

**IN THE MATTER OF THE *SECURITIES ACT*,**

**R.S.N.W.T. 1988, c.S-5**

**and**

**IN THE MATTER OF**

**ESPRIT ENERGY TRUST**

**ESPRIT EXPLORATION LTD.**

**RESOLUTE ENERGY INC.**

**CORDERO ENERGY INC.**

**CORDERO FINANCE CORP.**

**EXEMPTION ORDER**

**UPON** the application of Esprit Energy Trust (the "**Trust**" or "**Esprit**") (the "**Applicant**") to the Registrar of Securities (the "**Registrar**") for an order pursuant to subsections 4(5) and 27(2)(b) of the *Securities Act* R.S.N.W.T. 1988, c.S-5, as amended (the "**Act**") in connection with a proposed plan of arrangement (the "**Arrangement**") under the provisions of Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Resolute Energy Inc. ("**Resolute**"), Esprit, Esprit Exploration Ltd. ("**Esprit Exploration**"), Cordero Energy Inc. ("**Cordero**"), Cordero Finance Corp. ("**Cordero Finco**") and securityholders of Resolute and Cordero Finco, 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. Pursuant to the terms and conditions of an arrangement agreement dated March 14, 2005 (as amended and restated March 30, 2005) between an Esprit, Esprit Exploration and Resolute, shareholders of Resolute ("**Resolute Shareholders**") will receive 0.338 units of the Trust ("**Trust Units**"), 0.2857 shares of Cordero ("**Cordero Common Shares**") and Cordero arrangement warrants ("**Arrangement Warrants**") entitling the holder to acquire 0.0269 Cordero Common Shares, exercisable for 30 days after the effective date of the Arrangement at an effective exercise price of \$2.87 per whole Cordero Common Share, for each Resolute share held.
2. Resolute has mailed on April 5, 2005 to each Resolute Shareholder, a management information circular dated April 1, 2005 (the "**Information Circular**") which provides detailed information with respect to the Arrangement.

3. Due to residency restrictions, only Canadian residents will receive Class B trust units of the Trust ("**Class B Trust Units**"). Resolute Shareholders who are not Canadian residents or who fail to provide a residency declaration will receive Class A trust units of the Trust ("**Class A Trust Units**") which hold no residency restrictions. Both classes of Trust Units have the same rights to vote, receive distributions and participate in the assets of the Trust upon any wind-up or dissolution. In addition, the number of Class A Trust Units issued may not exceed 80% of the Class B Trust Units issued, subject to the Trust's right to increase this percentage, and in order to comply with such thresholds the Trust is required to dispose of Class B Trust Units in the market rather than issuing Class A Trust Units to Resolute Shareholders who do not complete a letter of transmittal prior to the deadline of April 26, 2005. In that circumstance, Resolute Shareholders would receive a portion of their consideration for the Arrangement in cash (net of expenses of the sale).
4. No fractional securities will be issued pursuant to the Arrangement and to the extent that a fractional security would be issued, such security will be rounded to the nearest whole number.
5. Esprit has made application pursuant to sections 4(5) and 27(2)(b) of the Act for an order that all trades and distributions of securities made in connection with the Arrangement are not subject to sections 4(1)(a) and 27(2)(a) of the Act.

**AND UPON** reading and considering the application of Esprit dated April 25, 2005;

**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 subsections 4(5) and 27(2)(b) of the Act, all trades and distributions of securities made in connection with the Arrangement (all as described in the Information Circular) are not subject to sections 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 28<sup>th</sup> day of April, 2005.

*"Tony Wong"*

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Tony S.K. Wong  
Registrar, Securities & Corporate Registries