms thereof or hereof, or when the maturity thereof may be accelerated in accordance with the terms thereof or hereof; (m) promptly deliver to Holder the terms of any sale of the Mortgaged Property, or any part thereof, and pay to Holder a reasonable fee each time title to the Land or any part thereof is transferred, to reimburse Holder and anyone acting on behalf of Holder for time spent and expenses incurred as a result of each such transfer; provided, however, that neither this Subsection (m) nor Sections 5.5, 5.9, 5.11 and 5.13 hereof shall be construed to impliedly or expressly authorize any action by Grantor contrary to Subsection 2.2(k) preceding; (n) upon request of Holder, deliver to Holder, within sixty days after the end of each calendar year, then current annual statements itemizing the income and expenses of the Mortgaged Property, all in such detail as shall be satisfactory to Holder; (o) at any time any law shall be enacted imposing or authorizing the imposition of any tax upon this Deed of Trust, or upon any rights, titles, liens or security interests created hereby, or upon the Obligation, or any part thereof, immediately pay all such taxes; provided that, in the alternative, Grantor may, in the event of the enactment of such a law, and must, if it is unlawful for Grantor to pay such taxes, prepay the Obligation in full within sixty days after demand therefore by Holder; (p) at any time and from time to time, furnish promptly, upon request, a written statement or affidavit, in such form as shall be satisfactory to Holder, stating the unpaid balance of the Obligation and that there are not offsets or defenses against full payment of the Obligation and the terms hereof, or, if there are any such offsets and defenses, specifying them; (q) at the option of Holder, pay, to cover collection expense, a late charge not exceeding four percent of the full amount, including principal, interest and taxes and insurance escrow payments, of any payment on the Obligation made more than fifteen days after the date of which such payment was due; (r) punctually and properly perform all of Grantor's covenants, duties and liabilities under any other security agreement, mortgage, deed of trust, collateral, pledge agreement, contract or assignment of any kind now or hereafter existing as security for or in connection with payment of the Obligation, or any part thereof (each such being herein called "other security instrument"); (s) allow Holder to inspect the Mortgaged Property and all records relating thereto or to the Obligation, and to make and take away copies of such records; and (t) not cause or permit the Accessories, or any part thereof, to be removed from the County and State where the Land is located, except items of the Accessories which have become obsolete or worn beyond practical use and which have been replaced by adequate substitutes having a value

equal to or greater than the replaced items when new.

Section 2.3. Grantor represents and warrants and covenants and agrees that (i) Grantor has not used and will not use and, to the best of Grantor's knowledge, no prior owner or current or prior tenant, subtenant, or other occupant of all or any part of the Property has used or is using hazardous material (as that term is hereinafter defined) on, from or affecting the Property in any manner that violates any laws pertaining to hazardous materials applicable to Grantor or to the Property; (ii) to the best of Grantor's knowledge, no hazardous materials have been disposed of on the Property nor have any hazardous materials migrated onto the Property, in either event in violation of any laws pertaining to hazardous materials applicable to Grantor or to the Property; and (iii) Grantor will not permit or suffer any such violation of any laws pertaining to hazardous materials applicable to Grantor or to the Property.

Section 2.4. In the event that any investigation, site monitoring, containment, clean-up, removal, restoration or other remedial work of any kind or nature (hereinafter referred to as the "remedial work") is required under any laws pertaining to hazardous materials applicable to Grantor or to the Property, because of, or in connection with, the current or future presence, suspected presence, release or suspected release of a hazardous material in or about the air, soil, ground water, surface water or soil vapor at, on, about, under or within the Property (or any portion thereof), Grantor shall within the time periods required by the applicable laws pertaining to hazardous materials, commence and thereafter diligently prosecute to completion, all such remedial work. All remedial work shall be performed by contractors reasonably approved in advance by Lender and under the supervision of a consulting engineer reasonably approved by Lender. All costs and expenses of such remedial work shall be paid by Grantor including, without limitation, Lender's reasonable attorneys' fees and costs incurred in connection with monitoring or review of such remedial work. In the event Grantor shall fail to timely prosecute to completion such remedial work, Lender may, but shall not be required to, cause such remedial work to be performed and all costs and expenses thereof or incurred in connection therewith, shall be immediately due and payable by Grantor to Lender and shall become part of the indebtedness.

