

IN THE MATTER OF THE *SECURITIES ACT*,**R.S.N.W.T. 1988, c.S-5****and****IN THE MATTER OF****DEFIANT ENERGY CORPORATION****ADVANTAGE ENERGY INCOME FUND****ADVANTAGE OIL & GAS LTD. and****DEFIANT RESOURCES CORPORATION****EXEMPTION ORDER**

UPON the application of Defiant Energy Corporation (“**Defiant**”) and Defiant Resources Corporation (“**ExploreCo**”) (collectively, the “**Applicant**”) to the Registrar of Securities (the “**Registrar**”) for an order pursuant to subsection 4(5) and paragraph 27(2)(b) of the *Securities Act* R.S.N.W.T. 1988, c.S-5, as amended (the “**Act**”), exempting the distribution of securities described herein and the Applicant from the provisions of the Act requiring registration and the provisions of the Act requiring the filing of a prospectus or statement of material facts;

AND UPON the Applicant representing to the Registrar that:

1. On November 3, 2004, Defiant entered into an arrangement agreement providing for the acquisition of all of the issued and outstanding shares of Defiant by Advantage Oil & Gas Ltd. (“**Advantage**”), a wholly-owned subsidiary of Advantage Energy Income Fund (the “**Trust**”).
2. The transaction is structured as a plan of arrangement to be completed (the “**Arrangement**”) under the provisions of the *Business Corporations Act* (Alberta) whereby Advantage will acquire all the common shares of Defiant and a separate publicly listed (subject to stock exchange approval), exploration-focused oil and gas producer Defiant Resources Corporation (“**ExploreCo**”) will be created. The shareholders of ExploreCo will be comprised of former holders of Defiant common shares as each Defiant shareholder will receive shares of ExploreCo (“**ExploreCo Shares**”) in connection with the Arrangement. Defiant has mailed an information circular and proxy statement dated November 19, 2004 (the “**Information Circular**”) to its shareholders with respect to the Arrangement.
3. Pursuant to the Arrangement, shareholders of Defiant (“**Defiant Shareholders**”) will receive, for each common share of Defiant (“**Defiant Common Share**”), one-sixth of an ExploreCo Share and a

choice of the following: (i) 0.201373 of one Trust Unit of the Trust; (ii) 0.201373 of one exchangeable share (“**Exchangeable Share**”) of Advantage which will be exchangeable into one Trust Unit (subject to a maximum of 1.5 million exchangeable shares in aggregate being available for election); and (iii) \$4.40 in cash (subject to a maximum of \$34 million in aggregate being available for election); or (iv) a combination of (i), (ii) and (iii) above, subject to prorationing in the event the maximums are exceeded.

4. All holders of options to purchase Defiant Common Shares have entered into agreements with Defiant in connection with the acquisition and cancellation of their options prior to the Arrangement becoming effective.
5. Non-resident and tax exempt shareholders will not be eligible to receive Exchangeable Shares. No fractional Trust Units, Exchangeable Shares or ExploreCo Shares will be issued pursuant to the Arrangement and to the extent that a fractional ExploreCo Share would be issued, such security will be rounded up to the nearest whole number. To the extent that a fractional Trust Unit or Exchangeable Share would be issued, an amount in cash will be paid to such holder as represented by such fraction based on the weighted average trading price of the Trust Units.
6. Defiant and ExploreCo have made application pursuant to subsection 4(5) and paragraph 27(2)(b) of the Act for an order that all trades and distributions of securities made in connection with the Arrangement, including all subsequent trades or distributions of securities pursuant to the provisions of the Exchangeable Shares and certain ancillary agreements relating thereto, are not subject to paragraphs 4(1)(a) and 27(2)(a) of the Act.

AND UPON reading and considering the application of Defiant and ExploreCo dated December 1, 2004;

AND UPON the Registrar being satisfied that it would not be prejudicial to the public interest to do so;

IT IS HEREBY ORDERED THAT:

1. Pursuant to subsection 4(5) and paragraph 27(2)(b) of the Act, all trades and distributions of securities made in connection with the Arrangement, including all subsequent trades or distributions of securities made pursuant to the provisions of the Exchangeable Shares and certain ancillary agreements relating thereto (all as described in the Information Circular) are not subject to paragraphs 4(1)(a) and 27(2)(a) of the Act.
2. The first trade in the securities acquired pursuant to this order shall be deemed to be a distribution unless the conditions in subsections 2.6(3) and 2.9(1) of Multilateral Instrument 45-102 Resale of Securities are satisfied.

DATED at the City of Yellowknife, in the Northwest Territories, this 3rd day of December, 2004.

“ Gary MacDougall ”

Gary I. MacDougall
Registrar of Securities