

THE SECURITIES ACT) Order No. 4743
)
Section 20(1)) April 27, 2005

ESPRIT ENERGY TRUST

WHEREAS:

(A) Application has been made on behalf of Esprit Energy Trust ("Esprit" or the "Trust") to the Commission for an order pursuant to Section 20(1) of The Securities Act R.S.M. 1988, c.S50 (the "Act") that the dealer registration requirement and the prospectus requirement contained in sections 6 and 37 of the Act shall not apply to all trades in securities to be made 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"), securityholders of Resolute and Cordero Finco that is proposed to be completed pursuant to the terms and conditions of arrangement agreement dated March 14, 2005 (as amended and restated March 30, 2005) between an Esprit, Esprit Exploration and Resolute.

(B) It has been represented to the Commission that:

1. The Trust was established pursuant to a trust indenture dated as of August 16, 2004, as amended and restated September 30, 2004 (the "Trust Indenture").
2. The Trust is, for the purposes of the Income Tax Act (Canada), an unincorporated, open-end investment trust.
3. The beneficial interests in the Trust are divided into interests of one or more class, described and designated as trust units ("Trust Units"), which are entitled to the rights and subject to the limitations, restrictions and conditions set out in the Trust Indenture.
4. The Trust has two classes of Trust Units, consisting of Class A trust units ("Class A Trust Units") and Class B trust units ("Class B Trust Units"). As at December 31, 2004, an aggregate of 40,103,380 Trust Units were issued and outstanding, consisting of 12,831,794 Class A Trust Units and 27,271,586 Class B Trust Units.
5. The Class A Trust Units and Class B Trust are listed and posted for trading on the Toronto Stock Exchange under the trading symbols "EEE.A" and "EEE.B", respectively.
6. The Trust is a reporting in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is not in default of the requirements under the appropriate securities legislation thereunder.

7. Esprit Exploration is the corporation resulting from the amalgamation of the former Esprit Exploration Ltd. and Esprit Acquisition Corp., which was effected on October 1, 2004 in connection with a plan of arrangement completed on that date (the "2004 Arrangement").

8. The head and principal office of Esprit Exploration is located at 900, 606 - 4th Street S.W., Calgary, Alberta T2P 1T1 and its registered office is located at Bennett Jones LLP, Suite 4500, 855 - 2nd Street S.W., Calgary, Alberta, T2P 4K7.

9. The principal business of Esprit Exploration is to acquire, explore, develop, optimize, exploit and produce oil and natural gas reserves in western Canada.

10. The authorized share capital of Esprit Exploration is authorized to issue an unlimited number of common shares ("Common Shares") and an unlimited number exchangeable shares ("Exchangeable Shares"). The Trust is the sole holder of the issued and outstanding Common Shares. An aggregate of 2,424,415 Exchangeable Shares were issued pursuant to the 2004 Arrangement.

11. The Common Shares and Exchangeable Shares are not listed and posted for trading on any stock exchange in Canada or the United States.

12. Esprit Exploration is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and is not in default of the requirements under the appropriate securities legislation thereunder. In addition, pursuant to an MRRS Decision Document dated September 27, 2004 (the "MRRS Order"), Esprit Exploration has been granted relief from the continuous disclosure requirement of the applicable securities legislation in each of these jurisdictions on the basis set forth in the MRRS Order.

13. Resolute is a corporation incorporated pursuant to the provisions of the ABCA.

14. Resolute's head and registered office is located at 2500 Bow Valley Square 3, 255-5th Avenue SW, Calgary, Alberta T2P 3G6. and its registered office is located at Bennett Jones LLP, Suite 4500, 855 - 2nd Street S.W., Calgary, Alberta, T2P 4K7.

15. Resolute is a public corporation which actively pursues petroleum and natural gas exploration, development and production in Western Canada.

16. The authorized capital of Resolute consists of an unlimited number of voting common shares ("Resolute Shares"), without par value, and an unlimited number of nonvoting preferred shares, of which none are outstanding. Resolute also has outstanding stock options ("Resolute Options") and common share purchase warrants ("Resolute Warrants"). As at March 30, 2005, there were 60,878,089 Resolute Shares, 4,327,712 Resolute Options and 6,068,254 Resolute Warrants issued and outstanding.

