COURT FILE NUMBER	2001-10261	Clerk's Stamp
COURT	COURT OF KING'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 COMPROMISE OR ARRANGEMENT OF GLENOGLE ENERGY INC., 1651558 ALBERTA LTD. AND GLENOGLE ENERGY LP	
DOCUMENT	SEVENTH REPORT OF ERNST & YOUNG INC. IN ITS CAPACITY AS THE MONITOR OF GLENOGLE ENERGY INC., GLENOGLE ENERGY LIMITED PARTNERSHIP, AND 1651558 ALBERTA LTD. November 14, 2022	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>MONITOR</u> ERNST & YOUNG INC. Calgary City Centre 2200, 215 - 2nd Street SW Calgary, Alberta T2P 1M4 Attention: Neil Narfason / Carolyn Parker Telephone: 403-206-5067 / 403-206-5122 Fax: 403-206-5075 Email: neil.narfason@parthenon.ey.com carolyn.parker@parthenon.ey.com <u>MONITOR'S COUNSEL</u> MLT Aikins LLP 2100 Livingston Place 222 3rd Avenue SW Calgary, Alberta T2P 0B4 Attn: Ryan Zahara Telephone: 403-693-5420 Email: rzahara@mltaikins.com	

TABLE OF CONTENTS OF THE SEVENTH REPORT OF THE MONITOR

INTRODUCTION

1. On May 14, 2020 (the "Date of Filing"), Glenogle Energy Inc. ("GEI") and Glenogle Energy Limited Partnership ("GELP") 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. was named as Proposal Trustee under the NOI. On July 23, 2020, GEI and GELP were granted a stay extension for 45 days to September 10, 2020.

3. On September 8, 2020, GEI along with a wholly owned subsidiary 1651558 Alberta Ltd. ("165") were granted protection and permission to commence proceedings (the "CCAA Proceedings") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36, as amended (the "CCAA"), which converted the existing NOI proceedings into the CCAA Proceedings. GELP's NOI Proceedings were continued and taken up under the CCAA. GEI, GELP and 165 are collectively referred to as "Glenogle", the "Company" or "Applicants".

4. Also, on September 8, 2020, this Honourable Court approved a stay extension as outlined in paragraph 15 of the Amended and Restated Initial Order (the "ARIO") until and including March 31, 2021 (the "Stay Period").

5. On March 15, 2021, the Company's request for a stay extension through November 30, 2021 was approved by this Honourable Court. Further stay extensions were granted on November 29, 2021 for a stay extension through February 28, 2022, and most recently on February 15, 2022, wherein the Company's request for a stay through September 30, 2022 was approved.

6. Under the ARIO, the Applicants were authorized, upon obtaining the prior consent of the Monitor and HSBC, by this Honourable Court to commence a Sales and Investment Solicitation Process ("SISP").

7. The SISP was undertaken in the fall of 2021, which was unsuccessful due to the Bidder's inability to meet the terms outlined in its initial non-binding letter of intent. The revised terms indicated by the Bidder were materially adverse and as such, the Selling Agent recommended that Glenogle undertake a refresh of the SISP (the "Refreshed SISP").

8. Under the Refreshed SISP, the Selling Agent contacted all bidders who originally submitted proposals under the SISP, as well as certain additional counterparties who expressed interest after the November 4, 2021 bid deadline. Three parties submitted proposals under the Refreshed SISP which were received mid-February 2022, two of which ultimately submitted binding term sheets to the Company in mid-March.

9. Glenogle, with the assistance of the Monitor and in consultation with HSBC and the Selling Agent, selected the Astara Energy Corp. bid, which all parties believed would yield the highest recovery for all stakeholders.

10. The Company, its counsel, and the Monitor finalized a definitive acquisition agreement (the "Acquisition Agreement") for the purchase of all of Glenogle's assets, inclusive of all environmental and regulatory obligations associated therewith (together, the "Transaction"), which contemplated the sale being completed through a Transaction and Reverse Vesting Order ("RVO"). The Acquisition Agreement was fully executed on April 21, 2022.

