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JUDICIAL CENTRE	CALGARY	
APPLICANTS	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF GLENOGLE ENERGY INC. AND GLENOGLE ENERGY LP	
DOCUMENT	**PRE-FILING REPORT OF ERNST & YOUNG INC. IN ITS CAPACITY AS THE PROPOSED MONITOR OF GLENOGLE ENERGY INC., GLENOGLE ENERGY LIMITED PARTNERSHIP, AND 1651558 ALBERTA INC.** **September 4, 2020**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**PROPOSED MONITOR** 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 **PROPOSED MONITOR'S COUNSEL** 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. On July 23, 2020, Glenogle was granted a further stay extension for 45 days to September 10, 2020.

3. Glenogle has filed an application for an initial order ("**Initial Order**") with this Honourable Court to convert the Company's NOI proceedings into a proceeding under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36, as amended (the "**CCAA**") which is to be heard on September 8, 2020 (the "**Initial CCAA Application**").

4. In addition, the Company is seeking to add 1651558 Alberta Inc. (going forward and collectively defined with Glenogle Energy Inc. and Glenogle Energy LP, "**Glenogle**", the "**Company**" or the "**Applicants**") to the Initial CCAA Application.

5. Glenogle has proposed in the Initial CCAA Application that Ernst & Young Inc. (the "**Proposed Monitor**") be appointed as Monitor of the Company as part of the Initial CCAA Application.

6. The Company is seeking an initial CCAA stay of proceedings (the "**Stay of Proceedings**") in favor of the Applicants (the "**CCAA Proceedings**") to September 18, 2020. The Company has also scheduled a come-back hearing for September 9, 2020 with this Honourable Court for an amended and restated Initial Order ("**ARIO**") to seek further relief which is discussed below.

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

PURPOSE

8. The purpose of this Pre-filing Report is to provide this Honourable Court with comments on the following:

   a) Background on the NOI proceedings the Company is currently undertaking;

   b) The qualifications of the Proposed Monitor to act as Monitor in the CCAA Proceedings;

c) The Company's cash flow statement ("**CFS#4**") containing the 14-week period ending November 29, 2020 and the 4-month period ending March 31, 2020 (together, the "**Forecast Period**") and the assumptions on which the CFS#4 is based. CFS#1 to CFS#3 are discussed in the NOI Proceedings;

d) The Company's request for an interim financing charge of $2.6 million (the "**Interim Financing Charge**"), which includes $2.3 million currently under a court ordered charge in the NOI proceedings, which Glenogle has sought to continue in the CCAA Proceedings, and a further increase of $300,000;

e) Details on the expected SISP;

f) The amount and priority of other proposed court-ordered charges during the Stay of Proceedings for:

   i. An administration charge for fees of the Monitor, counsel to the Monitor and counsel to the Company in the amount of $500,000 (the "**Administration Charge**");

   ii. A directors and officers charge in the amount of $100,000 (the "**D&O Charge**");

   iii. The transfer of the KERP Charge granted under the NOI;

   iv. A financial advisor charge in the amount of $500,000 related to the selling fees (the "**Financial Advisor Charge**") of the Company's sales agent, Stifel Nicolaus Canada Inc. (the "**Selling Agent**"); and

g) The Proposed Monitor's recommendations.

TERMS OF REFERENCE AND DISCLAIMER

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

a) The Proposed Monitor 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 Pre-filing Report; and

b) Some of the information referred to in this Pre-filing 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.

10. Future oriented information referred to in this Pre-filing 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.

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

12. Capitalized terms not defined herein are as defined in the Initial Order, Restated Initial Order and the affidavit of Jamie Blair sworn August 31, 2020 (continuing from the NOI, the "**Blair Affidavit No. 2**").

BACKGROUND

13. Glenogle is a private oil and gas acquisition, development and production company based in Calgary, Alberta with six employees and 11 contractors and subcontractors. Glenogle Energy Inc. is incorporated under the Alberta Business Corporations Act, R.S.M. 2000, c.B-9 and Glenogle Energy LP is a Canadian Limited Partnership, which holds all operating assets. Glenogle Energy Inc. holds the operating liabilities and is the only creditor of Glenogle Energy LP.

