

TRUSTEE'S REPORT ON PRELIMINARY ADMINISTRATION

IN THE MATTER OF THE BANKRUPTCY OF

REVOLUTION RESOURCES LTD.

BKY # 25-1619923

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

Revolution Resources Ltd. (the "Company") was a company involved in the oil & gas industry who had some oil & gas leases, a water disposal facility and a disposal well, and various shut-in wells capable of low-rate oil production.

The Company encountered financial difficulties when the ERCB required that the Company increase the abandonment liability deposit with ERCB by approximately \$94,000, and the Company had no funds to pay the required increase in the deposit to ERCB. The Company sold its assets, and was able to obtain a refund from the ERCB of the existing abandonment liability deposit.

Revolution Resources Ltd. filed a voluntary assignment in bankruptcy on the 1st of May, 2012, as it did not have sufficient remaining cash to meet its obligations to all its creditors. Hudson & Company Insolvency Trustees Inc. was appointed as Trustee of the bankruptcy estate.

SECTION A - The Trustee's duties under Section 16(3) of the Bankruptcy Act:

Class I - Stocks and Merchandise:

- None

Class II - Machinery and Equipment:

- None

Class III - Buildings and Real Estate:

- None.

Class IV - Books and Records:

- The books and records are with the Company's accountant.

Class V - Other Assets:

- The Company had \$133,650.09 cash on hand at the time of the assignment in bankruptcy. The trustee has notified the Company's bank of the bankruptcy, and expects to receive a minimal amount from the remaining funds in the bank

account.

SECTION B - Conservatory and Protective Measures:

- The mail has been redirected to the Trustee's office.

SECTION C - Legal Proceedings:

- None at present.

SECTION D - Provable Claims:

- The Trustee is unaware of any significant changes in the nature or amounts of unsecured claims from those noted on the Statement of Affairs.

SECTION E - Secured Creditors:

- The Trustee is unaware of any secured creditors.

SECTION F

- The Trustee anticipates that there will be funds available for the unsecured creditors upon completion of the bankruptcy, but at this time is unsure of the percentage dividend that unsecured creditors will receive.

SECTION G - Reviewable Transactions and Preference Payments:

- None have come to the Trustee's attention.

SECTION H - Other Matters:

The Trustee has been contacted by a lawyer for the purchaser of the Company's assets regarding a well where the lease expired the same day as the sale agreement. The expiry date of the lease was shown in the sale documents. The Trustee is unsure if the purchaser will put forward a claim in the bankruptcy.

The documents prepared at the time of the sale of the assets referred to GST on the sale, but did not specify if GST was or was not included in the purchase price agreed to in the sale documents. The Trustee has raised this issue with the purchaser to determine the appropriate resolution of this issue.

DATED at Calgary, Alberta, this 15th day of May, 2012.

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

Per: 
Bruce G. Hudson, Trustee