11. On May 12, 2022, the Company's request for the approval of the RVO and the proposed Claims Procedure Order (the "CPO") was granted by this Honourable Court. On May 17, 2022, the Court granted an Amended and Restated RVO.

12. The Transaction closed on May 19, 2022 (the "Closing Date"), at which time the Transaction proceeds were transferred to a creditor trust pursuant to the RVO, which the Monitor would administer as trustee. An interim distribution of the majority of the Transaction proceeds was made to HSBC. The Monitor retained a holdback at that time for estimated secured creditor claims and deemed trust claims to be ascertained pursuant to the CPO, as well as non-selling professional fees through to the conclusion of the CCAA proceedings (the "Holdback"). The Monitor has an understanding with HSBC Bank Canada ("HSBC") with respect to the interim distribution, such that if the Monitor should require additional funds in order to satisfy any valid claims under the CPO, it would have the right to receive the necessary funds back from HSBC (the "Clawback").

13. The Transaction proceeds were not sufficient to provide HSBC with a full recovery on its outstanding debts. The Claims Procedure approved by the Court was established to identify any claims which may rank ahead of or on par with that of HSBC and to identify any claims against the directors and officers of Glenogle, which was required given the use of a RVO structure for the Transaction.

14. All claims arising in the Claims Procedure have now been fully resolved. Glenogle, through the Monitor, entered into settlement agreements on October 20, 2022 (the "Settlement Agreements") with Energetic Services Inc. ("Energetic") and Bidell Gas Compression Ltd. ("Bidell") (collectively, the "Lien Claimants") with respect to their lien claims (the "Lien Claims"), discussed in greater detail in the Fifth Report.

15. The resolution of the Lien Claims was the last material step in the completion of these CCAA Proceedings.

16. Additional background information concerning these CCAA Proceedings, the Company and its NOI proceedings is available on the Monitor's website at www.ey.com/ca/glenogleenergy (the "Monitor's Website").

PURPOSE

17. The purpose of this seventh report of the Monitor (the "Seventh Report") is to provide this Honourable Court with comments on the following:

    a) a final update of matters resolved and final matters to be resolved to finalize these CCAA proceedings since the Monitor last reported on such matters in the Sixth Report;

    b) an updated statement of receipts and disbursements in relation to the trust account maintained by the Monitor with respect to these CCAA proceedings up to November 9, 2022, and the Monitor's proposed final distribution to HSBC (the "Final Distribution");

    c) a summary of the Monitor's fees and expenses invoiced since the Date of Filing, including an estimated accrual to bring these CCAA proceedings to conclusion;

d) a summary of the Monitor's counsel's fees and expenses invoiced since the Date of Filing, including an estimated accrual to bring these CCAA proceedings to conclusion; and

e) information in relation to certain books and records of the Applicants that have been maintained by the Monitor, and the Monitor's recommended course of action in respect of the same.

18. In addition, this Seventh Report requests an order of the Court that:

a) approves the actions of the Monitor as outlined in this report;

b) approves and passes the professional fees and disbursements invoiced, paid and accrued since the Date of Filing, of both the Monitor and its counsel;

c) approves the Final Distribution and directs the Monitor to distribute the remaining funds held in trust by the Monitor in accordance with the Final Distribution; and

d) upon the Monitor filing with the Clerk of the Court a certificate evidencing that all steps required to complete these CCAA proceedings have been completed as required, that the Monitor shall be discharged as Monitor of the Applicants and these CCAA proceedings will be deemed terminated without further Order of the Court on any other terms or conditions as required by the Court.

TERMS OF REFERENCE AND DISCLAIMER

19. In preparing this Seventh Report, the Monitor has been provided with, and has relied upon, unaudited financial information from the Company's books and records (the "Information"). Except as described herein, in the Company's cash flows:

a) the 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 Monitor expresses no opinion or other form of assurance in respect of such Information contained in this Seventh Report; and

b) some of the information referred to in this Seventh 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.