14. 1651558 Alberta Inc. ("165 Alberta") is a wholly owned subsidiary of Glenogle Energy Inc. and is the general partner of Glenogle Energy LP. 165 Alberta was originally one of the partner companies that owned FJ Resources LP (acquired by Glenogle in 2014) and has been maintained for tax purposes subsequently.

15. Glenogle's revenues are derived from the sale of crude oil, natural gas and natural gas liquids, with a small portion of revenue generated from facilities. The Company operates 80 oil wells and 56 gas wells, which are currently producing approximately 1,900 BOEs per day. Operations are located primarily in Northwest Alberta, with one producing well located in British Columbia as well as a six-inch provincial cross-border gathering pipeline. The Company maintains three distinct operating areas: Doe East, Doe West, and Sinclair Doe Creek, as well as over 100 additional wells either marginally operating or shut-in.

16. Glenogle's business was significantly impacted by the recent global collapse in commodity prices, which has in turn had a significant, negative impact on Glenogle's revenues and its inability to meet current obligations. These factors led to Glenogle's NOI filing on May 14, 2020.

17. Glenogle has a $52.0 million demand revolving credit facility (the "**Credit Facility**") with the HSBC Bank Canada ("**HSBC**"). The collateral for the facility consists of a general security agreement, which provides a first priority security interest over all present and after-acquired personal property and a floating charge on all present and after-acquired real property of the Corporation. The Proposal Trustee has obtained a legal opinion confirming the validity and enforceability of HSBC's security.

18. Near-term development of the Company's resource base is currently focused on a third party farm-out agreement with Woodrush Royalty Corporation ("**Woodrush**"), whereby Woodrush provides the capital costs for drilling certain wells in exchange for a gross overriding royalty. The Company has completed the first well (the "**9-20**"), which began production on May 10, 2020. Production results on the 9-20 well have been favorable. The second well (referred to as the 14-20) is in planning stages and the Company is proposing that the well be drilled in October 2020, with production commencing in November 2020.

19. Glenogle obtained an Interim Lender's Charge in the NOI proceedings in the amount of $2.3 million (the "**Interim Loan**") which was funded by HSBC.

20. The Selling Agent was retained in the NOI to conduct a SISP of the Company's assets and operations. The Selling Agent has completed preparations and is ready to launch the SISP.

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

22. In consultation with the Proposal Trustee and HSBC, Glenogle has evaluated its restructuring options and has determined that it is in the best interest of the Company and its stakeholders to pursue continued court protection under the CCAA which will allow it to continue restructuring its affairs and pursue a SISP. The limitations of the NOI proceedings, specifically the timelines for pursuing a proposal, favoured the initiation of CCAA Proceedings now to avoid the risk of disrupting a sales process and to allow flexibility on timing of the SISP so as to optimize potential outcomes. An outline of the expected SISP is provided later in this pre-filing report of the Proposed Monitor.

PROPOSED MONITOR

23. Ernst & Young Inc. is a trustee within the meaning of section 2 of the BIA and with respect to the Applicants, is not subject to any of the restrictions on who may be appointed as monitor as set out in section 11.7(2) of the CCAA. Ernst & Young Inc. has provided its consent to act as Monitor in the CCAA Proceedings, a copy of which is attached as Exhibit 7 to the Blair Affidavit No. 2".

24. Ernst & Young Inc. is familiar with the business and operations of the Company having been the Proposal Trustee through the NOI Proceedings since the Filing Date on May 14, 2020. The senior Ernst & Young Inc. personnel in the matter are Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees who have acted in restructuring matters of this nature and scale.