Section 2.5. Grantor shall provide Lender with prompt written notice (a) upon Grantor's becoming aware of any release or threat of release of any hazardous materials upon, under or from the Property in violation of any laws pertaining to hazardous materials applicable to Grantor or to the Property, (b) upon Grantor's receipt of any notice from any federal, state, municipal or other governmental agency or authority in connection with any hazardous materials located upon or under or emanating from the Property; and (c) upon Grantor's obtaining knowledge of any incurrence of expense, for which Grantor or the Property could be liable, by any governmental agency or authority in connection with the assessment, containment or removal of any hazardous materials located upon or under or emanating from the Property.

ARTICLE III

Respecting Defaults and Remedies of Holder

Section 3.1. The term "Default," as used herein, shall mean the occurrence of any one or more of the following events: (a) the failure of Grantor to pay the indebtedness evidenced by the

Note, or any part thereof, as it becomes due in accordance with the terms of the Note or other instruments which evidence it, or when accelerated pursuant to any power to accelerate; or (b) the failure of Grantor punctually and properly to perform any covenant, agreement or condition contained herein, or in the Note, or any renewal or extension thereof, or in any other security instrument; or (c) the execution by Grantor of an assignment for the benefit of creditors; or (d) the levy against the Mortgaged Property, or any part thereof, of any execution, attachment, sequestration or other writ; or (e) the appointment of a receiver of Grantor, or of the Mortgaged Property, or any part thereof; or (f) the adjudication of Grantor as a bankrupt; or (g) the filing by Grantor either of a petition or answer for an adjudication as a bankrupt or seeking any other relief under any bankruptcy, reorganization, debtor's relief of insolvency law now or hereafter existing; or (h) the receipt by Holder of information establishing that any representation or warranty made by Grantor herein, or in any other document delivered by Grantor to Holder in connection herewith is false, misleading, erroneous or breached.

Section 3.2. Upon a Default, Holder may, at its option, do any one or more of the following:

- (a) If Grantor has failed to keep or perform any covenant whatsoever contained in this Deed of Trust, Holder may, but shall not be obligated to any person to do so, perform or attempt to perform said covenant, and any payment made or expense incurred in the performance or attempted performance of any such covenants shall be a part of the Obligation, and Grantor promises upon demand, to pay to Holder, at the place where the Note is payable, or at such other place as Holder may direct by written notice, all sums so advanced or paid by Holder, with interest at the rate of ten percent per annum from the date when paid or incurred by Holder. No such payment by Holder shall constitute a waiver of any Default. In addition to the liens and security interest hereof, Holder shall be subrogated to all rights, titles, liens and security interests securing the payment of any debt, claim, tax or assessment for the payment of which Holder may make an advance, or which Holder may pay.
- (b) Holder may, without notice, demand or presentment, which are hereby waived by Grantor and all other parties obligated in any manner whatsoever on the Obligation, declare the entire unpaid balance of the Obligation immediately due and payable, and upon such declaration the entire unpaid balance of the Obligation shall be immediately due and payable.
- (c) Holder may request Trustee to proceed with foreclosure, and in such event Trustee is hereby authorized and empowered, and it shall be his special duty, upon such request of the Holder, to sell the Mortgaged Property, or any part thereof. Any sale of any part of the Mortgaged Property located in the State of Texas shall be made in the county in which such Mortgaged Property is situated. Where any part of the Mortgaged Property located in the State of Texas is situated in more than one county, then notice as herein provided shall be given in both or all of such counties, and such notice shall designate the county where the Mortgaged Property will be sold. Notice of such proposed sale shall be given by posting written notice thereof at least twenty-one days preceding the date of the