20. Future oriented information referred to in this Seventh 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.

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

22. Capitalized terms not defined herein are as defined in the Initial Order, the ARIO, the Pre-filing Report of the Proposed Monitor, the Supplement to the Pre-filing Report of the Proposed Monitor (together, the "Pre-filing Reports") and the reports of the Monitor.

MATTERS RESOLVED AND FINAL MATTERS TO RESOLVE

Matters Resolved since the Sixth Report

23. As noted in the Sixth Report, the Lien Claimants filed a joint application for the adjudication and resolution of their claims by this Honourable Court, scheduled for October 21, 2022, which was subsequently rescheduled for November 1, 2022. However, before the scheduled application, Settlement Agreements were entered into between Glenogle, through the Monitor and in consultation with HSBC, and the Lien Claimants on October 20, 2022 under which the Applicants would issue a one-time, lump-sum payment ("Lien Claimant Distributions") to each of the Lien Claimants in full and final satisfaction of all amounts claimed by the Lien Claimants in the CCAA proceedings, the Proof of Claim and the Joint-Application.

24. The Monitor issued the Lien Claimant Distributions out of the Glenogle trust account to the Lien Claimants in accordance with the Settlement Agreements on October 24, 2022.

Matters that will Not be Resolved

25. There are no matters that will not be resolved in these CCAA proceedings.

Matters to be Resolved / Finalized

26. To conclude these CCAA proceedings, the Monitor advises that the following actions are required to be resolved and or finalized, and it is the intention of the Monitor to do so in short due course on approval by the Court of the matters noted herein, which include:

    a) completing the Final Distribution, discussed in greater detail later in this Seventh Report;

    b) closing the Glenogle trust account and filing any ancillary documents with regulatory bodies as required under the CCAA, by the Court, CRA and or the Superintendent of Bankruptcy; and

    c) obtaining the Monitor's discharge.

UPDATED RECEIPTS AND DISBURSEMENTS SINCE MAY 19, 2022

27. Exhibit 1 below illustrates an updated actual cash receipts and disbursements from the statement that was presented in Exhibit 1 of our Sixth Report, which details cash flows in and out of the Monitor's trust account for the CCAA proceedings since the Transaction closed, commencing on the Closing Date through November 9, 2022. See our Sixth Report for accompanying notes on the nature of cash flows illustrated below:

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd. Exhibit 1
Actual receipts and disbursements
For the period of August 31, 2022 to November 9, 2022

$000's	Actuals
Trust account receipts and disbursements	
Interest income	1
Distributions to other secured creditors	(175)
Net change in cash	(174)
Opening cash as at August 31, 2022	363
Ending cash	189

28. The net decrease of $174,000 in ending cash at November 9, 2022 as compared to the actual receipts and disbursements presented up to August 31, 2022 in the Sixth Report is attributed to the net of additional interest income earned and the Lien Claimant Distributions.

29. The ending cash of $189,000 presented in Exhibit 1 ties into the Final Distribution discussed later in this Seventh Report.

FEES AND DISBURSEMENTS OF THE MONITOR AND ITS COUNSEL

30. Further to paragraphs 30 and 31 of the ARIO, the Court directed that the Monitor and its counsel shall be paid their reasonable fees and disbursements (the "Accounts"), including any pre-filing fees and disbursements related these CCAA proceedings or the NOI Proceedings, at their standard rates and charges; however, the Monitor and its legal counsel shall pass their accounts from time to time.

31. Exhibit 2 below presents a summary of the invoiced fees and disbursements of the Monitor and the Monitor's counsel from the Date of Filing through the completion of these CCAA Proceedings. The final invoice includes accruals of $5,000 plus GST, and $68,155 plus GST for the Monitor and its counsel, respectively, to complete the remaining matters in these CCAA Proceedings noted above:

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd. Exhibit 2

Summary of the Monitor's and its counsel's fees

For the period of May 14, 2020 through completion of CCAA Proceedings

CAD

Invoice number	Invoice date	Fees and disbusements of the Monitor	Fees and disbursements of the Monitor's counsel	GST on fees	Total
C500005382	03-Jul-20	84,267	-	4,213	88,480
C500005637	09-Sep-20	94,567	-	4,728	99,295
C500005788	08-Oct-20	18,815	25,646	2,223	46,684
C500006199	15-Jan-21	32,643	36,241	3,444	72,328
C500006381	03-Mar-21	9,037	-	452	9,489
C500006506	05-Apr-21	23,817	-	1,191	25,008
C500007031	03-Aug-21	18,440	16,794	1,762	36,996
C500007495	07-Dec-21	32,690	15,406	2,405	50,501
C500008312	26-Jul-22	58,838	31,813	4,533	95,183
Final invoice		26,178	46,977	3,658	76,812
Total invoiced fees and expenses		399,291	172,877	28,608	600,777

32. In relation to these fees, the rates and charges applied by the Monitor are the standard rates and charges of personnel of the Monitor. The Monitor has been informed by its legal counsel that the rates and charges applied by the Monitor's legal counsel are also its standard rates and charges of its personnel.

33. The Monitor is of the view that its Accounts as outlined in Exhibit 2 are reasonable and respectfully requests the Court's approval of the same.

34. The Monitor has worked closely with its counsel since the onset of the NOI Proceedings and believes its counsel's Accounts as noted in Exhibit 2 are also fair and reasonable. Accordingly, the Monitor respectfully requests the Court's approval of its counsel's fees and disbursements as noted herein.

35. Copies of the details Accounts of the Monitor and its legal counsel are available and can be provided (potentially on a confidential and redacted basis to protect privilege) if requested.

FINAL DISTRIBUTION TO HSBC

36. After accounting for the professional fees of the Monitor and its counsel presented in Exhibit 2, a final distribution to HSBC (the "Final Distribution"), the senior secured lender, is anticipated in the amount of approximately $112,000 (see Exhibit 3).

37. The Monitor also anticipates nominal interest income and bank fees to arise relating to the timing differences of when bank reconciliations are performed relative to month-end, which have not been estimated or captured in Exhibit 3 below.

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd. Exhibit 3
Proposed Final Distribution to HSBC
Prepared as at November 9, 2022

$000's	
Closing cash at November 9, 2020 (per Exhibit 1)	189
Less: professional fees (per Exhibit 2)	(77)
Proposed Final Distribution to HSBC	112

38. Should this Honourable Court approve the Final Distribution, the Monitor intends to issue the Final Dividend to HSBC as soon as practicable following the application.

DISCHARGE OF THE MONITOR AND TERMINATION OF CCAA PROCEEDINGS

39. With the exception of the Final Distribution noted earlier in this report, these CCAA proceedings are materially complete. It is the Monitor's recommendation that the Court grant an Order that provides for the discharge of the Monitor and terminating these CCAA proceedings upon the Monitor filing a certificate (the "Monitor's Termination Certificate") with the Court confirming that all steps required to complete these CCAA proceedings have been completed.

40. Once filed, and provided the Court agreed with the Monitor's recommendation in this regard, the Monitor shall have no further duties or responsibilities as Monitor of the Applicants unless otherwise ordered by the Court.

41. The Monitor feels that this approach is the most cost effective and practical manner to deal with its pending discharge.

CONCLUSIONS

42. Based on the matters outlined in this Seventh Report, the Monitor respectfully requests an Order that:

a) approves the actions of the Monitor as outlined in this report;

b) approves the professional fees and disbursements invoiced, paid and accrued since the Date of Filing of both the Monitor and its counsel;

c) approves the Final Distribution and directs the Monitor to distribute the remaining funds on hand and held in trust by the Monitor after payment of remaining costs outlined herein to HSBC; and

d) upon the Monitor filing with the Clerk of the Court the Monitor's Termination Certificate evidencing that all steps required to complete these CCAA proceedings have been completed as required, discharges the Monitor of the Applicants and these CCAA proceedings will be deemed terminated without further Order of the Court on any other terms or conditions as required by the Court.

Dated at Calgary, this 14th day of November, 2022.

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

Neil Narfason, CPA, CA, CIRP, LIT, CBV
President

Carolyn Parker, CPA, CBV
Senior Director