FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Company:**

Resolute Energy Inc. ("**Resolute**")
2500 Bow Valley Square 3
255 - 5th Ave SW
Calgary, AB T2P 3G6

2. **Date of Material Change:**

March 14, 2005

3. **News Release:**

A press release disclosing in detail the material summarized in this material change report was disseminated through the facilities of Canada Newswire on March 14, 2005 and would have been received by the securities commissions where Resolute is a "reporting issuer" and the stock exchanges on which the securities of Resolute are listed and posted for trading in the normal course of their dissemination.

4. **Summary of Material Change:**

Esprit Energy Trust ("**Esprit**" or the "**Trust**"), Esprit Exploration Ltd. ("**Esprit Exploration**") and Resolute entered into an arrangement agreement dated March 14, 2005 (the "**Arrangement Agreement**"), a copy of which (excluding the schedules thereto) is attached hereto as Schedule "A", which was unanimously approved by the board of directors of Resolute and board of trustees of the Trust. Pursuant to the Arrangement Agreement and the plan of arrangement (the "**Arrangement**") set out therein, the Trust will acquire the majority of Resolute's assets and certain of Resolute's assets will be transferred to a separate exploration and coalbed methane ("**CBM**") development company, to be named at a later date ("**ExCo**"). As a result of the Arrangement, shareholders of Resolute will receive 0.338 units of the Trust, 0.2857 shares of ExCo and 0.0269 ExCo transaction warrants, exerciseable for 30 days at ExCo's current estimated net asset value (being $0.82 per existing Resolute Share and $2.87 per existing Resolute Share on a post-consolidation basis (as such consolidation is provided for pursuant to the Arrangement))("**Market Value**"), for each Resolute share held.

5. **Full Description of Material Change:**

The Arrangement and the Arrangement Agreement

The Trust and Resolute have entered into the Arrangement Agreement, a copy of which (excluding the schedules thereto) is attached hereto as Schedule "A". Pursuant to the Arrangement, the Trust will acquire the majority of Resolute's assets and certain of Resolute's assets will be transferred to ExCo. As a result of the Arrangement, shareholders of Resolute will receive 0.338 units of the Trust, 0.2857 shares of ExCo and 0.0269 ExCo transaction warrants, exerciseable for 30 days at Market Value, for each Resolute share held.

An information circular detailing the Arrangement is anticipated to be mailed to securityholders of Resolute in early April. A meeting of the securityholders of Resolute to consider the Arrangement is scheduled to take place in late April. Resolute has set a record date of April 4, 2005 for the meeting.

The Arrangement will require the approval of 66⅔ percent of the votes cast by the shareholders, option holders and warrant holders of Resolute voting as a single class, the approval of the majority of the shareholders, excluding directors and officers of Resolute participating in the ExCo private placement (as hereinafter described) and the approval of the Court of Queen's Bench of Alberta and certain regulatory agencies.

Non-Solicitation Provisions

Pursuant to the Arrangement Agreement, Resolute has agreed to not directly or indirectly, do or authorize or permit any of its officers, directors or employees or any financial advisor, expert or other representative retained by it to do, any of the following:

(a) solicit, facilitate, initiate or encourage any Acquisition Proposal (which is defined in the Arrangement Agreement to mean with respect to Resolute, any inquiry or the making of any proposal to Resolute or its shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (i) an acquisition from Resolute or its shareholders of more than 50% of the securities of Resolute (other than on exercise of currently outstanding Resolute options or Resolute warrants) or its subsidiaries; (ii) any acquisition of 50% or more assets of Resolute or its subsidiaries; (iii) an amalgamation, arrangement, merger, or consolidation involving Resolute or its subsidiaries; or (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving Resolute or its subsidiaries or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to the other party hereto under the Arrangement Agreement or the Arrangement provided that inquiries or proposals regarding the assets to be transferred to ExCo assets shall not constitute an Acquisition Proposal under any circumstance;

(b) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other person any information with respect to their respective businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;

(c) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including, without limitation, any "standstill provisions" thereunder; or

(d) accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal;

provided, however, that notwithstanding any other provision of the Arrangement Agreement, Resolute and its officers, directors and advisers may:

(e) enter into or participate in discussions or negotiations regarding ExCo or the assets of ExCo;

(f) enter into or participate in any negotiations or initiate any discussion with a third party which (without any solicitation, initiation or encouragement, directly or indirectly, after the date of this Agreement, by Resolute or any of its officers, directors or employees or any financial advisor, expert or other representative retained by it) seeks to initiate such discussions **or** negotiations and, subject to execution of a confidentiality agreement substantially similar to the confidentiality agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to the Trust and Esprit Exploration as set out below), may furnish to such third party information concerning Resolute and its business, properties and assets, in each case if, and only to the extent that:

(i) the third party has first made a written bona fide Acquisition Proposal which the board of directors of Resolute determines in good faith: (1) that funds or other consideration necessary for the Acquisition Proposal are or are likely to be available; (2) (after consultation with its financial advisor) would, if consummated in accordance with its terms, result in a transaction financially superior for securityholders of Resolute than the transaction contemplated by this Agreement; and (3) after receiving the advice of outside counsel as reflected in minutes of the board of directors of Resolute, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under applicable laws (a "**Superior Proposal**"); and

(ii) prior to furnishing such information to or entering into or participating in any such negotiations or initiate any discussions with such third party, Resolute provides prompt notice to the Trust and Esprit Exploration to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person or entity together with a copy of the confidentiality agreement referenced above and if not previously provided to the Trust or Esprit Exploration, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that Resolute shall notify the Trust and Esprit Exploration orally and in writing of any inquiries, offers or proposals with respect to a Superior Proposal (which written notice shall include, without limitation, a summary of the details of such proposal (and any amendments or supplements thereto), the identity of the person making it (unless the Superior Proposal is an all cash offer), if not previously provided to the Trust or Esprit Exploration, copies of all information provided to such party and all other information reasonably requested by the Trust or Esprit Exploration), within 24 hours of the receipt thereof, shall keep the Trust and Esprit Exploration informed of the status and details of any such inquiry, offer or proposal and answer the Trust and Esprit Exploration's questions with respect thereto; or

(g) comply with Section 172 of the *Securities Act* (Alberta) and similar provisions under applicable Canadian securities laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and

(h) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, its board of directors shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of the Arrangement Agreement and after receiving the advice of financial advisors and outside counsel as reflected in minutes of the board of directors of Resolute, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under Applicable Laws and Resolute complies with its obligations set forth in the Arrangement Agreement and terminates the Arrangement Agreement and pays the termination fee.

Termination Fee

Pursuant to the Arrangement Agreement, Resolute, the Trust and Esprit Exploration have agreed that if at any time after the execution of the Arrangement Agreement:

(a) the board of directors of Resolute has withdrawn or changed any of its recommendations or determinations regarding the Arrangement in a manner adverse to Esprit or shall have resolved to do so prior to the date that the Arrangement becomes effective under the *Business Corporations Act* (Alberta) (the "**Effective Date**") other than in certain circumstances provided for in the Arrangement Agreement;

(b) a bona fide Acquisition Proposal is publicly announced, proposed, offered or made to the Resolute shareholders or to Resolute and: (i) the Resolute shareholders do not approve the Arrangement; and (ii) such Acquisition Proposal is consummated within 6 months of the date of the Arrangement Agreement;

(c) Resolute accepts, recommends, approves or enters into an agreement (other than a confidentiality agreement) to implement a Superior Proposal prior to the Effective Date or termination of the Arrangement Agreement;

(d) Resolute breaches any of its covenants in the Arrangement Agreement or wilfully breaches any other of its representations, warranties or covenants made in the Arrangement Agreement which breach individually or in the aggregate would materially impede a condition to the Arrangement being satisfied or the completion of the Arrangement; or

(e) Resolute breaches any of its representations, warranties or covenants made in the Arrangement Agreement (other than a wilful breach referred to in (d) above), which breach individually or in the aggregate would materially impede a condition to the Arrangement being satisfied or the completion of the Arrangement

(each of the above being a "**Esprit Damages Event**"), then in the event of the termination of the Arrangement Agreement, Resolute shall pay to Esprit $9.0 million or $2.0 million (in the case of an event referred to in (e) above) as liquidated damages in immediately available funds to an account designated by Esprit and Esprit Exploration within one business day after the first to occur of the events described above, and after such event but prior to payment of such amount, Resolute shall be deemed to hold such fund in trust for Esprit.

If at any time after the execution of the Arrangement Agreement, Esprit or Esprit Exploration breaches any of its representations, warranties or covenants made in the Arrangement Agreement, which breach individually or in the aggregate would materially impede a condition to the

Arrangement being satisfied or the completion of the Arrangement (being a "**Resolute Damages Event**"), then in the event of termination of the Arrangement Agreement, Esprit shall pay to Resolute $2.0 million as liquidated damages in immediately available funds to an account designated by Resolute within one business day after the breach as described above and after such event but prior to payment of such amount, Esprit shall be deemed to hold such funds in trust for Resolute.

Termination

The Arrangement Agreement may be terminated at any time prior to the Effective Date:

(a) by mutual written consent of Esprit and Resolute;

(b) as a result of the failure to satisfy any of the conditions set forth in the Arrangement Agreement;

(c) by Esprit upon the occurrence of a Esprit Damages Event provided that in the event of a Esprit Damages Event, the Arrangement Agreement may not be terminated by Esprit unless Resolute securityholders do not approve the Arrangement as required in the interim order of the Court of Queen's Bench concerning the Arrangement or the Arrangement is not submitted for their approval;

(d) by Resolute upon the occurrence of a Esprit Damages Event and the payment by Resolute to Esprit of the applicable termination fee;

(e) by Esprit upon the occurrence of a Resolute Damages Event and the payment by Esprit to Resolute of the applicable termination fee; or

(f) by Resolute upon the occurrence of a Resolute Damages Event.

In the event of any such termination, the Arrangement Agreement shall forthwith become void and neither party shall have any liability or further obligation to the other party under the Arrangement Agreement except with respect to the payment of the termination fee which shall survive such termination.

Benefits of the Transaction to Resolute

Resolute believes the transaction will enhance value for its shareholders by providing the following benefits:

- the different investment opportunities created by this transaction allow shareholders the ability to align their investment strategy with the risks and returns offered by each investment;

- the transaction gives Resolute shareholders the opportunity to achieve an attractive value for Resolute's asset base;

- Resolute shareholders will be able to participate in a Trust with lower risk, long-life, natural gas weighted assets that provides an attractive and tax-efficient monthly cash distribution; and

- Resolute shareholders will also have the opportunity to be part of a high-growth, exploration and coalbed methane development company.

Based on these and other factors, the board of directors of Resolute has determined that the Arrangement is in the best interests of Resolute securityholders. Peters & Co. Limited is acting as financial advisor to Resolute and has provided an opinion to Resolute's board of directors that the consideration receivable by Resolute shareholders pursuant to the Arrangement is fair, from a financial point of view, to Resolute shareholders.

The board of directors of Resolute has called a special meeting of shareholders of Resolute to approve the Arrangement which is expected to close in late April 2005. Officers and directors of Resolute holding approximately 8 percent in aggregate of the fully diluted shares of Resolute have agreed to vote in favour of the Arrangement.

Pursuant to the Arrangement, Canadian resident Resolute shareholders will receive 0.338 Class B units of the Trust while non-Canadian resident shareholders will receive 0.338 Class A units of the Trust. Both resident and non-resident Resolute shareholders will also receive 0.2857 shares and 0.0269 transaction warrants of ExCo.

To the extent that the aggregate number of Class A trust units that would be issued to Resolute shareholders exceeds 80 percent of the number of Class B trust units issued to Resolute shareholders, the number of Class A trust units to be issued to any holder will be calculated on a pro-rata basis. For the amount of any shortfall in the Class A trust units otherwise issuable to Resolute holders, Esprit will issue that number of Class B units to the depository. The depository will then sell these Class B trust units in the open market and distribute the proceeds, less selling costs, to the holders who did not receive their full allocation of Class A trust units.