sale at the courthouse door of the county in which the sale is to be made and if the Mortgaged Property is in more than one county, one notice shall be posted at the courthouse door of each county in which the Mortgaged Property is situated. In addition, the Holder of the Obligation to which the Power of Sale herein mentioned is related shall at least twenty-one days preceding the date of any such sale, serve written notice of the proposed sale by Certified Mail on each person or entity obligated to pay such Obligation according to the records of such Holder. Service of such notice shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to each person or entity at the most recent address as shown by the records of the Holder of the Obligation, in a Post Office or official depository under the care and custody of the United States Postal Service. The Affidavit of any person having knowledge of the facts to be the effect that such service was completed shall be prima facie evidence of the fact of service. Such sale shall be made at public auction between the hours of 10:00 a.m. and 4:00 p.m. on the first Tuesday in any month to the highest bidder for cash. After such sale, Trustee shall make to the purchaser or purchaser's Trustee good and sufficient deeds and assignments, in the name of Grantor, conveying the Mortgaged Property, or part thereof, so sold to the purchaser or purchasers with general warranty of title by Grantor. Sale of a part of the Mortgaged Property shall not exhaust the Power of Sale, but sales may be made from time to time until the Obligation is paid and performed in full. It shall not be necessary to have present or to exhibit at any such sale any of the Accessories. In addition to the rights and powers of the sale granted under the preceding provisions of this Subsection 3.2(c), if default is made in the payment of any installment of the Obligation, Holder, at its option, at once or at any time thereafter while any matured installment remains unpaid, without declaring the entire Obligation to be due and payable, may orally or in writing direct Trustee to enforce this Trust and to sell the Mortgaged Property subject to such unmatured indebtedness and the liens and security interests securing its payment, in the same manner, on the same terms, at the same place and time and after having given notice in the same manner, all as provided in the preceding provisions of this Subsection 3.2(c). After such sale, Trustee shall make due conveyance to the purchaser or purchasers. Sales made without maturing the Obligation may be made hereunder whenever there is a default in the payment of any installment of the Obligation without exhausting the Power of Sale granted hereby, and without affecting in any way the Power of Sale granted under this Section 3.2(c), the unmatured balance of the Obligation (except as to any proceeds of any sale which Holder may apply as prepayment of the Obligation) or the liens and security interest securing payment of the Obligation. It is intended by each of the foregoing provisions of this Subsection 3.2(c) that Trustee may, after any request or direction by Holder, sell, not only the Land, but also the Accessories and other interests constituting a part of the Mortgaged Property, or any part thereof, along with the Land, or any part thereof, all as a unit and a part of a single sale, or may sell any part of the Mortgaged Property separately from the remainder of the Mortgaged Property. It is agreed that, in any deed or deeds given by Trustee, any and all statements of fact or other recitals therein made as to the identity of the Holder, or as to the

occurrence or existence of any Default, or as to the acceleration of the maturity of the Obligation, or as to the request to sell, notice of sale, time, place, terms and manner of sale, and receipt, distribution and application of the money realized therefrom, or as to the due and proper appointment of a substitute trustee, and, without being limited by the foregoing, as to any other act or thing having been duly done by Holder or by Trustee, shall be taken by all courts of law and equity as prima facie evidence that the said statements or recitals state facts and are without further question to be so accepted, and Grantor does hereby ratify and confirm any and all as that Trustee may lawfully do in the premises by virtue hereof. In the event of the resignation or death of Trustee, or his removal from his county of residence or inability, for any reason, to make any such sale or to perform any of the trusts herein declared, or at the option of Holder, without cause, then Holder may appoint, in writing, a substitute trustee, who shall thereupon succeed to all the estates, titles, rights, powers and trusts herein granted to and vested in Trustee. If Holder is a corporation, such appointment may be made on behalf of such Holder by any person who is then the president, or a vice-president, or the cashier or secretary, or any other authorized officer or agent, of Holder. In the event of the resignation or death of any such substitute trustee, or his failure, refusal or inability to make any such sale or perform such trusts, or at the option of Holder, without cause, successive substitute trustees may thereafter, from time to time, be appointed in the same manner. Wherever herein the word "Trustee" is used, the same shall mean the person who is the duly appointed trustee or substitute trustee hereunder at the time in question.

- (d) Holder may, or Trustee may upon written request of Holder, proceed by suit or suits, at law or in equity, to enforce the payment and performance of the Obligation in accordance with the terms hereof and of the Note or other instruments evidencing it, to foreclose the liens, security interests and this Deed of Trust as against all or any part of the Mortgaged Property, and to have all or any part of the Mortgaged Property sold under the judgment or decree of a court of competent jurisdiction.
- (e) Holder, as a matter of right and without regard to the sufficiency of the security, and without any showing of insolvency, fraud or mismanagement on the part of Grantor, and without the necessity of filing any judicial or other proceeding, other than the proceeding for appointment of a receiver or receivers of the Mortgaged Property, or any part thereof, shall take control of all receipts of the Mortgaged Property, and of the income, rents, issues and profits thereof.
- (f) Holder may enter upon the Land, take possession of the Mortgaged Property and remove the Accessories, or any part thereof, with or without judicial process, and, in connection therewith, without any responsibility or liability on the part of Holder, take possession of any property located on or in the Mortgaged Property which is not a part of the Mortgaged Property and hold or store such property at Grantor's expense.

