COURT FILE NUMBER	25-2645392 25-2645473	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANTS	IN THE MATTER OF THE PROPOSAL OF GLENOGLE ENERGY INC. AND GLENOGLE ENERGY LP	
DOCUMENT	**SECOND REPORT OF THE PROPOSAL TRUSTEE** **July 16, 2020**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**<u>PROPOSAL TRUSTEE</u>** ERNST & YOUNG INC. Calgary City Centre 2200, 215 - 2nd Street SW Calgary, Alberta T2P 1M4 Attention: Neil Narfason / Gord Boersma Telephone: 403-206-5067 / 403-206-5027 Fax: 403-206-5075 Email: neil.narfason@ca.ey.com gord.boersma@ca.ey.com **<u>PROPOSAL TRUSTEE'S COUNSEL</u>** Fasken Martineau DuMoulin LLP 350 7th Avenue SW, Suite 3400 Calgary, Alberta T2P 3N9 Attn: Travis Lysak Telephone: 403-261-5501 Email: tlysak@fasken.com	

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INTRODUCTION

1. On May 14, 2020 (the "**Date of Filing**"), Glenogle Energy Inc. and Glenogle Energy Limited Partnership (collectively "**Glenogle**", the "**Company**" or the "**Applicants**") obtained protection from their creditors through the filing of a Notice of Intention to Make a Proposal (the "**NOI**") under Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "**BIA**").

2. Ernst & Young Inc. (the "**Proposal Trustee**") was named as Proposal Trustee under the NOI.

3. The purpose of this Second Report of the Proposal Trustee under the NOI (the "**Second Report**") is to provide this Honourable Court with an update in respect of the following:

   a) The activities of the Proposal Trustee subsequent to the First Report of the Proposal Trustee dated June 11, 2020 (the "**First Report**");

   b) An update on the status of a Sales and Investor Solicitation Process ("**SISP**");

   c) The Proposal Trustee's report on the comparison of forecast to actual cash flow results for the period of June 8 to July 12, 2020;

   d) The Proposal Trustee's comments on the updated cash flow statement (the "**Cash Flow Statement #3**" or the "**CFS#3**") for the 13-week period from July 13 to October 11, 2020 (the "**Forecast Period**");

   e) The Proposal Trustee's comments with respect to the Company's application for an extension of time for filing its proposal from July 27, 2020 to September 10, 2020 (the "**Stay Extension**"); and

   f) The Proposal Trustee's recommendations in respect of the foregoing, as applicable.

BACKGROUND

4. On June 12, 2020, This Honourable Court granted an Order approving:

   a) the Company's request for a stay extension to July 27, 2020;

   b) The Woodrush Trust Account Agreement;

   c) The Interim Loan in the amount of $2.3 million pursuant to the New Facility Letter;

d) The Interim Lender's Charge;

e) The retention of Stifel Nicolaus Canada Inc. as Glenogle's Selling Agent and the corresponding Selling Agent Agreement; and

f) The proposed KERP and the related KERP Charge.

5. Additional background information concerning the Company and these proceedings is available on the Proposal Trustee's website at www.ey.com/ca/glenogleenergy.

TERMS OF REFERENCE AND DISCLAIMER

6. In preparing this Second Report, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, the Company's books and records, financial information prepared by the Glenogle and discussions with its management ("**Management**") (collectively, the "**Information**"). Except as described herein, in the Company's cash flows:

a) The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided; however, it has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of such Information contained in this Second Report; and

b) Some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

7. Future oriented information referred to in this Second Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable; the actual results will vary from the projections and the variances could be significant.

8. All references to dollars are in Canadian currency unless otherwise noted.

9. Capitalized terms not defined herein are as defined in the Stay Extension, Interim Financing and Miscellaneous Relief Order, dated June 12, 2020.

ACTIVITIES SINCE THE FILING OF THE FIRST REPORT OF THE PROPOSAL TRUSTEE

10. The Proposal Trustee has undertaken the following activities since filing the First Report:

a) Monitored the cash flows and operating activities of the Company, including preparing weekly actual to forecast cash flow comparatives;

b) Corresponded with trade vendors and creditors;

c) Assisted the Company in preparing its CFS#3 for the Forecast Period;

d) Participated in operating updates by the Company to HSBC; and

e) Worked with the Company to determine the funding requirements over the NOI proceedings.

11. On July 2, 2020, subsequent to the First Report, the amended and restated facility letter with HSBC (the "**New Facility Letter**") was executed and the Interim Loan funds were put in place.