CASH FLOW STATEMENT #4

25. The Company with the assistance of the Proposed Monitor, has prepared CFS#4.

26. The weekly cash flows are provided in Appendix A and summarized in the table below alongside the monthly forecasts.

27. The table below summarizes CFS#4 during the Forecast Period:

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd. — Table 1

Combined Cash Flow Statement #4

For the period of August 24, 2020 to March 31, 2020 (the " ***Forecast Period*** *")*

$000's Week ending:	14-week total	Month 1 Dec-20	Month 2 Jan-21	Month 3 Feb-21	Month 4 Mar-21	Extended Forecast Period Total
Operating receipts						
Production receipts	4,551	2,185	1,970	1,835	1,576	12,118
Crown royalties	(384)	(138)	(132)	(189)	(154)	(997)
Net operating receipts	**4,167**	**2,047**	**1,839**	**1,646**	**1,422**	**11,121**
Operating disbursements						
Capital expenditures	(302)	(400)	(96)	(96)	(96)	(990)
Operating expenses	(1,681)	(335)	(423)	(375)	(484)	(3,298)
Gas processing	(630)	(254)	(229)	(214)	(243)	(1,570)
General & administrative	(436)	(147)	(119)	(119)	(119)	(940)
HSBC interest	(37)	(13)	(13)	(13)	(13)	(87)
Selling Agent fees	(75)	(25)	(25)	(25)	(25)	(175)
Restructuring fees	(280)	(45)	(45)	(45)	(45)	(460)
Total operating disbursements	**(3,440)**	**(1,220)**	**(950)**	**(886)**	**(1,025)**	**(7,520)**
Net change in cash from operations	**727**	**827**	**889**	**760**	**397**	**3,601**
Credit Facility Financing						
Total Credit Facility	52,000	52,000	52,000	52,000	52,000	52,000
Less: Outstanding Letters of Credit	(80)	(80)	(80)	(80)	(80)	(80)
Total Credit Facility, net of outstanding LOCs	**51,920**	**51,920**	**51,920**	**51,920**	**51,920**	**51,920**
Less: Credit Facility Draws						
Credit Facility drawings, opening	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)
Net change in cash flow from operations, allocated	-	-	-	-	-	-
Total Credit Facility Draws	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)
Credit Facility capacity, closing	-	-	-	-	-	-
Interim Loan Financing						
Total Interim Loan	2,600	2,600	2,600	2,600	2,600	2,600
Less: Interim Loan Draws						
Interim Loan drawings, opening	(1,673)	1,374	2,201	3,090	3,850	(1,673)
Opening LOC cash collateralization, allocated	(280)	-	-	-	-	(280)
Net change in cash flow from operations, allocated	727	827	889	760	397	3,601
Total Interim Loan Draws	(1,226)	2,201	3,090	3,850	4,248	1,648
Interim Loan capacity, closing	**1,374**	**4,801**	**5,690**	**6,450**	**6,848**	**4,248**
Total Financing						
Total Financing	**54,300**	**54,600**	**54,600**	**54,600**	**54,600**	**54,300**
Less: Outstanding Letters of Credit, opening	**(80)**	(80)	(80)	(80)	(80)	**(80)**
Cumulative draws, opening	**(53,873)**	(53,146)	(52,319)	(51,430)	(50,669)	**(53,873)**
Total available financing, opening	**347**	**1,374**	**2,201**	**3,090**	**3,850**	**347**
Add: Increased financing	300	-	-	-	-	300
Net change in cash from operations	727	827	889	760	397	3,601
Total available financing, closing	**1,374**	**2,201**	**3,090**	**3,850**	**4,248**	**4,248**
Cumulative draws, ending	**(53,146)**	**(52,319)**	**(51,430)**	**(50,669)**	**(50,272)**	**(50,272)**
Letters of Credit						
National Energy Board - pipeline	80	80	80	80	80	
Letters of Credit, balance	**80**	**80**	**80**	**80**	**80**	

28. The Company is projecting total cash receipts of approximately $11.1 million over the Forecast Period. These receipts are offset by cash disbursements of $7.5 million, resulting in a net increase in cash from operations of $3.6 million during the Forecast Period.

29. As shown in the weekly detail provided in Appendix A, there are certain weeks in which the current total available financing of $2.3 million will not be sufficient for the Company to meet operating cash flow needs and total available financing will need to be increased by $300,000 to $2.6 million by no later than Week 7.