Esprit Energy Trust

The additional volumes from this transaction are expected to increase Esprit's production base by 6,650 boe per day from the effective date of the transaction. The combined production is expected to average 17,650 boe per day in 2005.

Following the completion of the transaction, the increased production base and economies of scale are expected to allow the Trust to achieve lower per unit costs for the remainder of the year.

The acquired properties bring several important additions to the Trust's existing inventory of development opportunities. In 2005, $36 million of capital expenditures are budgeted to be spent developing the assets acquired from Resolute, bringing the capital program for the combined assets for the year to $76 million. This additional capital will be spent primarily on drilling approximately 70 gross wells mainly focused in the Berry and Winnifred areas, located in southern Alberta. Of the 2005 capital program, over 60 percent, or $46 million, will be spent on drilling, resulting in a joint drilling program of approximately 110 gross wells for the year. In addition, $23 million will be spent on facilities with the remaining $7 million allocated to land, seismic and other areas.

Esprit expects to target a net debt to cash flow ratio of between 1.0 and 1.2 times for 2005 and over the long-term. On a combined basis, Esprit estimates net debt will be approximately $150 million after the close of the transaction.

Esprit expects to maintain its distribution payout ratio of 70 to 75 percent of cash flow and does not expect to alter the level of its current cash distributions. However, distributions are based on commodity price outlooks and other factors and remain subject to change.

Summary Table

	Esprit pre-acquisition	**Resolute Trust Assets**	**Esprit Combined**	**ExCo**
Reserves (mmboe)[1]				
Proved Producing	30.6	13.0	43.6	0.5
Total Proved	38.2	15.7	53.9	1.8
Total Proved plus Probable	49.4	20.4	69.8	4.5
Reserve Life – proved plus probable (years) [2]	12.3	8.4	10.8	27.4
Current production (boe per day)	11,000	6,650	17,650	450
Undeveloped land (net acres)	153,000	147,900	300,900	68,600
Number of shares/units issued and outstanding at Dec. 31 (millions) [3]	42.2	71.3	66.3	--

(1) Reserves were independently evaluated by Gilbert Laustsen Jung Associates (in respect of the reserves attributable to each of Esprit and Resolute) and Sproule Associates Limited (in respect of the reserves attributable to ExCo) in accordance with National Instrument 51-101 as of December 31, 2004 **.**

(2) Reserve Life calculated based on current production.

(3) Includes exchangeable shares for Esprit and fully diluted for Resolute.

Esprit is a Calgary based, natural gas weighted income trust. Esprit's operations are geographically concentrated in West Central and Southern Alberta and are characterized by long-life, gas-focused assets. Trust units of Esprit are traded on the Toronto Stock Exchange (TSX) under the symbols "EEE.A" and "EEE.B". Class A units hold no residency restrictions while Class B units may only be held by Canadian residents. Both classes of units have the same rights to vote, receive distributions and participate in the assets of the Trust upon any wind-up or dissolution.

The board of trustees of Esprit has unanimously concluded that this transaction is in the best interests of Esprit unitholders. CIBC World Markets Inc. and North West Capital are acting as financial advisors to Esprit.

ExCo

In addition to 0.338 units of the Trust, Resolute shareholders will receive for each Resolute common share approximately 0.2857 of a common share and 0.0269 transaction warrants in ExCo, a publicly traded company. Under the Arrangement, ExCo will acquire Resolute's CBM assets in the Malmo area and over 68,000 net acres of undeveloped land. Current production from

Malmo is 2.7 million cubic feet ("**mmcf**") per day (450 boe per day) with approximately 6 mmcf per day (1,000 boe per day) awaiting the completion of flow-line and compression facilities.

Based on two independent evaluations as at December 31, 2004, ExCo's Malmo reserves have an estimated value of $54 million. The value of undeveloped land has been estimated at $4.2 million.

Resolute's existing management team will continue with Brian Lemke as the Executive Chairman, David Elgie as President and Chief Executive Officer and Dean Setoguchi as Chief Financial Officer. In addition, ExCo will staff a full complement of technical professionals to manage and execute the company's exploration and development programs.

At closing of the Arrangement, ExCo will assume an estimated $15 million of net debt relating to the first phase of CBM development in 2005. The net asset value of ExCo is not expected to change at closing as the net debt assumed by ExCo is anticipated to be offset by a corresponding increase in reserve value as at such time. A capital expenditure program of $18 to $24 million is planned for the remainder of the year. Initial financing for the ExCo, in the aggregate amount of $11.0 million, will be provided by a private placement to ExCo management of $5.5 million and an equal amount of proceeds from the exercise of transaction warrants, at the same price as the private placement.

ExCo will be well positioned to aggressively pursue the full potential of its CBM properties while focusing on new exploration opportunities.

Financing for ExCo

In order to align the interests of management of ExCo and its shareholders, ExCo will complete the following private placement, which is expected to be completed prior to the Arrangement.

A private placement of up to 1,916,376 common shares of ExCo, with an issue price equal to Market Value, will be offered to the management team of ExCo. The shares will be subject to escrow, and will be released as to one-third of the total amount of shares on each of the first, second and third anniversaries of the private placement. Gross proceeds of up to $5.5 million are expected to be raised under this private placement at closing. Management of ExCo will also receive 1.0 share purchase warrants per common share or up to 1,916,376 warrants, having an exercise price of Market Value.

The warrants will have a term of 5 years and will vest upon satisfaction of each of the following two criteria: (i) over time with one third vesting at the first, second and third anniversaries; and (ii) the twenty day weighted average trading price of the common shares of ExCo reaching 1.5 times, 2.0 times and 2.5 times the Market Value as at or after each respective anniversary date. Allocation of the private placement is subject to approval of the independent committee of the board of directors of Resolute and regulatory approval.

Any private placement subscriber who voluntarily ceases to be employed or is terminated with cause by ExCo shall lose all unvested warrants. Warrants held by exiting personnel will be available for reallocation to new management or employees as determined by the board of directors of ExCo. For 18 months from the effective date, ExCo shall have the right to purchase from any private placement subscriber who voluntarily ceases to be employed or is terminated with cause by ExCo, all escrowed common shares at the lesser of the price paid by the subscriber and the weighted average trading price of the common shares of ExCo for the 5 trading day period immediately preceding the date on which such employment ceases or terminates.

The private placement to be completed by ExCo may be considered a related party transaction, "connected transaction" or a "collateral benefit" for purposes of Ontario Securities Commission Rule 61-501. Since directors and officers of ExCo are entitled to receive various benefits or payments in connection with the Arrangement and are expected to participate in the private placement, Ontario Securities Commission Rule 61-501 requires ExCo to obtain a formal valuation for the Arrangement unless an exemption from the valuation requirements is available. Such an exemption is available because the fair market value of benefits and payments to interested parties in such transaction and the securities expected to be issued to such persons pursuant to the private placement do not exceed 25% of Resolute's market capitalization. In addition, the Ontario Securities Commission Rule 61-501 will require approval of Arrangement by a majority of the votes cast by the shareholders of Resolute after excluding votes attached to shares held by directors or officers of Resolute.

ExCo will put in place a stock option plan and SAR plan which is substantially the same as the Resolute plans, including standard change of control and disability provisions. The maximum number of stock options, SARs and performance shares issued will not exceed 10% of the basic shares outstanding. Management of ExCo will receive approximately 725,900 performance shares representing approximately 3% of the initial basic shares outstanding after the completion of the private placement and the exercise of warrants held by Resolute shareholders issuable under the plan. The stock options initially granted will be exercisable at not less than the "stock market value" of ExCo common shares at time of issue with "stock market value" in this instance to be determined by the weighted average trading price of the common shares of ExCo for the 5 trading day period commencing the date the ExCo common shares begin trading on the stock exchange on which the common shares are listed immediately preceding the date of grant. The maximum number of SARs available for issue will be approximately 484,000 representing approximately 2% of the common shares of ExCo outstanding upon completion of the Arrangement and will be available for issue at no less than Market Value for 18 months from the effective date. Any SARs that are not issued within the 18-month period will become available for issue as options pursuant to the option plan. The number of options to be initially granted and the allocation thereof will be subject to the approval of the independent committee of the board of directors of Resolute. The number of SARs to be granted and the allocation thereof will be subject to the approval of ExCo's board of directors.

ExCo Performance Shares

Each ExCo performance share will be sold for a price of $0.01 per share and will be convertible into the percentage of an ExCo common share equal to the closing trading price of the ExCo common shares on the TSX or such other stock exchange on which the ExCo common shares are listed on the trading day prior to such conversion (the "**ExCo Closing Price**") less Market Value if positive, divided by the ExCo Closing Price. The ExCo performance shares will automatically convert into ExCo common shares as to 1/3 on each of the first, second and third anniversaries of the closing of the Arrangement if the holder is a Resolute Exploreco Service Provider (as such term is defined in the Arrangement Agreement) on such date. Upon a holder ceasing to be a Resolute Exploreco Service Provider, ExCo may, subject to applicable law, redeem each ExCo performance share at a redemption price of $0.01 per share. If the ExCo Closing Price less Market Value is not positive on any conversion date, ExCo will, subject to applicable law, redeem the ExCo performance shares that would have otherwise been converted at a redemption price of $0.01 per share. If ExCo is unable to pay the redemption price in accordance with applicable law the ExCo performance shares, which were to be redeemed, will be cancelled and the holders will only have the right to receive $0.01 per ExCo performance share. The allocation of performance shares will be subject to the approval of the independent committee of the board of directors of Resolute.

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

For further information, contact Brian Lemke, President and Chief Executive Officer by telephone at (403) 264-9562.

9. Date of Report:

March 16, 2005.

SCHEDULE "A"

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 14th day of March, 2005,

AMONG:

ESPRIT ENERGY TRUST, a trust formed under the laws of the Province of Alberta ("**Esprit**")

\- and -

ESPRIT EXPLORATION LTD., a corporation incorporated under the laws of Canada ("**Esprit Exploration**")

\- and -

RESOLUTE ENERGY INC., a corporation incorporated under the laws of the Province of Alberta ("**Resolute** ")

WHEREAS Esprit, Esprit Exploration and Resolute wish to propose an arrangement involving Resolute and its securityholders;

AND WHEREAS the Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (Alberta);

AND WHEREAS the Parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangement;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

(a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

(b) "**Acquisition Proposal**" means any inquiry or the making of any proposal to Resolute or its shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (i) an acquisition from Resolute or its shareholders of more than 50% of the securities of Resolute (other than on exercise of currently outstanding Resolute Options or Resolute Warrants) or its subsidiaries; (ii) any acquisition of 50% or more assets of Resolute or its subsidiaries; (iii) an amalgamation, arrangement, merger, or consolidation involving Resolute or its subsidiaries; or (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving Resolute or its subsidiaries or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to the other party hereto under this Agreement or the Arrangement provided that inquiries or proposals regarding the ExploreCo Assets shall not constitute an Acquisition Proposal under any circumstance;

(c) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

(d) "**Applicable Laws**" means all applicable securities laws, rules of applicable stock exchanges and applicable corporate laws;

(e) "**Arrangement**" means the arrangement pursuant to Section 193 of the ABCA set forth in the Plan of Arrangement;

(f) "**Arrangement Resolution**" means the special resolution in respect to the Arrangement and other related matters to be considered at the Resolute Meeting;

(g) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, giving effect to the Arrangement;

(h) "**Business Day**" means a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta are not generally open for business;

(i) "**Certificate**" means the certificate or other confirmation of filing to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA giving effect to the Arrangement;

(j) "**Closing Time**" shall be 8:00 a.m. (Calgary time) on the Business Day immediately following the date of the later of the Resolute Meeting unless otherwise agreed to by Esprit and Resolute;

(k) "**Competition Act**" means the *Competition Act*, R.S. 1985, c. C-34, as amended;