12. There have been no material or adverse changes to the Company's operations since the filing of the First Report.

13. To date, the Proposal Trustee has obtained the full cooperation and assistance of the Company.

14. Since the First Report, the Proposal Trustee has retained Fasken Martineau DuMoulin LLP as its legal counsel to assist with specific matters over the NOI proceedings, including the ongoing evaluation of HSBC's security position, which the Proposal Trustee will provide commentary on as part of its next report to This Honourable Court.

SISP UPDATE

15. Further to the First Report, Glenogle engaged Stifel Nicolaus Canada Inc. as the selling agent (the "**Selling Agent**") for the Company in connection with the following possible strategic alternatives: a sale of the shares of the Company or the majority of its oil and natural gas assets, in whole or in part (the "**Property**"); or a recapitalization of the Company (together, the "**Strategic Alternatives**").

16. The Company has been working with the Selling Agent to prepare for the SISP, including:

a) Evaluating the assets and preparing peer group benchmarking and estimates of value;

b) Populating an electronic data room;

c) Drafting of sales process marketing materials including an introductory letter, detailed confidential information memorandum, and management presentation; and

d) Strategizing on timing of going to market, considering the current impact of COVID-19 on global oil and capital markets, the current slowdown in oil and gas acquisitions, and seasonal impacts related to the summer travel and vacation activities of potential purchasers.

17. The Selling Agent has recommended a late summer or early fall for the launch of the SISP. The Company and the Selling Agent are working to complete all marketing materials in order to be prepared to launch the process quickly in the event of an improvement in market conditions by late summer.

18. The Proposal Trustee expects that the Company will make a decision in respect of an application to the Court for the approval of a SISP prior to the expiry of the Stay Extension sought as part of this application. If the SISP is approved by This Honourable Court and favourable market conditions permit, the sales process will commence immediately thereafter.

CASH FLOW STATEMENT #2 TO ACTUAL CASH FLOW RESULTS

19. The forecast to actual comparison is presented in **Appendix 'A'** and provides the actual cash receipts and disbursements during the period of June 8, 2020 to July 12, 2020 (the "**Reporting Period**") as compared to CFS#2.

20. The table below summarizes the CFS#2 to actual cash flow results for the Reporting Period:

Glenogle Energy Inc. and Glenogle Energy LP Cash Flow Statement #2 to Actual Cash Flow Results *June 8, 2020 - July 12, 2020*					
$000's	*Notes*	Forecast	Actual	Variance	
Operating receipts					
Production receipts	*A*	228	303	75	
Crown royalties		(10)	(11)	(1)	
Miscellaneous receipts (disbursements)	*B*	(82)	(82)	-	
Net operating receipts		**137**	**211**	**74**	
Operating disbursements					
Freehold royalties		(35)	(28)	7	
Operating expenses	*C*	(541)	(433)	108	
Gas processing		(380)	(389)	(9)	
Property taxes		(83)	(85)	(2)	
General & administrative		(181)	(177)	3	
HSBC interest	*D*	216	226	10	
Selling Agent fees	*E*	(60)	(37)	23	
Restructuring fees	*F*	(105)	-	105	
Total operating disbursements		**(1,168)**	**(924)**	**245**	
Net change in cash from operations		**(1,032)**	**(713)**	**319**	
Credit Facility Financing					
Total Credit Facility			52,000		
Less: Outstanding Letters of Credit			(551)		
Total Credit Facility, net of outstanding LOCs			**51,449**		
Less: Credit Facility Draws					
Credit Facility drawings, opening			(51,230)		
LOC cash collateralization	*G*		(219)		
Net change in cash flow from operations, allocated			-		a
Total Credit Facility Draws			(51,449)		
Credit Facility capacity, closing			**0**		
Interim Loan Financing					
Total Interim Loan			**2,300**		
Less: Interim Loan Draws					
Interim Loan drawings, opening			(946)		
Net change in cash flow from operations, allocated			(713)		b
Total Interim Loan Draws			(1,659)		
Interim Loan capacity, closing			**641**		
Total Financing					
Total Financing			**54,300**		
Less: Outstanding Letters of Credit, opening			(770)		
Cumulative draws, opening			(52,176)		c
Total available financing, opening			**1,354**		
Add: Credit Facility increase - released LOC			219		
Less: LOC cash collateralization			(219)		d
Net change in cash from operations		a+b	(713)		e
Total available financing, closing			**641**		
Cumulative draws, ending		c+d+e	**(53,108)**		

21. As summarized above, the Company realized net cash receipts of $211,000 over the Reporting Period. These receipts were offset by operating disbursements of $924,000, resulting in a net decrease in cash of $713,000 over the Reporting Period. At July 12, 2020, Glenogle was fully drawn on their HSBC Credit Facility (net of outstanding Letters of Credit totalling approximately $551,000), with available liquidity of $641,000 from its $2.3 million Interim Loan.

