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COURT

COURT OF QUEEN'S BENCH OF ALBERTA

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

**SUPPLEMENT TO THE 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 8, 2020

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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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 in the Proposed Monitor’s Pre-Filing Report filed September 4, 2020 (“**Pre-Filing Report**”).
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 supplement to the Pre-filing Report (the “**Supplemental Pre-Filing Report**”) is to provide this Honourable Court with:
 - a) Clarification on the intent of the Company to continue operating under all supplier and pre-payment agreements put into place during the NOI; and

b) Amendments to the Pre-filing Report to align with the Company's application materials as follows:

i. Removal of the Financial Advisor Charge; and

ii. A revision to the order of priority of the D&O and the KERP Charge.

TERMS OF REFERENCE AND DISCLAIMER

9. In preparing this Supplemental 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**").

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

11. Capitalized terms not defined herein are as defined in the Pre-Filing Report, Originating Application, Initial Order, Restated Initial Order and the Blair Affidavit No. 2.

CONTINUATION OF SUPPLIER AGREEMENTS

12. Glenogle intends to continue operating under all supplier and prepayment agreements put into place during the NOI and to the extent necessary or desirable will discuss amendments with these suppliers.

COURT ORDERED CHARGES AND PRIORITY THEREOF

13. In the Pre-filing Report, the Proposed Monitor included a request for the approval of a Financial Advisor Charge. This charge is not being sought by the Applicants. The removal of all references to a Financial Advisor Charge results in amendments to paragraphs 8 f) iv), 46 e), 56, 57 and 58 e).

14. The order of priority of the Court ordered Charges described in paragraphs 8 and 46 of the Pre-filing Report was incorrect and is replaced with the following proposed charges and rank thereof:

a) Administration Charge for fees of the Monitor, counsel to the Monitor and counsel to the Company in the amount of \$500,000;

b) The transfer of the Interim Lender's Charge of \$2.3 million granted in the NOI Proceedings upon the Initial Application and subsequently increased by \$300,000 to \$2.6 million upon the September 9, 2020 Application;

- c) The transfer of the KERP Charge granted in the NOI Proceedings; and
- d) The D&O Charge (which shall be given the same meaning as Directors' Charge, defined in the CCAA Initial Order).

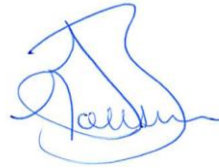
15. All changes noted in this Supplemental Pre-Filing Report are consistent with the Originating Application and Application materials submitted by the Company, which were filed on September 1, 2020.

Dated at Calgary, this 8th 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
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