(l) "**Confidentiality Agreement**" means the confidentiality agreements between Esprit and Resolute dated December 8, 2004 and February 18, 2005 in respect of information relating to Esprit, Esprit Exploration and Resolute;

(m) "**Court**" means the Court of Queen's Bench of Alberta;

(n) "**Effective Date**" means the date the Arrangement becomes effective under the ABCA which is scheduled to occur on April 29, 2005 or such later date as may be agreed to by Resolute and Esprit;

(o) "**Effective Time**" means 12:01 a.m. (Calgary time) on the Effective Date;

(p) "**Esprit**" means Esprit Energy Trust, a trust duly settled under the laws of Alberta;

(q) "**Esprit Class A Trust Unit**" means a Class A trust unit of Esprit;

(r) **"Esprit Class B Trust Unit"** means a Class B trust unit of Esprit which may not be owned or controlled, directly or indirectly, otherwise than by security only, by non-residents of Canada (as that term is defined in the Trust Indenture);

(s) **"Esprit Exploration"** means Esprit Exploration, a corporation amalgamated under the ABCA;

(t) "**Esprit Financial Statements**" means the audited consolidated financial statements of Esprit for the year ended December 31, 2004, together with the notes thereto and the report of the auditors thereon;

(u) "**Esprit Information**" means the information included in the Resolute Information Circular describing Esprit and its business, operations and affairs;

(v) "**ExploreCo**" has the meaning set forth in Section 2.5;

(w) "**ExploreCo Assets**" means the assets and liabilities identified in **Schedule B** to this Agreement, the ExploreCo ROFR Assets (as defined in the Plan of Arrangement) and such additional assets and liabilities as Resolute and Esprit shall agree, acting reasonably, to be transferred by Resolute to ExploreCo pursuant to the Arrangement;

(x) "**ExploreCo Common Shares**" means the common shares in the capital of ExploreCo;

(y) "**ExploreCo Conveyance Agreement**" means the agreement to be entered into between Resolute and ExploreCo, in form satisfactory to each of Resolute and Esprit, acting reasonably, effecting the sale of ExploreCo Assets to ExploreCo which shall be in form customary for similar transactions involving the purchase and sale of crude oil and natural gas and related assets including the provisions specifically set forth in this Agreement and in **Schedule B** to this Agreement;

(z) "**ExploreCo Employees**" means those individuals identified in **Schedule D** to this Agreement who are currently employed by Resolute and, subject to receipt of the release referred to in Section 2.7 hereof, whose employment shall be terminated by Resolute at the Effective Date and who ExploreCo shall provided offers of employment effective as at the Effective Time;

(aa) "**ExploreCo Arrangement Warrants**" means the warrants issued to Resolute Shareholders pursuant to the Arrangement;

(bb) "**ExploreCo Incentive Plans**" means the incentive plans for the benefit of the ExploreCo Service Providers under which the maximum number of ExploreCo Common Shares reserved for issuance shall, in the aggregate, not exceed 10% of the ExploreCo Outstanding Shares and summarized in Schedule C;

(cc) "**ExploreCo Outstanding Shares**" means the number of ExploreCo Common Shares outstanding after giving effect to the Arrangement and the ExploreCo Common Shares issued on the exercise of ExploreCo Arrangement Warrants;

(dd) "**ExploreCo Private Placement**" means the proposed private placement to be completed by ExploreCo or another corporation prior to the completion of the Arrangement the terms of which shall include those set forth in **Schedule C** to this Agreement;

(ee) "**ExploreCo Service Providers**" means the directors, officers, employees and consultants of ExploreCo;

(ff) "**ExploreCo Warrants**" means the warrants of ExploreCo to be issued pursuant to the ExploreCo Private Placement;

(gg) "**Final Order**" means the order of the Court approving the Arrangement pursuant to Subsection 193(9) of the ABCA and Section 192 of the CBCA in respect of Resolute, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

(hh) "**Interim Order**" means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA in respect of Resolute, containing declarations and directions with respect to the Arrangement and the holding of the Resolute Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

(ii) "**Parties**" means, collectively, Esprit, Esprit Exploration and Resolute; and "**Party**" means either one of them;

(jj) "**Plan of Arrangement**" means the plan of arrangement substantially in the form set out in **Schedule A** to this Agreement as amended or supplemented from time to time in accordance with Article 6 thereof and Article 7 hereof;

(kk) "**Public Record**" means all information filed by either Esprit or Resolute, as the case may be, after January 1, 2004 with any securities commission or similar regulatory authority in compliance, or intended compliance, with any applicable securities laws;

(ll) "**Registrar**" means the Registrar of Corporations for the Province of Alberta duly appointed under the ABCA;

(mm) "**Resolute Deferred Share Unit Plan**" means the Deferred Share Unit Plan for non-employee directors of Resolute and "**Resolute DSUs**" means units outstanding under such plan;

(nn) "**Resolute Financial Statements**" means, collectively, the unaudited consolidated financial statements of Resolute for the year ended December 31, 2004, the audited consolidated financial statements of Resolute for the year ended December 31, 2003, together with the notes thereto and the report of the auditors thereon, and the interim unaudited financial statements of Resolute for the three month period ended March 31, 2004, the interim unaudited financial statements of Resolute for the six month period ended June 30, 2004 and the interim unaudited financial statements of Resolute for the nine month period ended September 30, 2004;

(oo) "**Resolute Information**" means the information included in the Resolute Information Circular describing Resolute and its business, operations and affairs and the matters to be considered at the Resolute Meeting;

(pp) "**Resolute Information Circular**" means the management proxy circular of Resolute to be sent by Resolute to the Resolute Securityholders in connection with the Resolute Meeting;

(qq) "**Resolute Lock-up Agreements**" means agreements in form satisfactory to Esprit between Resolute and the Resolute Lock-Up Securityholders pursuant to which the Resolute Lock-Up Securityholders agree to vote the Resolute Securities beneficially owned or controlled by the

Resolute Lock-Up Securityholders in favour of the Arrangement Resolution and to otherwise support the Arrangement and other related matters to be considered at the Resolute Meeting.

(rr) "**Resolute Lock-up Securityholders**" means those Resolute Securityholders that have entered into Resolute Lock-Up Agreements with Resolute;

(ss) "**Resolute Meeting**" means the special meeting of Resolute Securityholders to be held to consider the Arrangement Resolution and related matters, and any adjournments thereof;

(tt) "**Resolute Optionholders**" means the holders from time to time of Resolute Options;

(uu) "**Resolute Options**" means the outstanding stock options, whether or not vested, to acquire Resolute Shares;

(vv) "**Resolute Securities**" means, collectively, the Resolute Shares, the Resolute Options and the Resolute Warrants;

(ww) "**Resolute Securityholders**" means, collectively, the Resolute Shareholders, the Resolute Optionholders and Resolute Warrantholders;

(xx) "**Resolute Share Appreciation Rights Plan**" means the Share Appreciation Rights Plan of Resolute and "**Resolute SARs**" means the rights outstanding under such plan;

(yy) "**Resolute Shareholders**" means the holders from time to time of Resolute Shares;

(zz) "**Resolute Shares**" means the common shares in the capital of Resolute;

(aaa) "**Resolute Warrant**" means the outstanding common share purchase warrants, whether or not vested, to acquire Resolute Shares;

(bbb) "**Resolute Warrantholders**" means the holders from time to time of Resolute Warrants;

(ccc) "**Returns**" shall mean all reports, estimates, elections, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with, any Taxes;

(ddd) "**Subsidiary**" has the meaning ascribed thereto in the ABCA (and shall include all trusts or partnerships directly or indirectly owned by Esprit or Resolute, as the case may be);

(eee) "**Superior Proposal**" has the meaning set forth in Section 3.4(b)(vi)(A);

(fff) "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;

(ggg) "**Taxes**" shall mean all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, unemployment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which Esprit or Resolute (or any of their respective subsidiaries), as the case may be, is required to pay, withhold, remit or collect;

(hhh) "**Trust Indenture**" means the trust indenture of Esprit; and

(iii) "**TSX**" means the Toronto Stock Exchange.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including Schedule A hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

1.5 Entire Agreement

This Agreement, the Confidentiality Agreement and the Resolute Lock-Up Agreements, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof. To the extent there is any inconsistency between this Agreement and the Confidentiality Agreement, this Agreement shall supercede the Confidentiality Agreement.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

1.7 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under Canadian generally accepted accounting principles and all determinations of an accounting nature are required to be made shall be made in a manner consistent with Canadian generally accepted accounting principles.

1.8 Disclosure in Writing

Reference to disclosure in writing herein shall, in the case of Esprit and Esprit Exploration, include disclosure to Esprit, Esprit Exploration or their representatives, or in the case of Resolute, include disclosure to Resolute or its representatives.

1.9 Schedules

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

A – Plan of Arrangement
B – ExploreCo Assets and Terms of ExploreCo Conveyance Agreement
C – Terms of ExploreCo Private Placement ExploreCo Incentive Plans
D – ExploreCo Employees
E – Form of Resolute Lock-up Agreement

ARTICLE 2
THE ARRANGEMENT

2.1 Plan of Arrangement

Resolute will forthwith file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Resolute Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution. Provided all necessary approvals for the Arrangement Resolution are obtained from the Resolute Securityholders, Resolute shall submit the Arrangement to the Court and apply for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, Resolute shall forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to Subsection 193(9) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality. The Parties hereby covenant and agree to act reasonably to finalize the terms of the Plan of Arrangement consistent with the provisions of this Agreement.

2.2 Interim Order

The Interim Order shall provide that:

(a) the securities of Resolute for which holders shall be entitled to vote on the Arrangement Resolution shall be the Resolute Shares, the Resolute Options and Resolute Warrants;

(b) the Resolute Shareholders, the Resolute Optionholders and the Resolute Warrantholder shall be entitled to vote on the Arrangement Resolution together as a single class, and not as separate classes, with each Resolute Shareholder being entitled to one vote for each Resolute Share held by such holder, each Resolute Optionholder being entitled to one vote for each Resolute Share issuable pursuant to the Resolute Options held by such holder and each Resolute Warrantholder being entitled to one vote for each Resolute Share issuable pursuant to the Resolute Warrants held by such holder; and

(c) the requisite majority for the approval of the Arrangement Resolution shall be: (i) two-thirds of the votes cast by the Resolute Securityholders present in person or by proxy at the Resolute

Meeting, voting together as a single class, and not as separate classes; and (ii) a majority of the votes cast by the Resolute Shareholders, after excluding the votes cast by those persons whose votes must be excluded pursuant to Ontario Securities Commission Rule 61-501 or the equivalent rules in Quebec.

2.3 Information Circulars and Meetings

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and applicable corporate and securities laws

(a) Esprit and Esprit Exploration shall prepare the Esprit Information for inclusion in the Resolute Information Circular; and

(b) Resolute shall:

(i) prepare the Resolute Information Circular and cause such circular to be mailed to the Resolute Securityholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and

(ii) convene the Resolute Meeting.

2.4 Effective Date

The Arrangement shall become effective at the Effective Time on the Effective Date.

2.5 ExploreCo

(a) Prior to the Effective Date, Resolute shall cause a new corporation to be incorporated under the ABCA or designate a company prior to the mailing of the Resolute Information Circular to acquire the ExploreCo Assets ("**ExploreCo**"). ExploreCo shall have such provisions included in its articles of incorporation as may be agreed by Esprit and Resolute, acting reasonably. Prior to the Effective Time, Resolute shall not cause or permit ExploreCo to: (i) if ExploreCo is a new corporation, issue any securities or enter into any agreements, to issue or grant options, warrants or rights to purchase any of its securities except for the issuance of a nominal number of common shares to Resolute on incorporation; or (ii) carry on any business, enter into any transaction or effect any corporate act whatsoever, other than as contemplated herein or as reasonably necessary to carry out the transactions contemplated by the Plan of Arrangement (including the ExploreCo Private Placement and the ExploreCo Incentive Plans) unless previously consented to in writing by Esprit;

(b) If ExploreCo is an existing company, it shall:

(i) not have any material liabilities;

(ii) not require any corporate, or regulatory approval to consummate its obligations under the Plan of Arrangement or have a commitment to satisfy such obligations prior to the Effective Time;

(iii) have outstanding securities which will represent no more than 20% of the equity securities of the ExploreCo including ExploreCo Common Shares issuable upon the exercise of the ExploreCo Arrangement Warrants after the Effective Date (on a fully diluted basis); and

(iv) have agreed, from the date it agrees to become a part of the Arrangement, not to:

(A) issue any additional securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities;

(B) carry on any business, enter into any transaction or effect any corporate act whatsoever, other than as contemplated herein or as reasonably necessary to carry out the transactions contemplated by the Plan of Arrangement (including the ExploreCo Private Placement or the ExploreCo Incentive Plans) unless previously consented to in writing by Esprit.