22. Variances in forecast to actual results over the Reporting Period are primarily due to the following:

a) Cash receipts related to revenues associated with the sale of oil, gas and natural gas liquids. The $75,000 positive variance reflects Chicago gas prices being higher than forecast and positive adjustments on the expected oil nomination shortfall settlements, offset in part by reduced gas volumes as a result of the temporary shut-in of a well;

b) Miscellaneous disbursements relate to the distribution of the royalty owner's share of a GST refund previously received by the Company in connection with Glenogle's joint venture expenses for drilling the first Farm-in well. The refund was received the week ending May 31, 2020 in the amount of $89,000 and the associated distribution was issued in the week ending June 14, 2020 totaling $82,000;

c) The $108,000 net favorable variance in operating disbursements is attributed to:

i. Lower prepayments than originally forecast by $100,000 relating to 11 oilfield suppliers;

ii. Oil pipeline transportation costs being overestimated by $23,000 in CFS#2;

iii. Other favorable variances totalled $35,000 and consisted of lower carbon tax, electricity costs and other miscellaneous items; and

iv. Unfavorable variances over the Reporting Period slightly offsetting the above related to workovers and maintenance for $24,000, oil hauling and vac trucks at Doe West for $15,000, and other miscellaneous disbursements of $11,000 for land lease rentals, regulatory costs and property taxes;

d) CFS#2 contemplated gas processing payments of $190,000 in the week ending June 14, 2020, however, to ensure that payment was received promptly, Glenogle issued the prepayment prior to the Reporting Period on June 2, 2020, which ultimately totaled $199,000, resulting in the $9,000 variance in the Reporting Period;

e) HSBC interest on the Interim Loan forecast at $10,000 relating to the month of June was deferred due to a delay by HSBC in completing certain final internal procedures subsequent to This Honourable Court's approval of the Interim Loan, pursuant to the New Facility Letter. The $10,000 payment estimate has subsequently been revised downwards to $7,000 based on the actual monthly interim funding requirements for June 2020. This payment is scheduled to be made the week ending July 19, 2020, which is reflected in CFS#3;

f) The favorable $23,000 variance in connection with Selling Agent fees is a timing variance. In accordance with the engagement letter with the Selling Agent (the "**Selling Agent Agreement**"), a retainer in the amount of $35,000 plus GST was issued to Stifel Nicolaus Canada Inc. the week ending July 5, 2020, which was captured in CFS#2. The originally forecast monthly work fee payments have been shifted out 30 days from the payable date to reflect invoice timing;

g) The favorable restructuring variance of $105,000 is a timing difference as the restructuring professionals involved in the NOI proceedings have either recently or not yet issued their invoices. This projected payment has now been moved into the CFS#3; see further discussion below; and

h) Over the Reporting Period, the Letter of Credit with the Province of British Columbia in connection with licensee liability was cash called and Glenogle collateralized the $219,200 Letter of Credit in the week ending June 28. In turn, additional capacity was made available on their HSBC Credit Facility, for a net financing impact of nil.

CASH FLOW STATEMENT #3

23. Since the filing of CFS#2, there have been certain changes to the assumptions underlying the Company's cash flow forecasts which have resulted in Glenogle revising their forward-looking cash flow statements. Management has prepared the CFS#3 for the 13-week period ending October 11, 2020 (the "**Forecast Period**"), based on the most current information available.

24. The table below summarizes the CFS#3. The detailed weekly CFS#3 is provided in **Appendix 'B'**:

Glenogle Energy Inc. and Glenogle Energy LP Combined Cash Flow Statement #3 *For the 13-week period ending October 11, 2020*	
$000's	13-Week Period
Operating receipts	
Production receipts	3,159
Crown royalties	(295)
Miscellaneous receipts (disbursements)	117
Net operating receipts	**2,981**
Operating disbursements	
Capital expenditures	(110)
Operating expenses	(1,694)
Gas processing	(513)
Property taxes	(213)
General & administrative	(578)
HSBC interest	(46)
Selling Agent fees	(75)
Restructuring fees	(269)
Total operating disbursements	**(3,497)**
Net change in cash from operations	**(516)**
Credit Facility Financing	
Total Credit Facility	52,000
Less: Outstanding Letters of Credit	(80)
Total Credit Facility, net of outstanding LOCs	**51,920**
Less: Credit Facility Draws	
Credit Facility drawings, opening	(51,449)
LOC cash collateralization	(280)
Net change in cash flow from operations, allocated	(191)
Total Credit Facility Draws	(51,920)
Credit Facility capacity, closing	**(0)**
Interim Loan Financing	
Total Interim Loan	2,300
Less: Interim Loan Draws	
Interim Loan drawings, opening	(1,659)
Net change in cash flow from operations, allocated	(325)
Total Interim Loan Draws	(1,984)
Interim Loan capacity, closing	**316**
Total Financing	
Total Financing	**54,300**
Less: Outstanding Letters of Credit, opening	(551)
Cumulative draws, opening	(53,108)
Total available financing, opening	**641**
Add: Credit Facility increase - released LOC	471
Less: LOC cash collateralization	(280)
Net change in cash from operations	(516)
Total available financing, closing	**316**
Cumulative draws, ending	**(53,904)**