- (g) Holder may require Grantor to assemble the Accessories, or any part thereof, and make them available to Holder at a place to be designated by Holder which is reasonably convenient to Grantor and Holder.
- (h) After notification, if any, hereafter provided in this Subsection 3.2(h), Holder may sell, lease or otherwise dispose of, at the office of Holder, or on the Land, or elsewhere, as chosen by Holder, all or any part of the Accessories, in their then condition, or following any commercially reasonable preparation or processing, and each Sale (as used herein, the term "Sale" means any such sale, lease or other disposition made pursuant to this Subsection 3.2(h)) may be as a unit or in parcels, by public or private proceedings, and by way of one or more contracts, and, at any Sale, it shall not be necessary to exhibit the Accessories, or part thereof, being sold. The Sale of any part of the Accessories shall not exhaust Holder's Power of Sale, but Sales may be made from time to time until the Obligation is paid and performed in full. Reasonable notification of the time and place of any public Sale pursuant to this Subsection 3.2(h) or reasonable notification of the time of any private Sale is to be made pursuant to this Subsection 3.2(h), shall be sent to Grantor and to any other person entitled under the Uniform Commercial Code of the State of Texas ("Code") to notice; provided that if the Accessories, or part thereof, being sold are perishable, or threaten to decline speedily in value, or are of a type customarily sold on a recognized market, Holder may sell, lease or otherwise dispose of the Accessories, or part thereof, being sold, leased or otherwise disposed of without notification, advertisement or other notice of any kind. It is agreed that notice sent or given not less than five calendar days prior to the taking of the action to which the notice relates, is reasonable notification and notice for the purposes of this Subsection 3.2(h).
- (i) Holder may surrender the insurance policies maintained pursuant to Section 2.2(b) hereof, or any part thereof, and receive and apply the unearned premiums as a credit on the Obligation, and, in connection therewith, Grantor hereby appoints Holder as the agent and attorney-in-fact for Grantor to collect such premiums.
- (j) Holder may retain the Accessories in satisfaction of the Obligation whenever the circumstances are such that Holder is entitled to do so under the Code.
- (k) Holder may buy the Mortgaged Property, or any part thereof, at public Sale or judicial sale.
- (l) Holder may buy the Accessories, or any part thereof, at any private Sale if the Accessories, or part thereof, being sold are a type customarily sold in a recognized market or are a type which is the subject of widely distributed standard price quotations.
- (m) Holder shall have and may exercise any and all other rights and remedies which

Holder may have at law or in equity, or by virtue of any other security instrument, or under the Code, or otherwise.

- (n) Holder may apply the reserves, if any, required by Section 5.9 hereof, toward payment of the Obligation.

Section 3.3. If Holder is the purchaser of the Mortgaged Property, or any part thereof, at any Sale thereof, whether such Sale be under the Power of Sale hereinabove vested in Trustee, or upon any other foreclosure of the liens and security interests hereof, or otherwise, Holder shall, upon any such purchase, acquire good title to the Mortgaged Property so purchased, free of the liens and security interests of these presents.

Section 3.4. Should any part of the Mortgaged Property come into the possession of Holder, whether before or after Default, Holder may use or operate the Mortgaged Property for the purpose of preserving it or its value, pursuant to the order of a court appropriate jurisdiction, or in accordance with any other rights held by Holder in respect of the Mortgaged Property. Grantor covenants to promptly reimburse and pay to Holder, at the place where the Note is payable, or at such other place as may be designated by Holder in writing, the amount of all reasonable expenses (including the cost of any insurance, taxes or other charges) incurred by Holder in connection with its custody, preservation, use or operation of the Mortgaged Property, together with interest thereon from the date incurred by Holder at the rate of ten percent per annum, and all such expenses, cost, taxes, interest and other charges shall be a part of the Obligation. It is agreed, however, that the risk of accidental loss or damage to the Mortgaged Property is on Grantor, and Holder shall have no liability whatever for decline in value of the Mortgaged Property, nor for failure to determine whether any insurance ever in force is adequate as to amount or as to the risks insured.