2.6 ExploreCo Employees

ExploreCo may only make offers of employment to the ExploreCo Employees effective at the Effective Time. All such offers shall be conditional upon each such employee executing releases, in a form satisfactory to Esprit and Esprit Exploration, releasing Resolute from all obligations to such employees whatsoever, other than: (a) Resolute's obligations under written change of control agreements previously disclosed in writing to Esprit and Esprit Exploration; (b) Resolute's obligations under retention arrangements or bonuses included in the amount specified in Section 4.2(m); (c) any right of indemnity under Resolute's by-laws or indemnity agreements previously disclosed in writing to Esprit and Esprit Exploration; and (d) any right for directors and officers insurance currently in place or put in place pursuant to Section 5.1(g). In addition, ExploreCo shall agree in the ExploreCo Conveyance Agreement that it shall not nor shall it allow any of its directors, officers, employees or agents to: (i) enter into any discussions regarding employment or future employment with; or (ii) make an offer of employment to, nor shall it accept an offer of employment from, any employee of Resolute or Esprit Exploration or their successors or subsidiaries for a period of one year from the Effective Date without the express written consent of Esprit Exploration. The foregoing shall also apply with respect to the provision of consulting services.

2.7 ExploreCo Private Placement and ExploreCo Incentive Plans

(a) Subject to receipt of all necessary approvals, prior to the completion of the Arrangement, ExploreCo (or another newly incorporated company which shall become a subsidiary of ExploreCo pursuant to the Arrangement) may complete the ExploreCo Private Placement.

(b) Subject to the terms of this Agreement and to receipt of all necessary approvals, ExploreCo will adopt the ExploreCo Incentive Plans.

2.8 Completion of Transactions

Resolute shall cause ExploreCo to complete the transactions contemplated herein and in the Plan of Arrangement or shall obtain covenants from ExploreCo to complete the transactions contemplated herein and in the Plan of Arrangement.

ARTICLE 3
COVENANTS

3.1 Covenants of Esprit and Esprit Exploration

From the date hereof until the Effective Date or termination of this Agreement, except with the prior written consent of Resolute (such consent not to be unreasonably withheld), and except as otherwise expressly permitted or specifically contemplated by this Agreement:

(a) Esprit shall consult with Resolute in respect of the ongoing business and affairs of Esprit and its subsidiaries and keep Resolute apprised of all material developments relating thereto;

(b) Esprit shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents (including the Trust Indenture) in a manner materially adverse to the consideration to be received by Resolute Securityholders; (ii) declare, set aside or pay any distribution or payment (whether in cash, shares or property) in respect of its outstanding Esprit Class A Trust Units or Esprit Class B Trust Units except in an amount not greater than in accordance with Esprit current distribution policy; (iii) split, combine or reclassify any of its Esprit Class A Trust Units or Esprit Class B Trust Units unless the Arrangement is amended upon the same terms and conditions; (iv) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Esprit; or (vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(c) Esprit and Esprit Exploration shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;

(d) Esprit and Esprit Exploration shall promptly notify Resolute in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Esprit or Esprit Exploration threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Esprit or of any change in any representation or warranty provided by Esprit or Esprit Exploration in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Esprit and Esprit Exploration shall in good faith discuss with Resolute any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Esprit or Esprit Exploration threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Resolute pursuant to this provision;

(e) Esprit and Esprit Exploration shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in Sections 5.1 and 5.3 as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Esprit or Esprit Exploration;

(f) Esprit and Esprit Exploration will ensure that the Esprit Information provides Resolute Securityholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them and shall include, without limitation, any financial statements in respect of prior acquisitions made by it that are required to be included therein in accordance with Applicable Laws;

(g) Esprit and Esprit Exploration will assist Resolute in the preparation of the Resolute Information Circular and provide to Resolute, in a timely and expeditious manner, all information as may be reasonably requested by Resolute with respect to Esprit and Esprit Exploration for inclusion in the Resolute Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof, the Arrangement and the transactions to be considered at the Resolute Meeting;

(h) Esprit and Esprit Exploration shall indemnify and save harmless Resolute and the directors, officers and agents of Resolute from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Resolute, or any director, officer or agent thereof, may be subject or which Resolute, or any director, officer or agent thereof may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation or alleged misrepresentation in the Esprit Information or in any material filed in compliance or intended compliance with any Applicable Laws;

(ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Esprit Information or in any material filed by or on behalf of Esprit or Esprit Exploration in compliance or intended compliance with Applicable Laws, which prevents or restricts the trading in the Esprit Class A Trust Units or Esprit Class B Trust Units; and

(iii) Esprit or Esprit Exploration not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Esprit and Esprit Exploration shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based solely on the Resolute Information included in the Esprit Information or the negligence of Resolute;

(i) except for non-substantive communications, Esprit and Esprit Exploration will furnish promptly to Resolute or Resolute's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Esprit or Esprit Exploration in connection with: (i) the Arrangement; (ii) any filings under Applicable Laws; and (iii) any dealings with regulatory agencies in connection with the transactions contemplated hereby;

(j) Esprit and Esprit Exploration will make all necessary filings and applications under Canadian federal and provincial and U.S. laws and regulations required to be made on the part of Esprit in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such laws and regulations;

(k) prior to the Effective Date, Esprit and Esprit Exploration will cooperate with Resolute in making application to list the ExploreCo Common Shares (including the ExploreCo Common Shares issuable pursuant to the ExploreCo Private Placement, the ExploreCo Warrants and ExploreCo Incentive Plans) on the TSX or TSX Venture Exchange;

(l) Esprit and Esprit Exploration shall take all necessary actions to give effect to the transactions contemplated by this Agreement and the Arrangement;

(m) Esprit will not take any action which would cause it to exceed the Ownership Threshold (as defined in the Trust Indenture) with respect to the Esprit Class A Trust Units;

(n) Esprit will take all necessary steps to maintain its status as a "mutual fund trust" for the purposes of Section 132 of the Tax Act; and

(o) Esprit will extend the distribution record date for the April distribution until May 2 at the written request of Resolute, provided that such request has been provided prior to Esprit's April 15 press release announcing the distribution.

3.2 Covenants of Resolute

From the date hereof until the Effective Date or termination of this Agreement, except with the prior written consent of Esprit and Esprit Exploration (such consent not to be unreasonably withheld), and except as otherwise expressly permitted or specifically contemplated by this Agreement:

(a) Resolute's business and the business of each of its subsidiaries shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property), Resolute shall consult with Esprit and Esprit Exploration in respect of the ongoing business and affairs of Resolute and its subsidiaries and keep Esprit and Esprit Exploration apprised of all material developments relating thereto and Resolute shall carry out its 2005 capital spending program as set forth in its 2005 capital budget, a copy of which has been provided to Esprit and Esprit Exploration, in a diligence and timely manner consistent with past practises;

(b) Resolute shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) issue (other than on exercise of currently outstanding Resolute Options and Resolute Warrants), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Resolute, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Resolute; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted pursuant to the terms thereof or as permitted in accordance with the terms hereunder; (v) split, combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Resolute; or (vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(c) Resolute will not, and will not permit any of its subsidiaries to, directly or indirectly do any of the following other than pursuant to transactions contemplated herein or pursuant to commitments entered into prior to the date of this Agreement and disclosed to Esprit and Esprit Exploration in writing or otherwise without the prior consent of Esprit and Esprit Exploration, such consent not to be unreasonably withheld: (i) sell, pledge, dispose of or encumber any assets except for production in the ordinary course of business, for a consideration in excess of $50,000 individually or $200,000 in the aggregate; (ii) expend or commit to expend amounts in respect of capital or operating expenses in excess of $50,000 individually or $200,000 per month (on a cumulative basis) in the aggregate (excluding expenditures specified in Resolute's current 2005 budget as disclosed to Esprit and Esprit Exploration which for greater certainty, shall not be subject to the foregoing covenant set forth in this Section 3.2(c), through the assumption of debt or otherwise); (iii) reorganize, amalgamate, merge or otherwise continue Resolute or any of its subsidiaries with any other person, corporation, partnership or other business organization whatsoever; (iv) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or, except for investments in securities made in the ordinary course of business, make any investment either by purchase of shares or securities, contributions of capital (other than to subsidiaries), property transfer, or, except in the ordinary course of business, purchase of any property or assets of any other individual or entity, in each case having a value in excess of $50,000 individually or $200,000 in the aggregate; (v) incur any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligation of any other individual or entity, or make any loans or advances, except in the ordinary course of business or otherwise in excess of $50,000 individually or $200,000 in the aggregate; (vi) pay, discharge or satisfy any material claims, liabilities or obligations other than disclosed in writing to Esprit and Esprit Exploration prior to the entering into of this Agreement or reflected or reserved against in the Resolute Financial Statements or otherwise in the ordinary course of business; (vii) enter into any hedges, swaps or other financial instruments or like transactions; (viii) enter into any agreements for the sale of production having a term of more than thirty (30) days; (ix) enter into any consulting or contract operating agreement that cannot be terminated on thirty (30) days or less notice without penalty; (x) terminate the employment of any employee; or (xi) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing provided that notwithstanding the foregoing, Resolute shall not require Esprit's consent on such activities as they relate to the ExploreCo Assets provided that such amount, contingent or otherwise, is adjusted for under the ExploreCo Conveyance Agreement;

(d) neither Resolute nor any of its subsidiaries shall adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions or payment accruals of any such plans, programs, arrangements or agreements (not to exceed $825,000 in the aggregate), other than pursuant to the written change of control agreements previously disclosed to Esprit;

(e) Resolute shall not, nor permit any of its subsidiaries to, grant any officer, director, employee or consultant an increase in compensation in any form (other than scheduled salary adjustments not to exceed 6% of total payroll in the aggregate) or take any action with respect to the amendment or grant of any severance or termination pay policies or arrangements for any directors, officers, employees or consultants, nor adopt or amend (other than to permit accelerated vesting of Resolute Options, Resolute Warrants, Resolute SARs and Resolute DSUs) or make any contribution to any bonus, profit-sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan from a trust fund or arrangement for the benefit of directors, officers, employees or consultants, except as is necessary to comply with the law or with respect to existing provisions or payment accruals of any such plans, programs, arrangements or agreements (not to exceed $825,000 in the aggregate referred to above), other than pursuant to the written change of control agreements previously disclosed to Esprit;

(f) Resolute shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

(g) except to permit the early vesting of all Resolute Options, Resolute Warrants, Resolute SARs and Resolute DSUs, no amendments shall be made to outstanding Resolute Options, Resolute Warrants, Resolute SARs and Resolute DSUs without the prior written consent of Esprit and Esprit Exploration;

(h) Resolute shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;

(i) Resolute shall promptly notify Esprit and Esprit Exploration in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Resolute threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Resolute or of any change in any representation or warranty provided by Resolute in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Resolute shall in good faith discuss with Esprit and Esprit Exploration any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Resolute threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Esprit and Esprit Exploration pursuant to this provision provided that Resolute shall not be required to notify or discuss with Esprit anything in relation to the ExploreCo Assets;

(j) Resolute shall ensure that it has available funds under its lines of credit or other bank facilities to permit the payment of the amount which may be required by Section 6.1 having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;