25. As summarized above, the Company is projecting total cash receipts of approximately $3.0 million over the Forecast Period. These receipts are offset by cash disbursements of $3.5 million, resulting in a net decrease in cash of $0.52 million during the Forecast Period. In week 10 of CFS#3, Glenogle is expected to encroach on its financing ceiling, with $9,000 of liquidity. The Proposal Trustee has been closely monitoring cash flows with the Company and there have been regular touchpoints with HSBC, who is aware that additional financing may be required.

26. The Proposal Trustee has reviewed the notes and assumptions supporting CFS#3 and believes these to be reasonable. The notes and assumptions underlying the CFS#3 are described in further detail in **Appendix 'B'**.

27. Significant assumptions supporting CFS#3 are as follows:

a) Due to improvements in commodity pricing, as of June 1, 2020, the Company is operating at full production with the exception of two wells which normally produce 50 barrels of oil per day collectively, but which currently require repair and maintenance due to pump and or tubing failure. The repairs and maintenance, with associated costs of $40,000 for the first well and $50,000 on the second well, have been scheduled for the weeks ending July 19 and July 26 and are reflected in CAPEX within CFS#3. The Forecast Period reflects the assumption that both wells will be producing again for the full month of August, with associated revenues expected the following month;

b) Commodity price forward curves and foreign exchange rates as of July 14, 2020;

c) In connection with the 9-20 well, the royalty owner will be taking oil production in-kind starting in June 2020 (paid on July 25) and taking gas production in-kind starting in July (paid on August 25). NGL royalty volumes will not be taken in-kind and will be sold by Glenogle and remitted to the royalty owner five business days after receipt. Glenogle will bill the royalty owner through joint venture billings and or cash calls for gas handling and processing fees, oil transportation and treating costs while the royalty owner is taking volumes in-kind. CFS#3 presents production receipts net of freehold royalties;

d) Miscellaneous receipts of $117,000 consists of third-party processing charges (cost recovery) projected to be collected over the Forecast Period;

e) Further to the abovementioned expenses relating to repairs and maintenance on two wells which experienced pump and or tubing failure, $20,000 has been forecast in the week ending August 2, 2020 in connection with a water source well pump at Doe East which has failed. This $20,000 disbursement is for an in-situ remedy which may resolve the issue. If the in-situ remediation is not successful, the Company estimates that up to $250,000 may be required to resolve the issue. This water source well is integral to the performance of Glenogle's enhanced recovery scheme, which is material to the Corporation's valuation. Glenogle is not anticipated to have sufficient cash to pay for the potential higher cost of repairs based on CFS#3; the Proposal Trustee will work closely with Glenogle in consultation with HSBC in the coming weeks to determine the timing and quantum of additional funds that may be required, if any;

f) In the week ending August 2, 2020, Glenogle's Letter of Credit with the Province of British Columbia in connection with seasonal road bans is expected to be released, which will result in the Company having access to an additional $191,800 as part of their Credit Facility;

g) Expected operating expenses over the Forecast Period total $1.7 million which consist of vendor payments (and prepayments) for hauling and transportation, parts, consumables (glycol, methanol and lubricants), chemicals, repairs, hot oiling, power and utilities, regulatory costs and licenses, rentals and leases and carbon taxes. Operating expenses excludes property taxes, which are illustrated separately in CFS#3;

h) Gas processing costs of $513,000, property taxes (post-filing only) of $213,000 and general and administrative distributions of $578,000 are expected over the Forecast Period. General and administrative distributions consist of rent, Alberta Blue Cross monthly premiums, parking, HSBC administration fees, payroll, consultant costs, insurance and other nominal amounts. Most notably, Glenogle's annual insurance premium is scheduled to be paid in the week ending August 30, 2020 in the amount of $198,000 based on actual costs in the prior year; and

i) The Proposal Trustee is finalizing invoices for work performed to-date, which is forecast to be paid in the week ending July 26, 2020 and reflected in week 2 of CFS#3. Restructuring fees are also inclusive of estimated costs incurred to-date by Glenogle's counsel Bennett Jones, as well as fees related to an independent business review performed by Ernst & Young Inc. prior to the NOI filing pursuant to HSBC's secured creditor interest. Total restructuring fees for the Forecast Period are estimated to be $269,000.