Section 3.5. In case the liens or security interests hereof shall be foreclosed by Trustee's sale, or by other judicial or non-judicial action, the purchaser at any such Sale shall receive, as an incident to his ownership, immediate possession of the property purchased, and if Grantor or Grantor's successors shall hold possession of said property, or any part thereof, subsequent to foreclosure, Grantor and Grantor's successors shall be considered as tenants at sufferance of the purchaser at foreclosure sale, and anyone occupying the property after demand made for possession thereof shall be guilty of forcible detainer and shall be subject to eviction and removal, forcible or otherwise, with or without process of law, and all damages by reason thereof are hereby expressly waived.

Section 3.6. The proceeds from any Sale, lease or other disposition made pursuant to this Article III, or the proceeds from surrendering any insurance policies pursuant to Subsection 3.2(i) hereof, or any Rental collected by Holder pursuant to Article IV hereof, or the reserves required by Section 5.9 hereof, or sums received pursuant to Section 5.7 hereof, or proceeds from insurance which Holder elects to apply to the Obligation pursuant to Section 5.8 hereof, shall be applied by Trustee, or by Holder, as the case may be, as follows: First, to the payment of all expenses of advertising, selling and conveying the Mortgaged Property, or part thereof, including a reasonable commission to Trustee not to exceed five percent of the proceeds of the Sale, and reasonable attorney's fees; second, to interest on the Obligation; third, to principal on

the matured portion of the Obligation; fourth, to prepayment of the unmatured portion, if any, of the Obligation applied to installments of principal in inverse order of maturity; and fifth, the balance, if any, remaining after the full and final payment and performance of the Obligation, to Grantor.

Section 3.7. In the event a foreclosure hereunder should be commenced by Trustee in accordance with Subsection 3.2(c) hereof, Holder may at any time before the Sale direct Trustee to abandon the Sale, and may then institute suit for the collection of the Note, and for the foreclosure of the liens and security interest hereof. If Holder should institute a suit for the collection of the Note, and for a foreclosure of the liens and security interests hereof, it may at any time before the entry of a final judgment in said suit dismiss the same, and require Trustee to sell the Mortgaged Property, or any part thereof, in accordance with the provisions of this Deed of Trust.

ARTICLE IV Leases and Assignment of Revenue

Section 4.1. As used in this Deed of Trust: (a) "Lease" means any lease, sublease or other agreement under the terms of which any person other than Grantor has or acquires any right to occupy or use the Mortgaged Property, or any part thereof, or interest therein; (b) "Lessee" means the lessee, sublessee, tenant or other person having the right to occupy or use a part of the Mortgaged Property under a Lease; and (c) "Rental" means the rents, royalties and other consideration payable to Grantor by the Lessee under the terms of a Lease.

Section 4.2. Grantor hereby assigns to Holder all Revenue payable under each Lease now or at any time hereafter existing, such assignment being upon the following terms: (a) Until receipt from Holder of notice of the occurrence of a Default, each Lessee may pay Revenue directly to Grantor, but Grantor covenants to hold all Revenue so paid in trust for the use and benefit of Holder; (b) upon receipt from Holder of notice that a Default exists, each Lessee is hereby authorized and directed to pay directly to Holder all Revenue thereafter accruing, and the receipt of Holder shall be a release of such Lessee to the extent of all amounts so paid; (c) Rental so received by Holder shall be applied by Holder, first to the expenses, if any, of collection and then in accordance with Section 3.6; (d) without impairing its rights hereunder, Holder may, at its option, at any time and from time to time, release to Grantor Revenue so received by Holder, of any part thereof; (e) Holder shall not be liable for its failure to collect, or its failure to exercise diligence in the collection of, Revenue, but shall be accountable only for Revenue that it shall actually receive; (f) this assignment shall terminate upon the release of this Deed of Trust but no Lessee shall be required to take notice of termination until a copy of such release shall have been delivered to such Lessee. As between Holder and Grantor, and any person claiming through or under Grantor, other than a Lessee who has not received notice of Default pursuant to Subsection 4.2(b), the assignment contained in this Section 4.2 is intended to be absolute, unconditional and presently effective, and the provisions of Subsections 4.2(a) and 4.2(b) are intended solely for the benefit of Grantor or any person claiming through or under Grantor, other than a Lessee who has not received such notice. It shall never be necessary for Holder to institute legal proceedings of any kind whatsoever to enforce the provisions of this Section 4.2.