30. The Company becomes increasingly cash flow positive during the monthly periods of December 2020 through March, 2021, which is a result of continued development under the farm-out agreement with Woodrush combined with forecast improvements in oil and gas prices.

31. The Proposed Monitor has reviewed the notes and underlying assumptions. CFS#4 is based on the following key assumptions:

a) Commodity price forward curves and foreign exchange rates as of August 31, 2020;

b) Forecast capital spending over the Forecast Period consists of:

i. $125,000 in the week ending September 27, 2020 to replace the source water pump at the Doe East Enhanced Recovery project ("**DEER**");

ii. $177,000 in the two-weeks' ending October 11, 2020 relating to pump installations at Doe West 13-16 well to maintain production, and Sinclair 10-2 to provide gas supply;

iii. $400,000 in December 2020 to add an additional water injector and source well at the DEER project to optimize enhanced recovery; and

iv. An allocation of estimated capital expenditures related to other various initiatives throughout FY2021 which consist of total FY2021 amounts of $250,000 in abandonment and reclamation, $200,000 in turnarounds, $600,000 in well and facility maintenance and $550,000 relating to capitalized G&A during FY2021;

c) Operating expenses over the Forecast Period total $3.3 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 forecast to be $Nil over the Forecast Period;

d) Gas processing costs of $1.57 million are projected over the Forecast Period;

e) General and administrative disbursements of $940,000 are expected over the Forecast Period and consist of rent, payroll and related burden, consultant costs, insurance and other nominal amounts. Glenogle has made arrangements with their insurance provider to pay their $198,000 annual premium in one upfront payment plus nine monthly installments;

f) Selling fees of $175,000 for the Forecast Period related to the Selling Agent's monthly work fee; and

g) Restructuring Fees totalling $460,000 related to the fees of the Proposal Trustee and its legal counsel incurred since the NOI filing and not yet paid, projected fees of the Monitor, its counsel and the Company's legal counsel over the Forecast Period.

32. CFS#4 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 opinion or other form of assurance with respect to the accuracy of any financial information presented in this report or relied upon by us in preparing this report.

33. CFS#4 has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

INTERIM FINANCING

34. A court charge was granted in the NOI for interim financing on June 12, 2020 in the amount of $2.3 million. As discussed in this report and as shown in Appendix A, Glenogle will require additional funds in the amount of $300,000 no later than Week 7 of the 14-week Period in order to finance its working capital requirements. There are additional weeks during the remainder of FY2020 in which the Company's available financings will be very low.

35. The Proposed Monitor is supportive of the increase to the Interim Facility funding request.

EXTENSION OF THE STAY PERIOD

36. Pursuant to the Initial Order, the Stay Period expires on September 18, 2020. The Applicants are seeking an extension of the Stay Period up to and including March 31, 2021 (the "**Stay Extension**").

37. It is the Proposed Monitor's view that the Stay Extension is necessary while Glenogle continues restructuring its affairs and pursues a SISP. In particular, the proposed outline of a SISP discussed in this report is intended to allow for flexibility in the exact nature and timing of a SISP launch, to allow the Company to respond quickly to changes in market conditions.

38. In the Proposed Monitor's view, the Applicants are acting in good faith and with due diligence, are operating in the ordinary course of business.

39. The Proposed Monitor does not believe that any creditor will be materially prejudiced if the Stay Extension is granted.

OUTLINE OF ANTICIPATED SISP

40. The Selling Agent was engaged during the NOI and commenced work preparing market research and comparative transaction analysis, a marketing plan and materials, a confidential information memorandum, and consulting with the Company, HSBC, and the Proposal Trustee, on various SISP planning matters. The Selling Agent has completed preparations for a SISP and is ready to commence marketing the assets subject to adjustments to the SISP resulting from changes in market conditions.

41. The Selling Agent has outlined a potential SISP that, subject to adjustments for changing market conditions and which is to be carried out over a 10-week period, consists of the following components:

   a) Development of marketing materials, consisting of;

      i. An introductory letter or "Teaser";

      ii. An Introductory Presentation; and

      iii. A management presentation;

   b) The marketing launch with introductory calls and meetings over one week;

   c) Opening an electronic data room upon launch;

   d) Setting the bid deadline within four weeks of introductory calls and meeting period;

   e) Engaging in counter-party negotiation of bids of a two-week period, ending in a signed letter of intent; and

   f) Conducting a four-week confirmatory due diligence period, culminating in the entering into of a definitive agreement subject to Court approval.