17. Resolute is a reporting issuer or the equivalent thereof in the provinces of Alberta, British Columbia and Ontario and is not in default of the requirements under the appropriate securities

legislation thereunder. The Resolute Shares are listed and posted for trading on the Toronto Stock Exchange.

18. Cordero is a corporation incorporated pursuant to the provisions of the ABCA and is a wholly-owned subsidiary of Resolute.

19. Cordero will become a public corporation pursuant to the Arrangement.

20. Resolute's head and registered office is located at 2500 Bow Valley Square 3, 255-5th Avenue SW, Calgary, Alberta T2P 3G6. and its registered office is located at Bennett Jones LLP, Suite 4500, 855 - 2nd Street S.W., Calgary, Alberta, T2P 4K7.

21. Pursuant to the Arrangement Agreement and the Arrangement, the Trust will acquire the majority of Resolute's assets and certain of Resolute's assets will be transferred to Cordero.

22. Cordero is authorized to issue an unlimited number of common shares ("Cordero Common Shares"), 725,900 performance shares ("Cordero Performance Shares") and an unlimited number of preferred shares issuable in series ("Cordero Preferred Shares") without nominal or par value. Cordero currently has one (1) Cordero Common Share outstanding, which was issued to Resolute to facilitate the initial organization of Cordero.

23. Cordero has applied to list the Cordero Common Shares on the TSX as soon as possible after the Effective Date.

24. Cordero is not a reporting issuer in any Province, but will become a reporting issuer in certain Provinces as a consequence of the Arrangement.

25. Cordero Finco is a Canadian-controlled private corporation incorporated pursuant to the provisions of the ABCA for the purpose of participating in the Arrangement.

26. The head and principal office of Cordero Finco is located at Suite 4500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4K7 and its registered office is located at Suite 4500, 855 - 2nd Street S.W., Calgary, Alberta, T2P 4K7.

27. Cordero Finco currently has one issued and outstanding common share of ("Cordero Finco Common Share") which was issued to its sole director.

28. It is expected that Cordero Finco will complete a private placement (the "Cordero Private Placement") prior to the Effective Time pursuant to which it will issue Cordero Finco Common Shares, common share purchase warrants ("Cordero Finco Warrants") and performance shares (the "Cordero Finco Performance Shares"). Upon the Arrangement becoming effective, the Cordero Finco Common Shares, Cordero Finco Warrants and Cordero Finco Performance Shares will be exchanged for Cordero Common Shares, warrants of Cordero ("Cordero Warrants") and Cordero Performance Shares.

29. Cordero Finco is not a reporting issuer in any jurisdiction.

30. Pursuant to the Arrangement, each of the events set out below shall occur and shall be deemed to occur in the following order:

(a) the Resolute Shares, Resolute Options and Resolute Warrants held by Resolute securityholders who have validly exercised their rights of dissent ("Dissent Rights") under the Arrangement ("Dissenting Securityholders") which remain valid immediately prior to the effective time of the Arrangement (the "Effective Time") shall, as of the Effective Time, be deemed to have been transferred to Esprit Exploration (free of any claims) and be cancelled and cease to be outstanding, and as of the Effective Time, such Dissenting Securityholders shall cease to have any rights as securityholders of Resolute other than the right to be paid the fair value of their Resolute Shares, Resolute Options or Resolute Warrant, as the case may be, in accordance with the terms of the Arrangement;

(b) subject to the limitation that the number of Class A Trust Units issued and outstanding at any point in time must equal 80% of the number of Class B Trust Units issued and outstanding at such time (the "Ownership Threshold"), each issued and outstanding Resolute Share held by a (i) a person who is not a resident of Canada for the purposes of the Income Tax Act (Canada) (the "Tax Act"); or (ii) a partnership that is not a Canadian partnership for the purposes of the Tax Act (each, a "Non-Resident") will be transferred to Esprit Exploration in exchange for 0.338 of an Esprit Class A Trust Unit for each Resolute Share and the right to receive from Esprit Exploration 0.2857143 of a Cordero Common Share;