28. Based on the above assumptions, CFS#3 indicates that the Company will be able to fund operations through the Stay Extension with the proposed Interim Loan from HSBC.

29. Based on our review we believe that, in all material respects:

a) The hypothetical assumptions are consistent with the purpose of CFS#3;

b) As at the date of this Second Report, the probable assumptions developed by the Company are suitably supported and consistent with the plans of the Applicants or provide a reasonable basis for the related cash flows, given the hypothetical assumptions; and

c) CFS#3 reflects the probable and hypothetical assumptions.

30. Since CFS#3 is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the results in CFS#3 will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Second Report or relied upon by us in preparing this Second Report.

31. CFS#3 has been prepared solely for the purpose described above, and readers are cautioned that they may not be appropriate for other purposes.

APPLICATION TO EXTEND THE TIME TO PREPARE A PROPOSAL

32. Glenogle is seeking a 45-day Stay Extension in accordance with section 50.4(9) of the BIA, from July 27 to September 10, 2020.

33. The Proposal Trustee notes that HSBC is in support of the extension.

34. The Proposal Trustee believes that:

a) The Company is acting in good faith and with due diligence;

b) The Stay Extension will allow Glenogle the time to fully explore the possible restructuring alternatives and work towards a viable proposal to its creditors and it is likely that Glenogle will be able to make a viable proposal if the extension being applied for is granted; and

c) The Proposal Trustee does not believe that any creditor will be materially prejudiced if the Stay Extension is granted.

RECOMMENDATIONS

35. The Proposal Trustee respectfully recommends that this Honourable Court approve the Stay Extension to September 10, 2020.

Dated at Calgary, this 16th day of July, 2020.

ERNST & YOUNG INC.
in its capacity as the
Proposal Trustee of Glenogle Energy Inc.

Neil Narfason, CPA, CA, CIRP, LIT, CBV
Senior Vice-President

Gord Boersma, CPA, CMA, CIRP, LIT
Vice President

APPENDIX A

CASH FLOW STATEMENT #2 TO ACTUAL CASH FLOW RESULTS

FROM JUNE 8 - JULY 12, 2020

Glenogle Energy Inc. and Glenogle Energy LP Cash Flow Statement #2 to Actual Cash Flow Results *June 8, 2020 - July 12, 2020*					
$000's	*Notes*	Forecast	Actual	Variance	
Operating receipts					
Production receipts	*A*	228	303	75	
Crown royalties		(10)	(11)	(1)	
Miscellaneous receipts (disbursements)	*B*	(82)	(82)	-	
Net operating receipts		**137**	**211**	**74**	
Operating disbursements					
Freehold royalties		(35)	(28)	7	
Operating expenses	*C*	(541)	(433)	108	
Gas processing		(380)	(389)	(9)	
Property taxes		(83)	(85)	(2)	
General & administrative		(181)	(177)	3	
HSBC interest	*D*	216	226	10	
Selling Agent fees	*E*	(60)	(37)	23	
Restructuring fees	*F*	(105)	-	105	
Total operating disbursements		**(1,168)**	**(924)**	**245**	
Net change in cash from operations		**(1,032)**	**(713)**	**319**	
Credit Facility Financing					
Total Credit Facility			52,000		
Less: Outstanding Letters of Credit			(551)		
Total Credit Facility, net of outstanding LOCs			**51,449**		
Less: Credit Facility Draws					
Credit Facility drawings, opening			(51,230)		
LOC cash collateralization	*G*		(219)		
Net change in cash flow from operations, allocated			-		a
Total Credit Facility Draws			(51,449)		
Credit Facility capacity, closing			**0**		
Interim Loan Financing					
Total Interim Loan			**2,300**		
Less: Interim Loan Draws					
Interim Loan drawings, opening			(946)		
Net change in cash flow from operations, allocated			(713)		b
Total Interim Loan Draws			(1,659)		
Interim Loan capacity, closing			**641**		
Total Financing					
Total Financing			**54,300**		
Less: Outstanding Letters of Credit, opening			(770)		
Cumulative draws, opening			(52,176)		c
Total available financing, opening			**1,354**		
Add: Credit Facility increase - released LOC			219		
Less: LOC cash collateralization			(219)		d
Net change in cash from operations		a+b	(713)		e
Total available financing, closing			**641**		
Cumulative draws, ending		c+d+e	**(53,108)**		

Glenogle Energy Inc. and Glenogle Energy LP

Notes to the Combined Forecast to Actual

June 8, 2020 - July 12, 2020

Note A - Production receipts: Cash receipts related to revenues associated with the sale of oil, gas and natural gas liquids. The $75,000 positive variance reflects Chicago gas prices being higher than forecast and positive adjustments on the expected oil nomination shortfall settlements, offset in part by reduced gas volumes as a result of the temporary shut-in of a well.