Section 4.3. Nothing in this Article IV shall ever be construed as subordinating this Deed of Trust to any Lease; provided, however, that any proceedings by Holder to foreclose this Deed of Trust, or any action by way of its entry into possession after Default, shall not operate to terminate any Lease which has been approved in writing by Holder, and Holder will not cause any Lessee under any such approved Lease to be disturbed in his possession and enjoyment of the leased premises so long as such Lessee shall continue to fully and promptly perform all of the terms, covenants and provisions of his Lease.

Section 4.4. Grantor covenants to: (a) Upon demand by Holder, assign to Holder, by separate instrument in form and substance satisfactory to Holder, any or all Leases, or the Revenue payable thereunder, including but not limited to, any Lease which is now in existence or which may be executed after the date hereof; (b) not accept from any Lessee, nor permit any Lessee to pay, Revenue for more than one month in advance; (c) comply with the terms and provisions of each Lease; (d) not amend, modify, extend or renew any Lease; (e) not assign, transfer, mortgage, cancel or accept surrender of any Lease; (f) not assign, transfer, pledge or mortgage any Revenue; (g) not waive, excuse, release or condone any nonperformance of any covenants of any Lessee; (h) give to Holder duplicate notice of each default by each Lessee; (i) cause each Lessee to agree (and each Lessee under each Lease executed after the date hereof does so agree) to give to Holder written notice of each and every default under his Lease by Grantor and not to exercise any remedies under such Lease unless Holder fails to cure such default within ten days, or within such longer periods as may be reasonably necessary if such default cannot be cured within ten days, after Holder has received such notice; provided that Holder shall never have any obligation or duty to cure any such default; and (j) obtain and furnish to Holder, upon request, itemized statements, in such detail as shall be satisfactory to Holder, of the annual gross sales of each Lessee from the premises covered by his Lease.

ARTICLE V Miscellaneous

Section 5.1. If the Obligation is paid and performed in full accordance with the terms of this Deed of Trust and the Note and other instruments evidencing it, and if Grantor shall well and truly perform all of Grantor's covenants contained herein, then this conveyance shall become null and void and be released at Grantor's request and expense; otherwise, it shall remain in full force and effect, provided that no release hereof shall impair Grantor's warranties and indemnities contained herein.

Section 5.2. As used in this Article V, "Rights" means rights, remedies, powers and privileges, and "Liens" means titles, interests, liens and security interests. All Rights and Liens herein, or provided by law or in equity, or provided in any other security instrument shall not be deemed to deprive Holder or Trustee of any such other legal or equitable Rights and Liens by judicial proceedings, or otherwise, appropriate to enforce the conditions, covenants and terms of this Deed of Trust, the Note and other security instruments, and the employment of any Rights hereunder, or otherwise, shall not prevent the concurrent or subsequent employment of any other appropriate Rights.

Section 5.3. Any and all covenants in this Deed of Trust may from time to time, by

instrument in writing signed by Holder and delivered to Grantor, be waived to such extent and in such manner as Holder may desire, but no such waiver shall ever affect or impair Holder's Rights or Liens hereunder, except to the extent so specifically stated in such written instrument. Impossibility shall not excuse the performance of any covenant or condition in this Deed of Trust.

Section 5.4. Any provision herein, or in the Note or any other document executed in connection herewith, to the contrary notwithstanding, no Holder shall in any event be entitled to receive or collect, nor shall or may the amounts received hereunder be credited, so that a Holder shall be paid, as interest, a sum greater than the maximum amount permitted by the laws of the State of Texas to be charged to the person, firm or corporation primarily obligated to pay the Obligation at the time in question. If any construction of this Deed of Trust or the Note, or any and all other papers, indicates a different right given to Holder to ask for, demand or receive any larger sum, as interest, such is a mistake in calculation or wording, which this clause shall override and control, and proper adjustment shall automatically be made accordingly.