(c) Class B common shares of Resolute ("Resolute New Common Shares"), Class A preferred shares of Resolute (the "Resolute Preferred A Shares") and Class B preferred shares of Resolute ("Resolute Preferred B Shares") shall be created as new classes of shares of Resolute and each Resolute Share held by a Resolute shareholder that not a Non-Resident and who has filed the necessary declaration of residency will be exchanged pursuant to a reorganization of the capital of Resolute for one (1) Resolute New Common Share and one (1) Resolute Preferred A Share and the stated capital of each:

(i) Resolute Preferred A Share shall be set at the paid-up capital of each Resolute Share exchanged less the Resolute New Common Share Stated Value (as defined below); and

(ii) Resolute New Common Share shall initially be set at \$0.82 (the "Resolute New Common Share Stated Value");

(d) each issued and outstanding Resolute Preferred A Share (other than Resolute Preferred A Shares held by Esprit Exploration) shall be transferred to Esprit Exploration in exchange for 0.338 of a Esprit Class B Trust Unit for each Resolute Preferred A Share held by a Resolute shareholder;

(e) Esprit Exploration shall issue one (1.0) unsecured subordinate promissory note having a principal amount equal to the weighted average trading price of the Esprit Class B Trust Units (the "Class B Note") to Esprit for each whole Esprit Class B Trust Unit required to be issued pursuant to paragraph (d) above and unsecured subordinate promissory note having a principal amount equal to the weighted average trading price of the Esprit Class A Trust Units (the "Class A Note") to Esprit for each whole Esprit Class A Trust Unit issued pursuant to (b) above;

(f) all unexercised Resolute Options (other than Resolute Options held by persons who have validly exercised their Dissent Rights) will be transferred to Esprit Exploration and the holders thereof ("Resolute Optionholder") shall be entitled to receive, in the case of a Resolute Optionholder that is not a Non-Resident, that number of Esprit Class B Trust Units in respect of each such Resolute Option equal to the amount by which the Resolute Weighted Average Trading Price (as defined below) exceeds the exercise price of such Resolute Option (the "Option Exercise Price Differential") multiplied by the number of Resolute Shares to which such Resolute Option relates divided by the weighted average trading price of the Esprit Class B Trust Units and, in the case of a Non-Resident Resolute Optionholder, subject to the Ownership Threshold, that number of Esprit Class A Trust Units in respect of each such Resolute Option equal to the Option Exercise Price Differential of such Resolute Option divided by the weighted average trading price of the Class A Trust Units;

(g) Esprit Exploration shall, contemporaneously with the acquisition of Resolute Options and the delivery of Esprit Class B Trust Units and Esprit Class A Trust Units pursuant to (f) above, issue and deliver to Esprit such number of Class B Notes and Class A Notes as is equal to the number of Esprit Class B Trust Units and Esprit Class A Trust Units, respectively, required to be delivered by Esprit Exploration pursuant to (f) above in consideration for the acquisition of Resolute Options pursuant to (f) above;

(h) all unexercised Resolute Warrants (other than Resolute Warrants held by persons who have validly exercised their Dissent Rights) will be transferred to Esprit Exploration and the holders thereof (the "Resolute Warrantholders") shall be entitled to receive, in the case of a Resolute Warrantholder that is not a Non-Resident, that number of Esprit Class B Trust Units in respect of each such Resolute Warrant equal to the number obtained by dividing the amount by which the Resolute Weighted Average Trading Price exceeds the exercise price of such Resolute Warrant (the "Warrant Exercise Price Differential"), multiplied by the number of Resolute Shares to which such Resolute Warrant relates by the weighted average trading price of the Esprit Class B Trust Units and, in the case of a Non-Resident Resolute Warrantholder, subject to the Ownership Threshold, that number of Esprit Class A Trust Units in respect of each such Resolute Warrant equal to the Warrant Exercise Price Differential of such Resolute

Warrant divided by the weighted average trading price of the Esprit Class A Trust Units;