Note B - Miscellaneous receipts (disbursements): Miscellaneous disbursements relate to the distribution of the Farmee's share of a GST refund previously received by the Company in connection with Glenogle's joint venture expenses for drilling the first Farm-in well. The refund was received the week ending May 31, 2020 in the amount of $89,000 and the associated distribution was issued in the week ending June 14, 2020 totaling $82,000.

Note C - Operating expenses: The net favorable variance of $108,000 in operating expenses relates to the following:

i) Lower prepayments than originally forecast by $100,000 relating to 11 oilfield suppliers;
ii) Oil pipeline transportation costs being overestimated by $23,000 in CFS#2;
iii) Other favorable variances totalled $35,000 and consisted of lower carbon taxes, electricity costs and other miscellaneous items; and
iv) Unfavorable variances over the Reporting Period slightly offsetting the above related to: workovers and maintenance for $24,000; oil hauling and vac trucks at Doe West for $15,000; and other miscellaneous disbursements of $11,000 for land lease rentals, regulatory and property taxes.

Note D - HSBC interest: HSBC interest on the Interim Loan forecast at $10,000 relating to the month of June was deferred due to a delay by HSBC in completing certain final internal procedures subsequent to This Honourable Court's approval of the Interim Loan, pursuant to the New Facility Letter. The $10,000 payment estimate has subsequently been revised downwards to $7,000 based on the actual monthly interim funding requirements for June 2020. This payment is scheduled to be made the week ending July 19, 2020, which is reflected in CFS#3.

Note E - Selling Agent fees: The favorable $23,000 variance in connection with Selling Agent fees is a timing variance. In accordance with the engagement letter with the Selling Agent (the "**Selling Agent Agreement**"), a retainer in the amount of $35,000 plus GST was issued to Stifel Nicolaus Canada Inc. the week ending July 5, 2020, which was captured in CFS#2. The originally forecast monthly work fee payments have been shifted out 30 days from the payable date to reflect invoice timing.

Note F - Restructuring fees: The favorable restructuring variance of $105,000 is a timing difference as the restructuring professionals involved in the NOI proceedings have either recently or not yet issued their invoices. This projected payment has now been moved into the CFS#3.

Note G - Letters of Credit: Over the Reporting Period, the LOC with the Province of British Columbia in connection with their licensee liability was cash called and Glenogle collateralized the $219,000 LOC in the week ending June 28. In turn, additional capacity was made available on their HSBC Credit Facility, for a net financing impact of nil.