Section 5.5. In the event Grantor or any of Grantor's successors conveys his interest in the Mortgaged Property, or any part thereof, to any other party, Holder may, without notice to Grantor or Grantor's successors, deal with any owner of any part of the Mortgaged Property with reference to this Deed of Trust and the Obligation, either by way of foreclosure on the part of Holder, or extension of time of payment of the Obligation, or release of all or any part of the Mortgaged Property, or any other property securing payment of the Obligation, without in any way modifying or affecting Holder's Rights and Liens hereunder or the liability of Grantor or any other party liable for payment of the Obligation, in whole or in part.

Section 5.6. Grantor hereby waives all rights of marshaling in event of any foreclosure of the liens and security interests hereby created.

Section 5.7. Holder shall be entitled to receive any and all sums which may be awarded or become payable to Grantor for the condemnation of the Mortgaged Property, or any part thereof, for public or quasi-public use, or by virtue of private sale in lieu thereof, and any sums which may be awarded or become payable to Grantor for damages caused by public works or construction on or near the Mortgaged Property. All such sums are hereby assigned to Holder, and Grantor shall, upon request of Holder, make, execute, acknowledge and deliver any and all additional assignments and documents as may be necessary from time to time to enable Holder to collect and receipt for any such sums. Holder shall not be, under any circumstances, liable or responsible for failure to collect, or exercise diligence in the collection of, any of such sums.

Section 5.8. Holder may collect the proceeds of any and all insurance that may become payable with respect to the Mortgaged Property, or any part thereof, and, at its option, may use the same to rebuild or restore the improvements on the Mortgaged Property or may apply the same to the Obligation in the order and manner set forth in Section 3.6 hereof, whether then matured or to mature in the future, and may deduct therefrom any expenses incurred in connection with the collection or handling of such proceeds, it being understood that Holder shall not be, under any circumstances, liable or responsible for failure to collect, or exercise diligence in the collection of, any of such proceeds.

Section 5.9. At the request of Holder, Grantor shall create a fund or reserve for the payment of all insurance premiums, taxes and assessment against the Mortgaged Property by paying to Holder contemporaneously with each installment of principal and interest on the Note a sum equal to the premiums that will next become due and payable on the hazard insurance policies covering the Mortgaged Property, or any part thereof, plus taxes and assessments next due on the mortgaged Property, or any part thereof, as estimated by Holder, less all sums paid previously to Holder therefor, divided by the number of months to elapse before one month prior to the date when such premiums, taxes and assessments will become delinquent, such sums to be held by Holder without interest, for the purposes of paying such premiums, taxes and assessments. Any excess reserve shall, at the discretion of Holder, be credited by Holder on subsequent payments to be made on the Obligation by Grantor, and any deficiency shall be paid by Grantor to Holder on or before the date when such premiums, taxes and assessments shall become delinquent. Transfer of legal title to the Mortgaged Property shall automatically transfer title in all sums deposited under the provisions of this Section 5.9.

Section 5.10. It is understood and agreed that the proceeds of the Note, to the extent the same are utilized to renew or extend any indebtedness or take up any outstanding Liens against the Mortgaged Property, or any portion thereof, have been advanced by Holder at Grantor's request and upon Grantor's representation that such amounts are due and payable. Holder shall be subrogated to any and all Rights and Liens owned or claimed by any owner or holder of said outstanding Rights and Liens, however remote, regardless of whether said Rights and Liens are acquired by assignment or are released by the Holder thereof upon payment.

Section 5.11. Each and every party who signs this Deed of Trust, other than Holder, and each and every subsequent owner of the Mortgaged Property, or any part thereof, covenants and agrees that he or it will perform or cause to be performed, each and every condition, term, provision and covenant of this Deed of Trust, except that he shall have no duty to pay the indebtedness evidenced by the Note except in accordance with the terms of the transfer to him. Wherever this Deed of Trust required notice to Grantor, such notice shall be deemed to have been given on the day it is deposited in the United States mail in an envelope addressed to Grantor at the address stated on the first page hereof, or at such other address as Grantor may designate by notice in writing to Holder.

Section 5.12. If the Rights and Liens created by this Deed of Trust shall be invalid or unenforceable as to any part of the Obligation, the unsecured portion of the Obligation shall be completely paid prior to the payment of the remaining and secured portion of the Obligation, and all payments made on the Obligation shall be considered to have been paid on and applied first to the complete payment of the unsecured portion of the Obligation.