(i) Esprit Exploration shall, contemporaneously with the acquisition of Resolute Warrants and the delivery of Esprit Class B Trust Units and Esprit Class A Trust Units pursuant to (h) above, issue and deliver to Esprit such number of Class B Notes and Class A Notes as is equal to the number of Esprit Class B Trust Units and Esprit Class A Trust Units, respectively, required to be delivered by Esprit Exploration pursuant to (h) above in consideration for the acquisition of Resolute Warrant pursuant to (h) above;

(j) the transactions whereby Resolute will convey the assets and contracts transferred by Resolute to Cordero pursuant to the Arrangement which are subject to rights of first refusal or affiliate assignment provisions (the "Cordero ROFR Conveyance") and Cordero shall deliver an unsecured, subordinated promissory note (the "Cordero ROFR Note") issued by Cordero to Resolute in satisfaction of the purchase price, subject to post closing adjustments;

(k) each Resolute New Common Share will be transferred to Cordero in exchange for 0.2857143 of a Cordero Common Share and the one Cordero Common Share held by Resolute shall be cancelled and Cordero shall pay Resolute the sum of \$1.00 in consideration of such cancellation;

(l) Resolute shall issue one (1.0) Resolute Share to Esprit Exploration in consideration of a cash payment equal to the number obtained by dividing (i) the aggregate dollar trading value of all Resolute Shares sold on the Toronto Stock Exchange over the five (5) consecutive trading day ending on the trading day next preceding the Effective Date by (ii) the total number of Resolute Shares sold on such stock exchange during such period (the "Resolute Weighted Average Trading Price");

(m) each Resolute New Common Share will be exchanged for one (1.0) Resolute Preferred B Share;

(n) each Resolute Preferred B Share will be transferred by Cordero to Esprit Exploration in exchange for a promissory note with a principal amount equal to the aggregate redemption amount of the Resolute Preferred B Shares outstanding (the "Share Note");

(o) Resolute shall be dissolved, in accordance with the following:

(i) the stated capital of all classes of shares of Resolute shall be reduced to \$1.00 in aggregate immediately prior to the winding-up and dissolution;

(ii) all of the property of Resolute shall be distributed to Esprit Exploration; and

(iii) Esprit Exploration shall continue to be liable for all of the obligations of Resolute;

(p) the corporation formed on the merger of Esprit Exploration and Resolute pursuant to the dissolution of Resolute to (o) ("MergeCo") will convey the assets and contracts transferred by MergeCo to Cordero pursuant to the Arrangement which are not subject to rights of first refusal or affiliate assignment provisions (the "Cordero Conveyance") and Cordero shall deliver an unsecured, subordinated promissory note (the "Cordero Note") issued by Cordero to MergeCo in satisfaction of the purchase price, subject to post closing adjustments;

(q) MergeCo shall deliver the Cordero Common Shares to the Non-Residents entitled to such Cordero Common Shares referred to in (b) above;

(r) that portion of the Cordero Note and Cordero ROFR Note equal to the principal amount of the Share Note shall be transferred by MergeCo to Cordero in exchange for the Share Note held by Cordero and the Share Note and Cordero ROFR Note shall be cancelled;

(s) Cordero shall settle the remaining unpaid principal amount of the Cordero Note by delivering to Esprit Exploration a payment in cash and shall pay in cash the estimated post closing adjustments under the Cordero ROFR Conveyance and the Cordero Conveyance;

(t) Cordero will issue to each holder of a Cordero Common Share, one (1.0) right to acquire 0.094106 of an Cordero Common Share at an exercise price equal to the Cordero Finco Common Share subscription price multiplied by 0.094106 which are exercisable during the period which commences on the Effective Time and ends thirty (30) days thereafter ("Cordero Arrangement Warrant"), subject to a maximum number of 1,916,376 Cordero Common Shares to be issued on the exercise of all the Cordero Arrangement Warrants;

(u) each Cordero Finco Common Share will be transferred to Cordero in exchange for one (1.0) Cordero Common Share;

(v) each Cordero Finco Performance Share will be transferred to Cordero in exchange for one (1.0) Cordero Performance Share;

(w) each Cordero Finco Warrant will be transferred to Cordero in exchange for one (1.0) Cordero Warrant; and

(x) the stated capital account of the Cordero Common Shares shall be reduced by the amount of the deficit as shown on the balance sheet of Cordero as at the Effective Time without the payment of any consideration.