42. The Company is proposing that the Court approve a process where the Company can launch a SISP similar to the process outlined above, at a time when it considers market conditions to be conducive to a sale and with the specific SISP steps and timing to be agreed by the Monitor.

43. The Proposed Monitor is of the view that, under the current challenging and rapidly changing market conditions for oil and gas assets and given the Company's forecast positive cash flow over the Forecast Period, there is unlikely to be any adverse effects on other stakeholders and creditors if a SISP is launched in the fall of 2020, early FY2021, or at some later date.

44. The Proposed Monitor notes that HSBC, which holds a first secured interest in all of the Company's assets, is supportive of this approach, and the Proposed Monitor will continue to consult with HSBC as to the specific components and timing of the SISP.

45. The Proposal Trustee has obtained an independent legal opinion confirming that the security of HSBC is valid and enforceable

AMOUNT AND PRIORITY OF COURT ORDERED CHARGES

46. The Initial Order provides for five Court-ordered charges that rank in priority to all other charges and security interest against the Applicants. The proposed charges and rank in priority of those charges include:

   a) Administration Charge;

   b) Interim Lenders Charge, consisting of the transfer of a portion granted under the NOI in the amount of $2.3 million, and an additional Interim Financing Charge amount of $300,000 that is being sought in these CCAA Proceedings;

   c) D&O Charge;

   d) The transfer of the KERP Charge granted under the NOI, as described below; and

   e) Financial Advisor charge for the Selling Agent.

Administration Charge

47. An Administration Charge in an amount not to exceed $500,000 charging the assets of the Applicants to secure the fees and disbursements incurred in connection with services rendered to the Applicants during the initial stay period by counsel to the Applicants, the Proposed Monitor and the Proposed Monitor's counsel.

48. The Proposed Monitor believes it is appropriate for the beneficiaries to be afforded the Administration Charge as they will be undertaking a necessary and integral role in the CCAA proceedings.

49. The Administration Charge is set at a higher amount to allow the Company additional flexibility in its cash flows over the Forecast Period in the event that the additional Interim Financing amount of $300,000 is not approved by the Court or HSBC as well as for unforeseen operating expenses.

Interim Lenders' Charge

50. The Interim Lender's Charge in the amount of $2.6 million, consisting of $2.3 million transferred from the NOI and an additional $300,000 required by the Company during the Forecast Period.

51. Based on CFS#4, the Company requires additional funds during the Forecast Period. This additional financing would be beneficial to the Applicants' efforts to preserve value and maximize recoveries for stakeholders through completion of the CCAA Proceedings.

D&O Charge

52. A D&O Charge over the property of Glenogle in favour of the directors and officers of the Applicants as security for the indemnity contained in the Initial Order in respect of specified obligations and liabilities that the directors and officers may incur after the commencement of the CCAA Proceedings. The D&O Charge will not exceed an aggregate amount of $100,000 and will rank subordinate to funds drawn on the Interim Loan.

53. It is the Proposed Monitor's view that the continued support and service of the directors and officers of the Applicants during the CCAA Proceedings would be beneficial to the Applicants' efforts to preserve value and maximize recoveries for stakeholders through completion of the CCAA Proceedings. The Proposed Monitor assisted the Applicants in the review of the underlying assumptions and development of the estimate of the potential liability in respect of directors' statutory obligation and is of the view that the Directors' Charge is reasonable in relation to the quantum of the estimated potential liability and appropriate in the circumstances.

KERP Charge

54. A KERP Charge was granted under in the NOI securing two components of a KERP plan:

a) A retention bonus for seven employees and one contractor totalling $278,829 which will be paid on the earlier of the date that a restructuring transaction is completed, or will be paid in any event on June 30, 2021; and

b) An incentive bonus to four critical executives is directly tied to transaction value received as part of a successful restructuring transaction involving the assets or equity interest(s) in Glenogle, with total aggregate payments under incentive portion not exceeding 1% of total transaction value. The potential amounts of this incentive bonus were provided under confidential court seal to protect sensitive commercial and employee information.