(k) Resolute shall use its reasonable commercial efforts to obtain the consent of its bankers and any other third party consents required for the transactions contemplated hereby and provide the same to Esprit and Esprit Exploration on or prior to the Effective Date;

(l) Resolute shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in Sections 5.1 and 5.2 as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Resolute;

(m) Resolute shall provide notice to Esprit and Esprit Exploration of the Resolute Meeting and allow Esprit's and Esprit Exploration's representatives to attend such meeting;

(n) Resolute will ensure that the Resolute Information Circular provides Resolute Securityholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the Esprit Information in the Resolute Information Circular in the form approved by Esprit and Esprit Exploration and shall include, without limitation; (i) any financial statements in respect of prior acquisitions made by it that are required to be included therein in accordance with Applicable Laws; and (ii) the unanimous determination of the members of the board of directors of Resolute who attended the meeting that the Arrangement is fair to Resolute Securityholders, is in the best interests of Resolute and Resolute Securityholders, and include the unanimous recommendation of the members of the board of directors of Resolute who attended the meeting that the Resolute Securityholders vote in favour of the Arrangement Resolution; provided that, notwithstanding the covenants of Resolute in this subsection, prior to the completion of the Arrangement, the board of directors of Resolute may withdraw, modify or change the recommendation regarding the Arrangement if, in the opinion of such board of directors acting reasonably, having received the advice of its outside legal counsel which is reflected in minutes of the meeting of the board of directors, such withdrawal, modification or change is required to act in a manner consistent with the fiduciary duties of the board of directors of Resolute and, if applicable, provided the board of directors shall have complied with the provisions of Sections 3.4 and 6.1,

(o) Resolute shall indemnify and save harmless Esprit and Esprit Exploration and the directors, officers and agents of Esprit Exploration from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Esprit or Esprit Exploration, or any director, officer or agent thereof, may be subject or which Esprit or Esprit Exploration, or any director, officer or agent thereof may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation or alleged misrepresentation in the Resolute Information Circular or in any material filed in compliance or intended compliance with any Applicable Laws;

(ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Resolute Information Circular or in any material filed by or on behalf of Resolute in compliance or intended compliance with Applicable Laws, which prevents or restricts the trading in the Resolute Shares; and

(iii) Resolute not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Resolute shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based solely on the Esprit Information included in the Resolute Information Circular or the negligence of Esprit or Esprit Exploration;

(p) except for proxies and other non-substantive communications with securityholders, Resolute will furnish promptly to Esprit, Esprit Exploration or Esprit's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Resolute from securityholders or regulatory agencies in connection with: (i) the Arrangement; (ii) the Resolute Meeting; (iii) any filings under Applicable Laws; and (iv) any dealings with regulatory agencies in connection with the transactions contemplated hereby;

(q) Resolute shall solicit proxies to be voted at the Resolute Meeting in favour of matters to be considered at the Resolute Meeting, including the Arrangement Resolution;

(r) Resolute shall conduct the Resolute Meeting in accordance with the by-laws of Resolute and any instrument governing the Resolute Meeting (including, without limitation, the Interim Order), as applicable, and as otherwise required by law;

(s) Resolute will make all necessary filings and applications under Canadian federal and provincial and U.S. laws and regulations required to be made on the part of Resolute in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such laws and regulations;

(t) in the event that dissent rights are given to Resolute Securityholders under the terms of the Interim Order, Resolute shall promptly advise Esprit and Esprit Exploration of the number of Resolute Securities for which Resolute receives notices of dissent or written objections to the Arrangement and provide Esprit with copies of such notices and written objections;

(u) prior to the Effective Date, Resolute will cooperate with Esprit and Esprit Exploration in making application to list the Class A Trust Units and Class B Trust Units to be issued pursuant to the Arrangement on the TSX; and

(v) Resolute shall take all necessary actions to give effect to the transactions contemplated by this Agreement and the Arrangement.

3.3 Mutual Covenants Regarding the Arrangement

From the date hereof until the Effective Date, each of Esprit, Esprit Exploration and Resolute will use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

(a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;

(b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; and

(c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement, and each of Esprit, Esprit Exploration and Resolute will use its reasonable commercial efforts to cooperate with the other in connection with the performance by the other of their obligations under this Section 3.3 including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between representatives of Esprit, Esprit Exploration and Resolute, subject in all cases to the Confidentiality Agreement.

3.4 Resolute's Covenants Regarding Non-Solicitation

(a) Resolute shall immediately cease and cause to be terminated all existing discussions and negotiations (including, without limitation, through any advisors or other parties on its behalf), if any, with any parties conducted before the date of this Agreement with respect to any Acquisition Proposal and shall immediately request the return or destruction of all information provided to any third parties which have entered into a confidentiality agreement with such party relating to an Acquisition Proposal and shall use all reasonable commercial efforts to ensure that such requests are honoured.

(b) Resolute shall not, directly or indirectly, do or authorize or permit any of its officers, directors or employees or any financial advisor, expert or other representative retained by it to do, any of the following:

(i) solicit, facilitate, initiate or encourage any Acquisition Proposal;

(ii) enter into or participate in any negotiations or initiate any discussion regarding an Acquisition Proposal, or furnish to any other person any information with respect to their respective businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;

(iii) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including, without limitation, any "**standstill provisions**" thereunder; or

(iv) accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal;

provided, however, that notwithstanding any other provision hereof, Resolute and its officers, directors and advisers may:

(v) enter into or participate in discussions or negotiations regarding ExploreCo or the ExploreCo Assets; and

(vi) enter into or participate in any negotiations or initiate any discussion with a third party which (without any solicitation, initiation or encouragement, directly or indirectly, after the date of this Agreement, by Resolute or any of its officers, directors or employees or any financial advisor, expert or other representative retained by it) seeks to initiate such discussions **or** negotiations and, subject to execution of a confidentiality agreement substantially similar to the Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to Esprit and Esprit Exploration as set out below), may furnish to such third party information concerning Resolute and its business, properties and assets, in each case if, and only to the extent that:

(A) the third party has first made a written bona fide Acquisition Proposal which the board of directors of Resolute determines in good faith: (1) that funds or other consideration necessary for the Acquisition Proposal are or are likely to be available; (2) (after consultation with its financial advisor) would, if consummated in accordance with its terms, result in a transaction financially superior for securityholders of Resolute than the transaction contemplated by this Agreement; and (3) after receiving the advice of outside counsel as reflected in minutes of the board of directors of Resolute, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under Applicable Laws (a "**Superior Proposal**"); and

(B) prior to furnishing such information to or entering into or participating in any such negotiations or initiate any discussions with such third party, Resolute provides prompt notice to Esprit and Esprit Exploration to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person or entity together with a copy of the confidentiality agreement referenced above and if not previously provided to Esprit or Esprit Exploration, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that Resolute shall notify Esprit and Esprit Exploration orally and in writing of any inquiries, offers or proposals with respect to a Superior Proposal (which written notice shall include, without limitation, a summary of the details of such proposal (and any amendments or supplements thereto), the identity of the person making it (unless the Superior Proposal is an all cash offer), if not previously provided to Esprit or Esprit Exploration, copies of all information provided to such party and all other information reasonably requested by Esprit or Esprit Exploration), within 24 hours of the receipt thereof, shall keep Esprit and Esprit Exploration informed of the status and details of any such inquiry, offer or proposal and answer Esprit and Esprit Exploration's questions with respect thereto; or

(vii) comply with Section 172 of the *Securities Act* (Alberta) and similar provisions under applicable Canadian securities laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and

(viii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, its board of directors shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement and after receiving the advice of financial advisors and outside counsel as reflected in minutes of the board of directors of Resolute, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under Applicable Laws and Resolute complies with its obligations set forth in Section 3.4(c) and terminates this Agreement in accordance with Section 8.1(d) and concurrently therewith pays the amount required by Section 6.1.

(c) If Resolute receives a Superior Proposal it shall give Esprit and Esprit Exploration, orally and in writing, at least two Business Days advance notice of any decision by its board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall include a summary of the details of the Superior Proposal including the identity of the third party making the Superior Proposal.

(d) Each Party agrees that all information that may be provided to Esprit or Esprit Exploration by Resolute with respect to any Superior Proposal pursuant to this Section 3.4 shall be treated as if it were "**Evaluation Material**" as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.

(e) Each Party shall ensure that its officers, directors and employees and any investment bankers or other advisers or representatives retained by it are aware of the provisions of this Section 3.4. Esprit and Esprit Exploration shall be responsible for any breach of this Section 3.4 by its officers, directors, employees, investment bankers, advisers or representatives, and Resolute shall be responsible for any breach of this Section 3.4 by its officers, directors, employees, investment bankers, advisers or representatives.

3.5 Access to Information

Subject to the Confidentiality Agreement and applicable law, upon reasonable notice, each Party shall (and shall cause each of its subsidiaries to) afford the other Party's officers, employees, counsel, accountants and other authorized representatives and advisers access, during normal business hours from the date hereof and until the earlier of the Effective Date or the termination of this Agreement, to its properties, books, contracts and records as well as to its management personnel, and shall (and shall cause each of its subsidiaries to) furnish promptly to the other Party all information concerning its business, properties and personnel as the other Party may reasonably request.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Esprit and Esprit Exploration

Esprit and Esprit Exploration hereby makes the representations and warranties set forth in this Section 4.1 to and in favour of Resolute and acknowledges that Resolute is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

(a) Esprit is an open ended trust duly created and subsisting under the laws of the Province of Alberta and each of Esprit Exploration and Esprit's other subsidiaries is a corporation or partnership duly incorporated or amalgamated and validly subsisting under the laws of its jurisdiction of incorporation, amalgamation or creation and has the requisite corporate power and authority to carry on its business as it is now being conducted. Esprit and each of its subsidiaries, including Esprit Exploration, is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Esprit and its subsidiaries taken as a whole.

(b) Esprit and Esprit Exploration have the requisite trust and corporate power and authority to enter into this Agreement and to carry out their obligations hereunder. The execution and delivery of this Agreement and the consummation by Esprit and Esprit Exploration of the transactions contemplated hereby have been duly authorized by Esprit's board of directors and no other trust or corporate proceedings on the part of Esprit or Esprit Exploration are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Esprit and Esprit Exploration and constitutes a legal, valid and binding obligation of Esprit and Esprit Exploration enforceable against Esprit and Esprit Exploration in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity.

(c) Neither the execution and delivery of this Agreement by Esprit and Esprit Exploration, the consummation by Esprit and Esprit Exploration of the transactions contemplated hereby nor compliance by Esprit and Esprit Exploration with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Esprit or any of its subsidiaries under, any of the terms, conditions or provisions of (x) the trust indenture of Esprit or the articles or bylaws or other constating documents of Esprit Exploration or any of their subsidiaries, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Esprit or Esprit Exploration is a party or to which it, or its properties or assets, may be subject or by which Esprit, Esprit Exploration or any of their subsidiaries is bound; or (ii) subject to compliance with Applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Esprit, Esprit Exploration or any of their subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Esprit and its subsidiaries taken as a whole, or on the ability of Esprit, Esprit Exploration or any of their subsidiaries to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Esprit, Esprit Exploration and their subsidiaries taken as a whole.

(d) Other than in connection with or in compliance with the provisions of Applicable Laws:

(i) there is no legal impediment to Esprit's or Esprit Exploration's consummation of the transactions contemplated by this Agreement; and

(ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Esprit or Esprit Exploration in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any material adverse effect on the ability of Esprit or Esprit Exploration to consummate the transactions contemplated hereby.