APPENDIX B

CASH FLOW STATEMENT #3 FOR THE 13 WEEKS

JULY 13 - OCTOBER 11, 2020

Glenogle Energy Inc. and Glenogle Energy LP

Combined Weekly Cash Flow Statement #3

For the 13-week period ending October 11, 2020

$000's		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Forecast
Week ending:	Notes	Jul-19	Jul-26	Aug-02	Aug-09	Aug-16	Aug-23	Aug-30	Sep-06	Sep-13	Sep-20	Sep-27	Oct-04	Oct-11	Period Total
Operating receipts															
Production receipts	A	-	984	-	-	-	-	1,039	-	-	-	1,135	-	-	3,159
Crown royalties	B	-	(99)	-	-	-	-	(98)	-	-	-	(97)	-	-	(295)
Miscellaneous receipts (disbursements)	C	-	23	-	-	-	-	47	-	-	-	47	-	-	117
Net operating receipts		-	908	-	-	-	-	988	-	-	-	1,085	-	-	2,981
Operating disbursements															
Freehold royalties	A, B	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditures	D	(62)	(28)	(20)	-	-	-	-	-	-	-	-	-	-	(110)
Operating expenses	E	(23)	(161)	(254)	(121)	(35)	(75)	(315)	(168)	(44)	(16)	(315)	(152)	(17)	(1,694)
Gas processing	F	-	-	-	(175)	-	-	-	(169)	-	-	-	-	(169)	(513)
Property taxes	G	-	-	(213)	-	-	-	-	-	-	-	-	-	-	(213)
General & administrative	H	(47)	(15)	(45)	(32)	(39)	(15)	(237)	(32)	-	(54)	-	(62)	-	(578)
HSBC interest	I	(7)	-	(11)	-	-	-	-	(13)	-	-	-	(14)	-	(46)
Selling Agent fees	J	-	-	-	(25)	-	-	-	(25)	-	-	-	(25)		(75)
Restructuring fees	K	-	(154)	-	-	-	(20)	(50)	-	-	(20)	(25)	-	-	(269)
Total operating disbursements		(139)	(357)	(543)	(353)	(74)	(110)	(602)	(407)	(44)	(90)	(340)	(252)	(186)	(3,497)
Net change in cash from operations		(139)	551	(543)	(353)	(74)	(110)	386	(407)	(44)	(90)	745	(252)	(186)	(516)
Credit Facility Financing															
Total Credit Facility		52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Less: Outstanding Letters of Credit		(271)	(271)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
Total Credit Facility, net of outstanding LOCs		51,729	51,729	51,920	51,920	51,920	51,920	51,920	51,920	51,920	51,920	51,920	51,920	51,920	51,920
Less: Credit Facility Draws															
Credit Facility drawings, opening		(51,449)	(51,729)	(51,729)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,449)
LOC cash collateralization		(280)	-	-	-	-	-	-	-	-	-	-	-	-	(280)
Net change in cash flow from operations, allocated		-	-	(191)	-	-	-	-	-	-	-	-	-	-	(191)
Total Credit Facility Draws		(51,729)	(51,729)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)
Credit Facility capacity, closing		0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Interim Loan Financing															
Total Interim Loan		2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Less: Interim Loan Draws															
Interim Loan drawings, opening		(1,659)	(1,798)	(1,247)	(1,599)	(1,952)	(2,025)	(2,135)	(1,750)	(2,157)	(2,201)	(2,291)	(1,546)	(1,798)	(1,659)
Net change in cash flow from operations, allocated		(139)	551	(352)	(353)	(74)	(110)	386	(407)	(44)	(90)	745	(252)	(186)	(325)
Total Interim Loan Draws		(1,798)	(1,247)	(1,599)	(1,952)	(2,025)	(2,135)	(1,750)	(2,157)	(2,201)	(2,291)	(1,546)	(1,798)	(1,984)	(1,984)
Interim Loan capacity, closing		502	1,053	701	348	275	165	550	143	99	9	754	502	316	316
Total Financing															
Total Financing		54,300	54,300	54,300	54,300	54,300	54,300	54,300	54,300	54,300	54,300	54,300	54,300	54,300	54,300
Less: Outstanding Letters of Credit, opening		(551)	(271)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(551)
Cumulative draws, opening		(53,108)	(53,527)	(52,976)	(53,519)	(53,872)	(53,945)	(54,055)	(53,670)	(54,077)	(54,121)	(54,211)	(53,466)	(53,718)	(53,108)
Total available financing, opening		641	502	1,244	701	348	274	164	550	143	99	9	754	502	641
Add: Credit Facility increase - released LOC		280	-	191	-	-	-	-	-	-	-	-	-	-	471
Less: LOC cash collateralization		(280)	-	-	-	-	-	-	-	-	-	-	-	-	(280)
Net change in cash from operations		(139)	551	(543)	(353)	(74)	(110)	386	(407)	(44)	(90)	745	(252)	(186)	(516)
Total available financing, closing		502	1,053	892	348	274	164	550	143	99	9	754	502	316	316
Cumulative draws, ending		(53,527)	(52,976)	(53,519)	(53,872)	(53,945)	(54,055)	(53,670)	(54,077)	(54,121)	(54,211)	(53,466)	(53,718)	(53,904)	(53,904)
Letters of Credit	L														
NorthRiver Midstream		-	-	-	-	-	-	-	-	-	-	-	-	-	
Province of BC - seasonal road bans		191	191	-	-	-	-	-	-	-	-	-	-	-	
Province of BC - LLR		-	-	-	-	-	-	-	-	-	-	-	-	-	
National Energy Board - pipeline		80	80	80	80	80	80	80	80	80	80	80	80	80	
Letters of Credit, balance		271	271	80	80	80	80	80	80	80	80	80	80	80	

This statement of projected cash flow of Glenogle Energy Inc. and Glenogle Energy Limited Partnership has been prepared in accordance with Section 50.4(7)(b)(ii) of the Bankruptcy and Insolvency Act and should be read in conjunction with the attached notes and assumptions and with the Second Report of the Proposal Trustee.

Glenogle Energy Inc. and
Glenogle Energy Limited Partnership

Per: James S. Blair, President and CEO

JULY 16, 2020
CALGARY, ALBERTA

Glenogle Energy Inc. and Glenogle Energy LP

Notes to the Combined Weekly Cash Flow Statement #3

For the 13-week period ending October 11, 2020

Note A - Production receipts:

Due to improvements in commodity pricing, as of June 1, 2020, the Company is operating at full production with the exception of two wells which normally produce 50 barrels of oil per day collectively, but which currently require repair and maintenance due to pump and or tubing failure. The associated costs of $40,000 for the first well and $50,000 on the second well have been scheduled for the weeks ending July 19 and July 26 and are reflected in CAPEX within CFS#3. The Forecast Period reflects the assumption that both wells will be producing again for the full month of August, with associated revenues expected the following month.