55. It is the Proposed Monitor's view that the continued support and service of the employees of the Applicants during the CCAA Proceedings would be beneficial to the Applicants' efforts to preserve value and maximize recoveries for stakeholders through completion of the CCAA Proceedings.

Financial Advisor Charge

56. A Financial Advisor Charge for the Selling Agent is being proposed in the amount of $500,000, which is the high end of the estimated range of contingency fees of the Selling Agent. The engagement of the Selling Agent was approved by the Court in the NOI proceedings, and the Selling Agent has completed preparations for a SISP. The Selling Agent's fees include a monthly work fee which, upon completion of the sale or investment transactions, will be offset against the Selling Agent's success fee. Should Glenogle wish to delay or pause a SISP, the monthly work fee would be deferred until the re-launching of a SISP.

57. It is the Proposed Monitor's view that a Financial Advisor Charge for the Selling Agent during the CCAA Proceedings would be beneficial to the Applicants' efforts to preserve value and maximize recoveries for stakeholders through completion of the CCAA Proceedings.

RECOMMENDATIONS

58. The Proposed Monitor respectfully recommends that this Honourable Court approve the:

a) Initial Order;

b) ARIO pursuant to the September 9, 2020 Application;

c) Two stay extensions being to September 18, 2020 under the Initial Order and to March 31, 2021 under the ARIO;

d) The anticipated SISP;

e) Administrative, D&O and Financial Advisor Charges; and

f) Transfer of the NOI Charges to these CCAA Proceedings being:

i. $2.3 million Interim Financing Charge; and

ii. KERP Charge.

Dated at Calgary, this 4th day of September 2020.

ERNST & YOUNG INC.
in its capacity as the
Proposed Monitor of Glenogle Energy Inc.,
Glenogle Energy LP, and 1651558 Alberta Inc.

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

APPENDIX A

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd.
Combined Cash Flow Statement #4
*For the period of August 24, 2020 to March 31, 2020 (the "**Forecast Period**")*