(e) Esprit has authorized an unlimited number of Esprit Class A Trust Units and Esprit Class B Trust Units of which, as at March 11, 2005, Esprit has issued and outstanding: (i) 11.5 million Esprit Class A Trust Units; and (ii) 28.7 million Esprit Class B Trust Units; and, in addition, as at March 11, 2005, Esprit has issued and outstanding (iii) 202,412 performance units to acquire Esprit Class B Trust Units under the Performance Unit Incentive Plan. Esprit owns all of the issued and outstanding shares of Esprit Exploration other than the exchangeable shares of Esprit Exploration of which, as at March 11, 2005, Esprit Exploration has issued and outstanding 2.0 million. Except as aforesaid, there are no outstanding trust units of Esprit or shares of Esprit Exploration or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any trust units of Esprit or shares of Esprit Exploration or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Esprit of any trust units of Esprit or by Esprit or Esprit Exploration of any shares of Esprit or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any trust units of Esprit or shares of Esprit Exploration. All outstanding Esprit Class A Trust Units and Esprit Class B Trust Units have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights, and all Esprit Class B Trust Units issuable upon exercise or conversion of outstanding options to purchase Esprit Class B Trust Units in accordance with their respective terms, will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights.

(f) Since the date of the Esprit Financial Statements, except as disclosed in the Public Record:

(i) there has been no material adverse change, (or any condition, event or development involving a prospective change that could be materially adverse to Esprit and its subsidiaries on a consolidated basis) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Esprit and its subsidiaries on a consolidated basis;

(ii) Esprit and its subsidiaries has conducted its business only in the ordinary and normal course; and

(iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Esprit or any of its subsidiaries has been incurred other than in the ordinary and normal course of business.

(g) The data and information in respect of Esprit, Esprit Exploration and their assets, reserves, liabilities, business and operations provided by Esprit, Esprit Exploration or their advisors to Resolute or its advisors was and is accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, did not knowingly omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof. Esprit and Esprit Exploration have no knowledge of any material adverse change to the oil and gas reserves of Esprit or Esprit Exploration from that disclosed in such data and information.

(h) The information and statements set forth in the Public Record as at the date hereof, as relates to Esprit, are true, correct, and complete and did not contain any misrepresentation, as of the respective dates of such information or statements, and no material change has occurred in relation to Esprit which is not disclosed in the Public Record, and Esprit has not filed any confidential material change reports which continue to be confidential.

(i) Except as disclosed in the Public Record or as otherwise disclosed in writing to Resolute by Esprit or Esprit Exploration prior to the date hereof, there are no outstanding or threatened claims, suits, actions or proceedings against Esprit or Esprit Exploration which, if determined adversely to Esprit, take as a whole, would have a material adverse effect on the assets, liabilities, business or operations of Esprit, taken as a whole, or on the ability of Esprit and Esprit Exploration to consummate the transactions contemplated hereby.

(j) The Esprit Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Esprit and its subsidiaries on a consolidated basis at the dates thereof and the results of the operations of Esprit and its subsidiaries on a consolidated basis for the periods then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Esprit and its subsidiaries on a consolidated basis as at the dates thereof.

(k) Neither Esprit nor Esprit Exploration has received notice of any material violation of or investigation relating to any federal, provincial or local law, regulation or ordinance with respect to its assets, business or operations and Esprit and its subsidiaries holds all permits, licenses and other authorizations which are required under federal, provincial or local laws relating to its assets, business or operations. The assets of Esprit, taken as a whole, are operated and maintained by it are in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all material respects.

(l) No securities commission or similar regulatory authority, or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Esprit, no such proceeding is, to the knowledge of Esprit or Esprit Exploration, pending, contemplated or threatened and Esprit is not, to its knowledge, in default of any requirement of any securities laws, rules or policies applicable to Esprit or its securities.

(m) The board of directors of Esprit has unanimously approved this Agreement.

(n) Based on prevailing and anticipated commodity prices and industry and general economic conditions, as of the date hereof, Esprit has no current intention to vary its monthly distribution rate for the second quarter of 2005.

(o) Esprit is not a party to and Esprit will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire trust units of Esprit Shares or other securities of Esprit or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement.

(p) The only material subsidiary of Esprit is Esprit Exploration. Esprit directly or indirectly beneficially owns all of the outstanding shares, other than the exchangeable shares of Esprit Exploration) and other securities or interests of each of these entities and no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of such subsidiary or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase or issuance of any shares or other securities of such subsidiary.

(q) The trust and corporate records and minute books, books of account and other records of Esprit and each of its subsidiaries have (whether of a financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and are complete and accurate in all material respects.

(r) Esprit is a "reporting issuer" or equivalent in each province of Canada and the outstanding Esprit Class A Trust Units and Esprit Class B Trust Units are listed and posted for trading on the TSX.

(s) Computershare Trust Company of Canada, at its principal office in Toronto and Calgary is the duly appointed registrar and transfer agent of Esprit with respect to the Esprit Class A Trust Units and the Esprit Class A Trust Units.

(t) All Returns required to be filed have been duly filed on a timely basis and all Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis. Except for matters disclosed in the Esprit Financial Statements or otherwise disclosed to Resolute that may give rise to the filing of amended Returns, the filed Returns are true, complete and correct in all material respects, and no other Taxes are payable by Esprit, Esprit Exploration or any of their subsidiaries with respect to items or periods covered by such Returns.

(u) Except with respect to matters disclosed to Resolute prior to the date hereof, Esprit has paid or provided adequate accruals in its financial statements for the year ended dated December 31, 2004 for Taxes, including income taxes and related future taxes, in conformity with generally accepted accounting principles applicable in Canada.

(v) No material deficiencies exist or have been asserted with respect to Taxes. Neither Esprit nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against Esprit or any of its subsidiaries or any of their respective assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns. Except as disclosed to Resolute prior to the date hereof, the Returns have never been audited by a government or taxing authority, nor is any such audit in process, pending or threatened which resulted in or could result in a reassessment of Taxes owing by Esprit or any of its subsidiaries. Esprit and its subsidiaries have withheld any Taxes required to be withheld by the Applicable Laws and the Tax Act and has paid or remitted on a timely basis, the full amount of any Taxes which have been withheld to the applicable governmental authority.

(w) No director, officer, insider or other non-arm's length party to Esprit or any of its subsidiaries (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Esprit or any of its subsidiaries that will be effective after the Effective Date.

(x) Except as disclosed in the Public Record, no director, officer, insider or other non-arm's length party is indebted to Esprit or any of its subsidiaries.

(y) Esprit and Esprit Exploration has provided to Resolute copies of all management recommendation letters relating to Esprit and Esprit Exploration or any of its subsidiaries received from Esprit and Esprit Exploration's current auditor or any previous auditor during the two years prior to the date hereof.

(z) Acquiring the Resolute Shares with Resolute's existing outstanding bank facilities will not create an event of acceleration or default under any of the Esprit bank facilities or Esprit has or will have sufficient available lines of credit or bank facilities to pay out the Resolute bank facilities on the Effective Date.

(aa) To the knowledge of Esprit, Esprit has not exceeded the Ownership Threshold (as defined in the Trust Indenture) with respect to the Esprit Class A Trust Units.

(bb) Esprit is a "mutual fund trust" for the purposes of Section 132 of the Tax Act and has no reason to believe that its status as a "mutual fund trust" will be challenged by the governmental authorities.

(cc) To the knowledge of Esprit and Esprit Exploration, Esprit and Esprit Exploration have not withheld from Resolute any material information or documents concerning Esprit or any of its subsidiaries or their respective assets or liabilities during the course of Resolute's review of Esprit, Esprit Exploration and their assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document provided or to be provided to Resolute by Esprit and Esprit Exploration pursuant hereto contains or will contain an untrue statement of a material fact which is necessary to make the statements herein or therein not misleading.

4.2 Representations and Warranties of Resolute

Resolute hereby makes the representations and warranties set forth in this Section 4.2 to and in favour of Esprit and Esprit Exploration and acknowledges that Esprit and Esprit Exploration are relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

(a) Each of Resolute and its subsidiaries is a corporation or partnership duly incorporated or amalgamated or, in the event of a partnership, formed, and validly subsisting under the laws of its jurisdiction of incorporation, amalgamation or formation, as applicable and has the requisite corporate or partnership power and authority to carry on its business as it is now being conducted. Resolute and each of its subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Resolute and its subsidiaries taken as a whole.

(b) Resolute has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Resolute of the transactions contemplated hereby have been duly authorized by Resolute's board of directors and, subject to obtaining shareholder approval, no other corporate proceedings on the part of Resolute are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Resolute and constitutes a legal, valid and binding obligation of Resolute enforceable against Resolute in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity.

(c) Neither the execution and delivery of this Agreement by Resolute, the consummation by Resolute or any of its subsidiaries of the transactions contemplated hereby nor compliance by Resolute with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Resolute or any of its subsidiaries under, any of the terms, conditions or provisions of (x) the articles, bylaws or other constating documents of Resolute or any of its subsidiaries, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Resolute or any of its subsidiaries is a party or to which it, or its properties or assets, may be subject or by which Resolute or any of its subsidiaries is bound (subject to obtaining the consent of Resolute's bankers and the consent of Resolute's landlord under its office lease); or (ii) subject to compliance with Applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Resolute or any of its subsidiaries (except, in the case of each of clauses and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Resolute and its subsidiaries taken as a whole, or on the ability of Resolute or any of its subsidiaries to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Resolute and its subsidiaries taken as a whole.

(d) Other than in connection with or in compliance with the provisions of Applicable Laws:

(i) there is no legal impediment to Resolute's consummation of the transactions contemplated by this Agreement; and

(ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Resolute in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any material adverse effect on the ability of Resolute to consummate the transactions contemplated hereby.

(e) Resolute has authorized an unlimited number of Resolute Shares of which, as at March 11, 2005, Resolute has issued and outstanding 60,793,468 Resolute Shares and, in addition, as at March 11, 2005 Resolute has issued and outstanding 4,333,045 Resolute Options and 6,147,542 Resolute Warrants entitling the holders thereof to acquire 10,480,587 Resolute Shares. Except as aforesaid, there are no outstanding shares of Resolute or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of Resolute or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Resolute of any shares of Resolute (including Resolute Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Resolute. All outstanding Resolute Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights, and all Resolute Shares issuable upon exercise or conversion of outstanding Resolute Options in accordance with their respective terms, will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights.

(f) Since the date of the Resolute Financial Statements, except as disclosed in the Public Record:

(i) there has been no material adverse change, (or any condition, event or development involving a prospective change that could be materially adverse to Resolute and its subsidiaries on a consolidated basis) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Resolute and its subsidiaries on a consolidated basis;

(ii) Resolute and its subsidiaries has conducted its business only in the ordinary and normal course; and

(iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Resolute or any of its subsidiaries has been incurred other than in the ordinary and normal course of business or as disclosed to Esprit in writing prior to the execution of this Agreement.

(g) The data and information in respect of Resolute and its assets, reserves, liabilities, business and operations provided by Resolute or its advisors to Esprit, Esprit Exploration or its advisors was and is accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, did not knowingly omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof. Resolute has no knowledge of any material adverse change to the oil and gas reserves of Resolute from that disclosed in such data and information.

(h) The information and statements set forth in the Public Record as at the date hereof, as relates to Resolute, are true, correct, and complete and did not contain any misrepresentation, as of the respective dates of such information or statements, and no material change has occurred in relation to Resolute which is not disclosed in the Public Record, and Resolute has not filed any confidential material change reports which continue to be confidential.

(i) Except as disclosed in the Public Record or as otherwise disclosed in writing to Esprit by Resolute prior to the date hereof, there are no outstanding or threatened claims, suits, actions or proceedings against Resolute or any of its subsidiaries which, if determined adversely to Resolute or any of its subsidiaries, would have a material adverse effect on the assets, liabilities, business or operations of Resolute, or on the ability of Resolute and its subsidiaries, taken as a whole, or any of its subsidiaries to consummate the transactions contemplated hereby.

(j) The Resolute Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Resolute and its subsidiaries on a consolidated basis at the dates thereof and the results of the operations of Resolute and its subsidiaries on a consolidated basis for the periods then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Resolute and its subsidiaries on a consolidated basis as at the dates thereof.