The Class A Trust Units and Class B Trust Units issued by Esprit in connection with the Arrangement will have the same rights to vote, receive distributions and participate in the assets of the Trust upon any wind-up or dissolution. Class A Trust Units have no residency restrictions. Class B Trust Units may only be held by Canadian residents. At any given time, the number of Class A Trust Units issued and outstanding may not exceed 80% of the number of Class B Trust Units. The maximum number of Class A Trust Units that will be issued pursuant to the Arrangement may not exceed 80% of the number of Class B Units issued under the Arrangement provided that Esprit may agree to a higher percentage so long as such higher percentage does not result in Esprit exceeding the Ownership Threshold. In the event that a number of Class A Trust Units are requested to be issued in excess of the Ownership Threshold, the Class A Trust Units will be pro-rated among the Non-Resident Resolute Shareholders that have duly completed a Letter of Transmittal and the obligation of Esprit Exploration and the Trust to deliver Class A Trust Units in excess of the Ownership Threshold to such Non-Resident Resolute Shareholders in respect of the exchange of such Resolute Shareholders' Resolute Shares under the Arrangement will be satisfied by the Trust delivering Class B Trust Units for sale on the Toronto Stock Exchange and delivery of the net proceeds of sale, after expenses, on a pro rata basis, to such Non-Resident Resolute Shareholders, net of any applicable withholding taxes.

31. Upon completion of the proposed Arrangement, the Trust will own the majority of Resolute's assets and certain of Resolute's assets, including its coalbed methane ("CBM") assets and exploration lands, will be transferred to Cordero.

32. The steps under the Arrangement involve a number of trades or potential trades of securities, including Resolute Shares, Resolute Options, securities of the Trust (including Class A Trust Units and Class B Trust Units), securities of Cordero (including Cordero Common Shares and Cordero Arrangement Warrants), and securities of MergeCo under the Arrangement, and rights to otherwise make a trade of the security that was derived from the Arrangement (collectively, the "Arrangement Trades").

33. The precise mechanics of the various Arrangement Trades do not or may not satisfy the technical requirements of statutory exemptions from the Registration and Prospectus Requirements.

34. The Trust and Resolute made application for, and obtained an interim order (the "Interim Order") of the Alberta Court of Queen's Bench (the "Alberta Court") under the ABCA which specifies, among other things, certain procedures and requirements to be filed in connection with the calling and holding of a meeting of securities holders of Resolute to approve the Arrangement. The completion of the Arrangement is subject to receipt of the Final Order of the

Alberta Court following the receipt of all required approvals, including that of the securityholders of Resolute at the meeting.

35. In connection with the meeting and pursuant to the Interim Order, Resolute has mailed to its securityholders the Information Circular which provides sufficient information about the Arrangement to enable a securityholder of Resolute to make an informed decision with respect to the Arrangement which provides prospectus-level disclosure regarding the Trust, Resolute, Cordero and the particulars of the Arrangement. In addition, securityholders of Resolute have the dissent rights under the ABCA which, if exercised, will entitle them to be paid the fair value of their securities.

36. An opinion of Peters & Co. Limited relating to the fairness of the Arrangement to Resolute shareholders was obtained and attached to the Information Circular. In addition, the board of directors of Resolute has unanimously recommended that securityholders of Resolute approve the Arrangement.

(C) The Commission is satisfied in the circumstances of this particular case that it would not be prejudicial to the public to grant the relief requested;

IT IS ORDERED:

1. THAT, pursuant to Section 20(1) of the Act, the Arrangement Trades are exempt from sections 6 and 37 of the Act.

2. THAT the fee for this order shall be \$1,000.00.

BY ORDER OF THE COMMISSION.

DEPUTY DIRECTOR – LEGAL