$000's Week ending:	Notes	Week 1 & 2 Sept-06	Week 3 & 4 Sep-20	Week 5 & 6 Oct-04	Week 7 & 8 Oct-18	Week 9 & 10 Nov-01	Week 11 & 12 Nov-15	Week 13 & 14 Nov-29	14-week total	Month 1 Dec-20	Month 2 Jan-21	Month 3 Feb-21	Month 4 Mar-21	Extended Forecast Period Total
Operating receipts														
Production receipts	A, B	939	-	1,143	-	1,204	-	1,265	4,551	2,185	1,970	1,835	1,576	12,118
Crown royalties	B	(89)	-	(92)	-	(94)	-	(110)	(384)	(138)	(132)	(189)	(154)	(997)
Net operating receipts		850	-	1,051	-	1,111	-	1,155	4,167	2,047	1,839	1,646	1,422	11,121
Operating disbursements														
Capital expenditures	C	-	-	(218)	(84)	-	-	-	(302)	(400)	(96)	(96)	(96)	(990)
Operating expenses	D	(410)	(172)	(417)	(215)	(382)	(50)	(36)	(1,681)	(335)	(423)	(375)	(484)	(3,298)
Gas processing	E	(171)	-	-	(165)	-	(294)	-	(630)	(254)	(229)	(214)	(243)	(1,570)
General & administrative	F	(94)	(54)	(87)	(54)	(87)	(54)	(7)	(436)	(147)	(119)	(119)	(119)	(940)
HSBC interest	G	(11)	-	(13)	-	(13)	-	-	(37)	(13)	(13)	(13)	(13)	(87)
Selling Agent fees	H	(25)	-	(25)	-	(25)	-	-	(75)	(25)	(25)	(25)	(25)	(175)
Restructuring fees	I	(190)	-	(45)	-	(45)	-	-	(280)	(45)	(45)	(45)	(45)	(460)
Total operating disbursements		(901)	(225)	(804)	(517)	(552)	(397)	(43)	(3,440)	(1,220)	(950)	(886)	(1,025)	(7,520)
Net change in cash from operations		(51)	(225)	246	(517)	559	(397)	1,112	727	827	889	760	397	3,601
<u>Credit Facility Financing</u>														
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
Less: Outstanding Letters of Credit		(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
Total Credit Facility, net of outstanding LOCs		51,920	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		(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)	(51,920)
Net change in cash flow from operations, allocated		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Credit Facility Draws		(51,920)	(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		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Interim Loan Financing</u>														
Total Interim Loan		2,300	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Less: Interim Loan Draws														
Interim Loan drawings, opening		(1,673)	(2,004)	(2,229)	(1,983)	(2,501)	(1,941)	(2,339)	(1,673)	1,374	2,201	3,090	3,850	(1,673)
Opening LOC cash collateralization, allocated		(280)	-	-	-	-	-	-	(280)	-	-	-	-	(280)
Net change in cash flow from operations, allocated		(51)	(225)	246	(517)	559	(397)	1,112	727	827	889	760	397	3,601
Total Interim Loan Draws		(2,004)	(2,229)	(1,983)	(2,501)	(1,941)	(2,339)	(1,226)	(1,226)	2,201	3,090	3,850	4,248	1,648
Interim Loan capacity, closing		296	371	617	99	659	261	1,374	1,374	4,801	5,690	6,450	6,848	4,248
<u>Total Financing</u>														
Total Financing		54,300	54,600	54,600	54,600	54,600	54,600	54,600	54,300	54,600	54,600	54,600	54,600	54,300
Less: Outstanding Letters of Credit, opening		(80)	(80)	(80)	(80)	(80)	(80)	(80)	**(80)**	(80)	(80)	(80)	(80)	**(80)**
Cumulative draws, opening		(53,873)	(53,924)	(54,149)	(53,903)	(54,420)	(53,861)	(54,259)	**(53,873)**	(53,146)	(52,319)	(51,430)	(50,669)	**(53,873)**
Total available financing, opening		347	596	371	617	99	659	261	347	1,374	2,201	3,090	3,850	347
Add: Increased financing		-	300	-	-	-	-	-	300	-	-	-	-	300
Net change in cash from operations		(51)	(225)	246	(517)	559	(397)	1,112	727	827	889	760	397	3,601
Total available financing, closing		296	671	617	99	659	261	1,374	1,374	2,201	3,090	3,850	4,248	4,248
Cumulative draws, ending		(53,924)	(54,149)	(53,903)	(54,420)	(53,861)	(54,259)	(53,146)	(53,146)	(52,319)	(51,430)	(50,669)	(50,272)	(50,272)
<u>Letters of Credit</u>	J													
National Energy Board - pipeline		80	80	80	80	80	80	80	80	80	80	80	80	
Letters of Credit, balance		80	80	80	80	80	80	80	80	80	80	80	80	

Glenogle Energy Inc.,
Glenogle Energy Limited Partnership and
1651558 Alberta Ltd.

Per: James S. Blair, President and CEO

SEPTEMBER 2, 2020
CALGARY, ALBERTA

Glenogle Energy Inc. and Glenogle Energy LP
Notes to the Combined Cash Flow Statement #4
For the period of August 24, 2020 to March 31, 2020 (the " ***Extended Forecast Period*** *")*

Note A - Production receipts: Production receipts relates to revenues associated with the sale of oil, gas and natural gas liquids. The improvements to Glenogle's production receipts over the Forecast Period reflect current oil and gas strip pricing, production results on its most recent 9-20 well and the planned development of its second Farm-in well. Glenogle intends to commence arrangements with Woodrush Royalty Corporation ("**Woodrush**") for the second Farm-out well at Doe West 14-20, anticipated to be drilled starting October 1, 2020.

Production receipts reflect commodity price forward curves and foreign exchange rates at August 31, 2020.