(k) Neither Resolute nor any of its subsidiaries has received notice of any material violation of or investigation relating to any federal, provincial or local law, regulation or ordinance with respect to its assets, business or operations and Resolute holds all permits, licenses and other authorizations which are required under federal, provincial or local laws to be held by it relating to its assets, business or operations. The assets of Resolute and each of its subsidiaries operated and maintained by it are in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all material respects.

(l) No securities commission or similar regulatory authority, or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Resolute, no such proceeding is, to the knowledge of Resolute, pending, contemplated or threatened and Resolute is not, to its knowledge, in default of any requirement of any securities laws, rules or policies applicable to Resolute or its securities.

(m) There are no payments to directors, officers and employees of Resolute prior to the Effective Date under all contract settlements, bonus plans, retention arrangements, change of control agreements and severance obligations (whether resulting from termination or alteration of duties) other than the amounts payable pursuant to payments referenced in Section 3.2(d) and 3.2(e) and the amounts payable pursuant to the agreements provided to Esprit;

(n) Resolute has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that Peters & Co. Limited has been retained as Resolute's financial advisors in connection with certain matters, including the transactions contemplated hereby and Waterous Securities has been retained by an independent committee of the board of directors to complete an evaluation of certain of the ExploreCo Assets. Resolute has delivered to Esprit and Esprit Exploration true and current copies of all agreements between Resolute and these financial advisers which could give rise to the payment of any fees to such financial advisers. Resolute may only retain additional financial advisors with the consent of Esprit and Esprit Exploration;

(o) The board of directors of Resolute has unanimously endorsed the Arrangement and approved this Agreement, has unanimously determined that the Arrangement and this Agreement are in the best interests of Resolute and the Resolute Securityholders unanimously determined that the Arrangement is fair, from a financial point of view, to Resolute Securityholders and has resolved to unanimously recommend approval of the Arrangement by Resolute Securityholders.

(p) Resolute is not a party to and, prior to the Effective Date, Resolute will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Resolute Shares or other securities of Resolute or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement.

(q) None of the Resolute Shares are the subject of any escrow, voting trust or other similar agreement.

(r) Resolute does not have any outstanding obligations to incur and/or renounce any Canadian exploration expenditures or Canadian development expenditures to any purchaser of the shares of Resolute that have not yet been fully expended and renounced and reflected in the Resolute Financial Statements, other than as disclosed in writing to Esprit and Esprit Exploration prior to the date hereof.

(s) During the fiscal year ended December 31, 2004, Resolute did not hold assets in the United States having an aggregate total value of US$25 million or more and did not have aggregate sales in or into the United States of US$25 million or more.

(t) There is not (or are not):

(i) any order or directive from any regulatory authority which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures;

(ii) any demand or notice from any regulatory authority with respect to the material breach of any environmental, health or safety law applicable to Resolute or any of its subsidiaries or any of their respective business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants; or

(iii) any spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes, which have not been rectified, on any of the properties or assets owned or leased by Resolute or its subsidiaries or in which it has an interest or over which it has control; except for any such spills, releases, deposits or discharges which, in aggregate, would not have a material adverse effect on the financial condition, business, operations, assets, affairs or prospects of Resolute and its subsidiaries taken as a whole.

(u) The only subsidiaries of Resolute are Resolute Investments Inc. Resolute legally and beneficially owns all of the outstanding shares and other securities or interests of each of the subsidiaries and no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of such subsidiary or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase or issuance of any shares or other securities of such subsidiary.

(v) The corporate and partnership records and minutes books, books of account and other records of Resolute and each of its subsidiaries have (whether of a financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and are complete and accurate in all material respects.

(w) Resolute is a "reporting issuer" or equivalent in the provinces of British Columbia, Alberta and Ontario and the outstanding Resolute Shares are listed and posted for trading on the TSX.

(x) Valiant Trust Company of Canada at its principal office in Calgary, Alberta, and through its co-agent, Equity Transfer Services Inc., at its principal office in Toronto, Ontario is the duly appointed registrar and transfer agent of Resolute with respect to the Resolute Shares;

(y) All Returns required to be filed have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects and all Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by Resolute or any of its subsidiaries with respect to items or periods covered by such Returns, other than disclosed to or known by Esprit prior to the date hereof.

(z) Resolute has paid or provided adequate accruals in its Resolute Financial Statements for the year ended dated December 31, 2004 for Taxes, including income taxes and related future taxes, in conformity with generally accepted accounting principles applicable in Canada, other than disclosed to or known by Esprit prior to the date hereof.

(aa) No material deficiencies exist or have been asserted with respect to Taxes. Neither Resolute nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against Resolute or any of its subsidiaries or any of their respective assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns. Except as disclosed to Esprit prior to the date hereof, the Returns have never been audited by a government or taxing authority, nor is any such audit in process, pending or threatened which resulted in or could result in a reassessment of Taxes owing by Resolute or any of its subsidiaries. Resolute and its subsidiaries have withheld any Taxes required to be withheld by the Applicable Laws and the Tax Act and has paid or remitted on a timely basis, the full amount of any Taxes which have been withheld to the applicable governmental authority.

(bb) Resolute and its subsidiaries have withheld any Taxes required to be withheld by the Applicable Laws and the Tax Act and has paid or remitted on a timely basis, the full amount of any Taxes which have been withheld to the applicable governmental authority. Other than as contemplated by ExploreCo Private Placement, no director, officer, insider or other non-arm's length party to Resolute or any of its subsidiaries (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Resolute or any of its subsidiaries that will be effective after the Effective Date.

(cc) Except as disclosed in the Public Record, no director, officer, insider or other non-arm's length party of Resolute or any of its subsidiaries is indebted to Resolute or any of its subsidiaries.

(dd) Except for indemnity agreements with its directors and officers, neither Resolute nor any of its subsidiaries is a party to or bound by any agreement, guarantee, indemnification, or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation.

(ee) The policies of insurance in force at the date hereof naming Resolute as an insured and as disclosed to Esprit and Esprit Exploration prior to the date hereof to the knowledge of Resolute, remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated herein.

(ff) Resolute is not in default under its existing bank facility and, to Resolute's knowledge, its banker is not contemplating any reduction in Resolute's borrowing base, prior to giving effect to this transaction.

(gg) Resolute has provided to Esprit and Esprit Exploration copies of all management recommendation letters relating to Resolute or any of its subsidiaries received from Resolute's current auditor or any previous auditor during the two years prior to the date hereof.

(hh) To the knowledge of Resolute, Resolute has not withheld from Esprit or Esprit Exploration any material information or documents concerning Resolute or any of its subsidiaries or their respective assets or liabilities during the course of Esprit's and Esprit Exploration's review of Resolute and its assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document provided or to be provided to Esprit or Esprit Exploration by Resolute pursuant hereto contains or will contain any untrue statement or a material fact which is necessary in order to make the statements herein or therein not misleading.

(ii) All of the directors and officers of Resolute holding approximately 8% of the Resolute Shares calculated on a fully diluted basis have agreed to execute the Resolute Lock-up Agreements in the form attached hereto as Schedule E.

4.3 Privacy Issues

(a) For the purposes of this Section 4.3, the following definitions shall apply:

(i) "**applicable law**" means, in relation to any person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, official directives and orders of and the terms of all judgements, orders and decrees issued by any authorized authority by which such person is bound or having application to the transaction or event in question, including applicable privacy laws.

(ii) "**applicable privacy laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (Alberta).

(iii) "**authorized authority**" means, in relation to any person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event.

(iv) "**Personal Information**" means information about an individual transferred to Resolute by Esprit in accordance with this Agreement and/or as a condition of the Transaction.

(b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

(c) Neither Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement.

(d) Each Party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Arrangement.

(e) Each Party acknowledges and confirms that it has and shall continue to employ appropriate technology and procedures in accordance with applicable law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.

(f) Each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective party who have a bona fide need to access to such information in order to complete the Arrangement.

(g) Each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed Personal Information. The Parties shall fully co-operate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.

(h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the counterparty shall forthwith cease all use of the Personal Information acquired by the counterparty in connection with this Agreement and will return to the party or, at the Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

ARTICLE 5
CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual consent of such Parties without prejudice to their right to rely on any other of such conditions:

(a) on or prior to April 5, 2005, the Interim Order shall have been granted in form and substance satisfactory to each of Esprit, Esprit Exploration and Resolute, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Esprit, Esprit Exploration and Resolute, acting reasonably, on appeal or otherwise;

(b) the Arrangement Resolution shall have been passed by the holders of Resolute Securities, on or prior to May 31, 2005 in accordance with the Interim Order and in form and substance satisfactory to each of Esprit, Esprit Exploration and Resolute, acting reasonably;

(c) in the event that dissent rights are given to Resolute Securityholders under the terms of the Interim Order, holders of not greater than 5% of the outstanding Resolute Securities shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as of the Effective Date;

(d) on or prior to May 31, 2005, the Final Order shall have been granted in form and substance satisfactory to Esprit, Esprit Exploration and Resolute, acting reasonably;

(e) the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Esprit, Esprit Exploration and Resolute, acting reasonably;

(f) the Arrangement shall have become effective on or prior to May 31, 2005;

(g) Esprit, Esprit Exploration and Resolute shall enter into written agreements effective as of the Effective Date satisfactory to Resolute, acting reasonably, pursuant to which Esprit and Esprit Exploration shall agree that, for a period of six years after the Effective Date, Esprit and/or Esprit Exploration shall cause to be maintained in effect the current policies of directors' and officers' liability insurance maintained (provided that Esprit or Esprit Exploration may substitute therefor policies of at least the same change coverage and amounts containing terms and conditions which are no less advantageous) providing coverage on a "trailing" or "run-off" basis for all present and former directors and officers of Resolute with respect to claims arising from facts or events which occurred before the Effective Date;

(h) the TSX or TSX Venture Exchange shall have conditionally listed all of the ExploreCo Common Shares issuable pursuant to the Arrangement, including the ExploreCo Common Shares issued under the ExploreCo Private Placement, the ExploreCo Warrants and which may be issued under the ExploreCo Incentive Plans;

(i) the relevant waiting period in section 123 of the Competition Act shall have expired and: (i) an advance ruling certificate ("**ARC**") pursuant to section 102 of the Competition Act shall have been issued by the Commissioner of the Competition Bureau ("**Commissioner**") appointed under the Competition Act; or (ii) a "no action letter" satisfactory to each of Esprit and Resolute, acting reasonably, indicating that the Commissioner has determined not to make an application for an order under section 92 of the Competition Act shall have been received from the Commissioner, and any terms and conditions attached to any such letter shall be acceptable to each of Esprit and Resolute, acting reasonably; and in addition, in the event that the ARC or "no action" letter described in (i) or (ii) in the foregoing is issued, there shall be no threatened or actual application by the Commissioner for an order under section 92 or 100 of the Competition Act;

(j) there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:

(i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or

(ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein.

The foregoing conditions are for the mutual benefit of Esprit, Esprit Exploration and Resolute and may be asserted by Esprit, Esprit Exploration and Resolute regardless of the circumstances and may be waived by Esprit, Esprit Exploration and Resolute (with respect to such Party) in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Esprit, Esprit Exploration or Resolute may have.