In connection with the 9-20 well, the royalty owner will be taking oil production in-kind starting in June 2020 (paid on July 25) and taking gas production in-kind starting in July (paid on August 25). NGL royalty volumes will not be taken in-kind, and will be sold by Glenogle and remitted to the royalty owner five business days after receipt. Glenogle will bill the royalty owner through joint venture billings and or cash calls for gas handling and processing fees, oil transportation and treating costs while the royalty owner is taking volumes in-kind. CFS#3 presents production receipts net of freehold royalties.

Production receipts reflect commodity price forward curves and foreign exchange rates at July 14, 2020.

Note B - Royalties: Crown and freehold royalties are a function of production prices, volumes and mix. Freehold royalties in connection with the 9-20 farm-in well are net from production receipts.

Note C - Miscellaneous receipts (disbursements): Miscellaneous receipts totaling $117,000 over the Forecast Period relates to third party processing charges (cost recovery).

Note D - Capital expenditures: Further to the abovementioned expenses relating to repairs and maintenance on two wells which experienced pump and or tubing failure, $20,000 has been forecast in the week ending August 2, 2020 in connection with a water source well pump at Doe East which has failed. This $20,000 disbursement is for an in-situ remedy which may resolve the issue. If the in-situ remediation is not successful, the Company estimates that up to $250,000 may be required to resolve the issue. This water source well is integral to the performance of Glenogle's enhanced recovery scheme, which is material to the Corporation's valuation. Glenogle is not anticipated to have sufficient cash to pay for the potential higher cost of repairs based on CFS#3; the Proposal Trustee will work closely with Glenogle in consultation with HSBC in the coming weeks to determine the timing and quantum of additional funds that may be required, if any.

Note E - Operating expenses: Expected operating expenses over the Forecast Period total $1.7 million which consist of vendor payments (and prepayments) for hauling and transportation, parts, consumables (glycol, methanol and lubricants), chemicals, repairs, hot oiling, power and utilities, regulatory costs and licenses, rentals and leases and carbon taxes. Operating expenses excludes property taxes, which are discussed below.

Note F - Gas processing: Consists of gas processing prepayments to NorthRiver Marketing reflected monthly during the Forecast Period. NorthRiver Marketing has cash called their $280,000 letter of credit which is forecast to be paid in the week ending July 19, 2020 and reflected in week 1 of CFS#3. At that time, the previously pledged LOC funds as part of the Credit Facility will be released and increase Gleongle's borrowing capacity by $280,000, for a net financing impact of nil.

Note G - Property taxes: Property taxes have been prorated to reflect only the post-filing portion of taxes owing.

Note H - General & administrative: Includes annual insurance of $198,000 based on Glenogle's premium paid in 2019, reflected in the week ending August 30, 2020.

Note I - HSBC interest: Interest on the pre-filing debt will accrue over the Forecast Period at prime + 2.75% per annum, however no cash disbursement is anticipated until the conclusion of the NOI proceeding. Interest on Interim Loan drawings will be paid monthly at prime + 4.75% per annum and $7,000 is forecast to be paid in the week ending July 19 related to June drawings with additional interest payments anticipated of $38,000 prior to October 11, 2020 based on estimated cash requirements.

Note J - Selling agent fees: Selling Agent fees with Stifel Nicolaus Canada Inc. of $75,000 in connection with the agreed upon monthly work fees as outlined per the executed Selling Agent Agreement.

Note K - Restructuring fees: The Proposal Trustee is finalizing invoices for work performed to-date, which is forecast to be paid in the week ending July 26, 2020 and reflected in week 2 of CFS#3. Restructuring fees are also inclusive of estimated costs incurred to-date by Glenogle's counsel Bennett Jones, as well as fees related to an independent business review performed by Ernst & Young Inc. prior to the NOI filing pursuant to HSBC's secured creditor interest. Total restructuring fees for the Forecast Period are estimated to be $269,000.

Note L - Letters of Credit: There were four current letters of credit (the "**LOC**") outstanding at the beginning of the Forecast Period. Two of these LOCs, totaling $280,000 with NorthRiver Marketing, have been cash called and will be paid in the week ending July 19, 2020. There is one LOC with the Province of British Columbia relating to seasonal road bans for $190,800, which is expected to be cancelled on July 31, 2020; at that time, Glenogle will be granted access to an additional $190,800 as part of their Credit Facility which was previously pledged for the LOC. The fourth LOC is for the National Energy Board in the amount of $80,000 as security for pipeline abandonment and reclamation obligations in the future. Glenogle does not expect a requirement to cash collateralize the seasonal road ban LOC or the National Energy Board pipeline LOC.