Section 5.13. This Deed of Trust is binding upon Grantor and Grantor's successors, and shall inure to the benefit of Holder, and its successors and assigns, and the provisions hereof shall likewise be covenants running with the Land. The duties, covenants, conditions, obligations and warranties of Grantor in this Deed of Trust shall be joint and several obligations of Grantor and Grantor's successors.

Section 5.14. The Deed of Trust has simultaneously been executed in a number of identical counterparts, each of which, for all purposes, shall be deemed an original. If any Grantor is a corporation, this instrument is executed, sealed and attested by Grantor's officers hereunto duly authorized.

Section 5.15. Holder shall have the right at any time to file this Deed of Trust as a financing statement, but the failure of Holder to do so shall not impair the validity and enforceability of this Deed of Trust in any respect whatsoever.

Section 5.16. If Grantor transfers any part of the property, or any interest therein, without Beneficiary's prior written consent, Beneficiary may declare the debt secured by this deed of trust immediately payable. In that event, Beneficiary will notify Grantor that the debt is payable and may, without further notice or demand to Grantor, invoke any remedies provided in this instrument for default. Exceptions to this provision for declaring the note due on sale or transfer are limited to the following: (a) creation of a lien or encumbrance subordinate to this deed of trust; (b) creation of a purchase-money security interest for household appliances; (c) transfer by devise, descent, or operation of law on the death of a joint tenant; and (d) grant of a leasehold interest of three years or less without an option to purchase.

EXECUTED AND DELIVERED this the 3 day of October, 2014.

GRANTOR:
Saddle Lake Energy LLC

By: 

Brian Fox, its' director

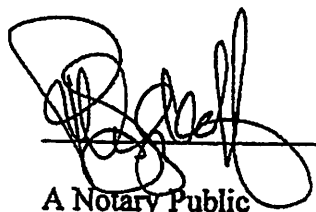
ACKNOWLEDGEMENT

PROVINCE OF ALBERTA

CITY OF CALGARY

The foregoing instrument was acknowledged before me this 3rd day of October, 2014, by Brian Fox, a Director and Authorized Signator of Saddle Lake Energy LLC a Texas Corporation, on behalf of the corporation.

ACKNOWLEDGED: 
_____ **BRIAN FOX**


_____ **A Notary Public
In and for the
Province of Alberta**

PAUL A. KAZAKOFF
Barrister & Solicitor



My Commission Does Not Expire

Promissory Note

Effective Date: December 2nd, 2014
Maker: Saddle Lake Energy LLC, a Texas LLC
Payee: Base Finance Ltd.
Principal Amount: \$30,000,000.00
Term: Three (3) Years

Further Security: This Note is security for a Line of Credit and is secured as well by way of Deed of Trust for all funds advanced to Saddle Lake Energy, LLC by Base Finance Ltd.

Interest and Payment: The principal balance hereof from time to time remaining unpaid prior to default or maturity shall bear interest at a rate to be determined in the sole discretion of Base Finance Ltd. From time to time.

Security for Payment: This Note is secured by a Deed of Trust covering the real property described in said Deed of Trust between Base Finance Ltd, & Saddle Lake Energy, LLC.

If Maker defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to this note, the holder will notify the Maker of such default, and if the default continues for more than ten (10) days after the date of such notice, the Payee may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due and payable. Except for the notice referred to in the preceding sentence, the Maker waives all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the full extent permitted by law.

Maker also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. Maker will pay Payee these expenses and interest on demand at the Place for Payment. These expenses and interest will become part of the debt evidenced by the note and will be secured by any security for payment.

It is expressly provided and stipulated that notwithstanding any provision of this note or any other instrument evidencing or securing the loan herein set forth, in no event shall the aggregate of all interest paid or contracted to be paid to Payee by Maker ever exceed the maximum amount of interest which may lawfully be charged the undersigned by Payee on the principal balance of this note from time to time advanced and remaining unpaid. In this connection, it is expressly stipulated and agreed that it is the intent of Payee and Maker in the execution and delivery of this note to contract in strict compliance with applicable usury laws. In furtherance thereof, none of the terms of this note or said other instruments shall ever be construed to create a contract to pay interest at a rate in excess of the Maximum Rate for the use, forbearance or detention of money. The parties hereto acknowledge that the effective date of this instrument is the date on which the indebtedness evidenced hereby has been contracted for.

Saddle Lake Energy LLC, a Texas LLC