5.2 Additional Conditions to Obligations of Esprit

The obligation of Esprit and Esprit Exploration to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

(a) Resolute shall have mailed the Resolute Information Circular and other documentation required in connection with the Resolute Meeting on or before March 31, 2005;

(b) each of the acts and undertakings of Resolute to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Resolute;

(c) at least 90% of the Resolute Options shall have been exercised immediately prior to the Effective Time;

(d) Resolute shall have furnished Esprit and Esprit Exploration with:

(i) certified copies of the resolutions duly passed by the boards of directors of Resolute approving this Agreement and the consummation of the transactions contemplated hereby; and

(ii) certified copies of the resolutions of Resolute Securityholders, duly passed at the Resolute Meeting, approving the Arrangement Resolution;

(e) except as affected by the transactions contemplated by this Agreement, the representations and warranties of Resolute contained in Section 4.2 shall be true in all material respects as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time and Resolute shall have complied in all material respects with its covenants in this Agreement and Esprit and Esprit Exploration shall have received a certificate to that effect dated the Effective Date from the President of Resolute and another senior officer thereof acceptable to Esprit and Esprit Exploration, acting reasonably, acting solely on behalf of Resolute and not in their personal capacity, to the best of his information and belief having made reasonable inquiry and Esprit and Esprit Exploration will have no knowledge to the contrary;

(f) there shall not have occurred any change after the date hereof or prior to the date hereof which has not been publicly disclosed prior to the date hereof or previously disclosed prior to the date hereof to Esprit or Esprit Exploration in writing (or any condition, event or development involving a prospective change) in the business, affairs, operations, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Resolute and which, in the judgment of Esprit and Esprit Exploration, acting reasonably, is materially adverse to Resolute other than: (i) a change directly resulting from an action taken by Resolute pursuant to Resolute's current 2005 budget as disclosed to Esprit or to which Esprit or Esprit Exploration has consented to in writing; (ii) a change in ExploreCo Assets; (iii) a change resulting from conditions affecting the oil and gas industry in Canada including, without limitation, changes in commodity prices or taxes of any kind at any time; or (iv) the occurrence, development or coming into effect or existence of any event, action, state, condition, or major financial occurrence of national or international consequence or any law, regulation, action, government regulation, enquiry or other occurrence of any nature whatsoever which materially adversely affects or involves the financial markets in Canada or the United States generally or the financial condition, business, operations, assets, affairs or prospects of Resolute.

(g) Resolute shall have delivered its audited financial statements, including its auditor's report and audit finding letter to Esprit and Esprit Exploration as soon as reasonably practicable.

The conditions in this Section 5.2 are for the exclusive benefit of Esprit and Esprit Exploration and may be asserted by Esprit and Esprit Exploration regardless of the circumstances or may be waived by Esprit in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Esprit and Esprit Exploration may have.

5.3 Additional Conditions to Obligations of Resolute

The obligation of Resolute to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

(a) each of the acts and undertakings of Esprit or Esprit Exploration to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Esprit or Esprit Exploration, as the case may be;

(b) Esprit and Esprit Exploration shall have furnished Resolute with certified copies of the resolutions duly passed by the Trustees of Esprit and the board of directors of Esprit Exploration approving this Agreement and the consummation of the transactions contemplated hereby

(c) except as affected by the transactions contemplated by this Agreement, the representations and warranties of Esprit and Esprit Exploration contained in Section 4.1 shall be true in all material respects as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time and Esprit and Esprit Exploration shall have complied in all material respects with its covenants in this Agreement and Resolute shall have received a certificate to that effect dated the Effective Date from the President of Esprit Exploration and another senior officer thereof acceptable to Resolute, acting reasonably, acting solely on behalf of Esprit and Esprit Exploration and not in their personal capacity, to the best of his information and belief having made reasonable inquiry and Resolute will have no knowledge to the contrary;

(d) the payments referenced in section 3.2(d) and 3.2(e) and the payments pursuant to the written agreements provided to Esprit shall have been made (or provisions to make such payments shall have been made to the satisfaction of Resolute) to the directors, officers and employees of Resolute on the Effective Date; and

(e) there shall not have occurred any change after the date hereof or prior to the date hereof which has not been publicly disclosed prior to the date hereof or previously disclosed prior to the date hereof to Resolute in writing (or any condition, event or development involving a prospective change) in the business, affairs, operations, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Esprit, taken as a whole, and which, in the judgment of Resolute, acting reasonably, is materially adverse to Esprit, taken as a whole, other than: (i) a change directly resulting from an action taken by Esprit or Esprit Exploration to which Resolute has consented to in writing; (ii) a change resulting from conditions affecting the oil and gas industry in Canada including, without limitation, changes in commodity prices or taxes of any kind at any time; or (iii) the occurrence, development or coming into effect or existence of any event, action, state, condition, or major financial occurrence of national or international consequence or any law, regulation, action, government regulation, enquiry or other occurrence of any nature whatsoever which materially adversely affects or involves the financial markets in Canada or the United States generally or the financial condition, business, operations, assets, affairs or prospects of Esprit, taken as a whole.

The conditions in this Section 5.3 are for the exclusive benefit of Resolute and may be asserted by Resolute regardless of the circumstances or may be waived by Resolute in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Resolute may have.

5.4 Notice and Effect of Failure to Comply with Conditions

(a) Each of Esprit, Esprit Exploration and Resolute shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to, (i) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect, or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

(b) If any of the conditions precedents set forth in Sections 5.1, 5.2 or 5.3 hereof shall not be complied with or waived by the Party or Parties for whose benefit such conditions are provided on or before the date required for the performance thereof, then a Party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement provided that prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the Party intending to rely thereon has delivered a written notice to the other Party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable conditions precedent and provides the other Party 48 hours to rectify the breaches before the effective date of recision of termination. More than one such notice may be delivered by a Party.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

ARTICLE 6
AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS

6.1 Esprit Damages

If at any time after the execution of this Agreement:

(a) the board of directors of Resolute has withdrawn or changed any of its recommendations or determinations referred to in Section 3.2(m) and 4.2(o) in a manner adverse to Esprit or shall have resolved to do so prior to the Effective Date other than as a result of a Resolute Damages Event or a change referred to in Section 5.3(e);

(b) a bona fide Acquisition Proposal is publicly announced, proposed, offered or made to the Resolute Shareholders or to Resolute and: (i) the Resolute Shareholders do not approve the Arrangement; and (ii) such Acquisition Proposal is consummated within 6 months of the date of this Agreement;

(c) Resolute accepts, recommends, approves or enters into an agreement (other than a confidentiality agreement) to implement a Superior Proposal prior to the Effective Date or termination of this Agreement;

(d) Resolute breaches any of its covenants in Section 3.4 or wilfully breaches any other of its representations, warranties or covenants made in this Agreement which breach individually or in the aggregate would materially impede a condition to the Arrangement being satisfied or the completion of the Arrangement; or

(e) Resolute breaches any of its representations, warranties or covenants made in this Agreement (other than a wilful breach referred in Section 6.1(d)), which breach individually or in the aggregate would materially impede a condition to the Arrangement being satisfied or the completion of the Arrangement,

(each of the above being a "**Esprit Damages Event**"), then in the event of the termination of this Agreement pursuant to Section 8.1(c) or (d), Resolute shall pay to Esprit $9.0 million (in the case of an event referred to in Section 6.1(a), (b), (c) or (d)) or $2.0 million (in the case of an event referred to in section 6.1(e)) as liquidated damages in immediately available funds to an account designated by Esprit and Esprit Exploration within one business day after the first to occur of the events described above, and after such event but prior to payment of such amount, Resolute shall be deemed to hold such fund in trust for Esprit. Resolute shall only be obligated to pay a maximum of $9 million pursuant to this Section 6.1.

6.2 Liquidated Damages

Resolute acknowledges that all of the payment amounts set out in this Article 6 are payments of liquidated damages which are a genuine pre-estimate of the damages which Esprit and Esprit Exploration will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and are not penalties. Resolute irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agree that the payment of the amount pursuant to this Article 6 is the sole monetary remedy of Esprit or Esprit Exploration or Resolute. Nothing herein shall preclude Esprit or Esprit Exploration from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or the Confidentiality Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith.

6.3 Resolute Damages

If at any time after the execution of this Agreement, Esprit or Esprit Exploration breaches any of its representations, warranties or covenants made in this Agreement, which breach individually or in the aggregate would materially impede a condition to the Arrangement being satisfied or the completion of the Arrangement (being a "**Resolute Damages Event**"), then in the event of termination of this Agreement pursuant to Section 8.1(e), Esprit shall pay to Resolute $2,000,000 as liquidated damages in immediately available funds to an account designated by Resolute within one business day after the breach as described above and after such event but prior to payment of such amount, Esprit shall be deemed to hold such funds in trust for Resolute.

ARTICLE 7
AMENDMENT

7.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the Resolute Meeting be amended by written agreement of the Parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or

(d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Resolute Securityholder without approval by the Resolute securityholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

ARTICLE 8
TERMINATION

8.1 Termination

This Agreement may be terminated at any time prior to the Effective Date:

(a) by mutual written consent of Esprit and Resolute;

(b) as provided in Sections 5.1, 5.2 and 5.3;

(c) by Esprit upon the occurrence of a Esprit Damages Event as provided in Section 6.1 provided that in the event of a Esprit Damages Event provided for in Section 6.1(a), this Agreement may not be terminated by Esprit unless Resolute Securityholders do not approve the Arrangement as required in the Interim Order or the Arrangement is not submitted for their approval;

(d) by Resolute upon the occurrence of a Esprit Damages Event and the payment by Resolute to Esprit of the amount required by Section 6.1;

(e) by Esprit upon the occurrence of a Resolute Damages Event and the payment by Esprit to Resolute of the amount required by Section 6.3; or

(f) by Resolute upon the occurrence of a Resolute Damages Event as provided in Section 6.3.

In the event of the termination of this Agreement in the circumstances set out in paragraphs (a) through (f) of this Section 8.1, this Agreement shall forthwith become void and neither Party shall have any liability or further obligation to the other Party hereunder except with respect to the obligations set forth in or as otherwise specified in Article 6 which shall survive such termination.

ARTICLE 9
NOTICES

9.1 Notices

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by telecopy and in the case of:

(a) Esprit and Esprit Exploration, addressed to:

Suite 900, 606 – 4th Street S.W.
Calgary, Alberta T2P 1T1

Attention: Stephen J. Savidant, President and CEO
Telecopier: (403) 213-3710

with a copy to:

Burnet, Duckworth & Palmer LLP
1400, 350 – 7th Avenue S.W.
Calgary, Alberta T2P 3N9

Attention: Grant A. Zawalsky
Telecopier: (403) 260-0332

(b) Resolute, addressed to:

2500 Bow Valley Sq. III
Calgary, Alberta T2P 3G6

Attention: Brian Lemke, President and CEO
Telecopier: (403) 234-0322

with a copy to:

Bennett Jones LLP
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Robert R. Rooney
Telecopier: (403) 265-7219

or such other address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such telecopy is received.

ARTICLE 10
GENERAL

10.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties hereto.

10.2 Assignment

No Party to this Agreement may assign any of its rights or obligations under this Agreement without prior written consent of the other Party.

10.3 Disclosure

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Party prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if either Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Party as to the wording of such disclosure prior to its being made.

10.4 Costs

Except as contemplated herein (including Section 6.1 and 6.3 hereof), each Party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby. Esprit and Resolute shall share equally any filing fees payable for applications made under the Competition Act in respect of the transactions contemplated by the Arrangement.

10.5 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

(a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

(b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

10.6 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

10.7 Time of Essence

Time shall be of the essence of this Agreement.

10.8 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the Parties hereto irrevocably atom to the jurisdiction of the courts of the Province of Alberta.

10.9 Waiver

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

10.10 Limitation on Trustees Liability

The parties hereto acknowledge that Esprit Exploration is entering into this agreement behalf of Esprit and the obligations of Esprit hereunder shall not be personally binding upon the Computershare Trust Company of Canada or any of the unitholders of Esprit and that any recourse against Esprit or any unitholder in any manner in respect of any indebtedness, obligation or liability of Esprit arising hereunder or arising in connection herewith or from the matters to which this agreement relates, if any, including without limitation claims based on negligence or otherwise tortious behaviour, shall be limited to, and satisfied only out of, the Trust Fund as defined in the trust indenture, as amended from time to time.

10.11 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

ESPRIT ENERGY TRUST, by Esprit Exploration Ltd.

By: *"Stephen J. Savidant"*

By: *"Stephen B. Soules"*

ESPRIT EXPLORATION LTD.

By: *"Stephen J. Savidant"*

By: *"Stephen B. Soules"*

RESOLUTE ENERGY INC.

By: *"Brian K. Lemke"*

By: *"C. Dean Setoguchi"*