Note B - Royalties: Crown and freehold royalties are a function of production prices, volumes and mix. Gross overriding royalties in connection with Glenogle's current and planned Farm-out wells are net from production receipts.

Note C - Capital expenditures: Forecast capital spending over the Forecast Period consists of:

a) $125,000 in the week ending September 27, 2020 to replace the source water pump at the Doe East Enhanced Recovery project ("**DEER**");
b) $177,000 in the two-weeks' ending October 11, 2020 relating to a pump install at Doe West 13-16 well to maintain production and at Sinclair 10-2 to provide gas supply;
c) $400,000 in December 2020 to add an additional water injector and course well at the DEER project to optimize pressure maintenance and ensure PDP reserve assignments are supported; and
d) Various initiatives through 2021 which consist of $250,000 in abandonment and reclamation, $200,000 in turnarounds, $600,000 in well and facility maintenance and $550,000 relating to capitalized G&A.

Note D - Operating expenses: Expected operating expenses over the Forecast Period total $1.7 million for the 14-weeks' ending November 29, 2020 and $3.3 million for the Extended Forecast Period through March 31, 2021. These disbursements 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 $0 over the Forecast Period. Included in operating expenses are amounts relating to third-party gas handling cost recoveries.

Note E - Gas processing: Consists of gas processing prepayments to NorthRiver Marketing reflected monthly during the Forecast Period. NorthRiver Marketing cash-called their $280,000 letter of credit ("**LOC**"), which was 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 were released, increasing Glenogle's borrowing capacity by $280,000, for a net financing impact of nil.

Note F - General & administrative: Glenogle has made arrangements with their insurance provider to pay their $198,000 annual premium in monthly installments, with an upfront payment of $48,298 having been made in the week ending August 16, 2020 and the remainder payable in equal monthly amounts until full pay-down; $48,567 is payable over the next 14-week period. Other forecast general and administrative disbursements consist of rent, payroll, Alberta Blue Cross premiums, consultants and other miscellaneous G&A. We note that the monthly G&A through Q1 2021 is $119,000 per month compared to an average monthly G&A outflow of $141,000 in the remainder of the Forecast Period and recent historical periods. The cause for this variance is due to a change in classification; capitalized G&A is captured in capital expenditures in the Q1 2021 period, whereas it has been accounted for in G&A in prior periods.

Note G - 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. $7,000 was paid in connection with the balance in June 2020 with additional interest payments anticipated of $37,000 prior to November 29, 2020 and $87,000 prior to March 31, 2020 based on estimated cash requirements. CFS#4 contemplates an increase to its current $2.3 million Interim Financing by $300,000 in order to have sufficient liquidity during the balance of 2020. The Company expects to repay the additional $300,000 of financing and begin to make repayments on its Interim Loan in late December 2020 and Q1 2021. The Company is working with HSBC, the Proposed Monitor and Bennett Jones (counsel to Glenogle) to make the required arrangements.

Note H - Selling agent fees: Selling Agent fees with Stifel Nicolaus Canada Inc. of $75,000 for the 14-week period ending November 29, 2020, and $175,000 over the Extended Forecast Period ending March 31, 2021. These disbursements are in connection with the agreed upon monthly work fees as outlined per the executed Selling Agent Agreement.

Note I - Restructuring fees: The Proposal Trustee has submitted invoices which are forecast to be paid in the week ending September 6, 2020 and reflected in Week 2 of CFS#4. 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 14-week period ending November 29, 2020 are estimated to be $280,000 and $460,000 for over the Extended Forecast Period.

Note J - Letters of Credit: Since the Second Report of the Proposal Trustee, dated July 16, the LOC with NorthRiver Midstream was cash called and Glenogle collateralized the $280,200 LOC in the week ending July 19. Additionally, the Province of British Columbia's seasonal road ban LOC for $190,800 was released in the week ending August 16, 2020, which did not require cash collateralization. In turn, additional capacity was made available on their HSBC Credit Facility, for a net financing impact of $190,800. Currently, there is one LOC with the National Energy Board in the amount of $80,156 as security for pipeline costs; Glenogle has not forecast a requirement to cash collateralize the National Energy Board pipeline LOC.