

COURT FILE NUMBER B-170021  
CALGARY REGISTRY

SUPERINTENDENT ESTATE NO. 25-2332583 and 25-2332610

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF MANITOK ENERGY INC. AND RAIMOUNT ENERGY CORP.**

**FIRST REPORT TO COURT OF  
FTI CONSULTING CANADA INC.  
AS PROPOSAL TRUSTEE OF  
MANITOK ENERGY INC. AND RAIMOUNT ENERGY CORP**

**JANUARY 12, 2018**

## INTRODUCTION

1. On January 10, 2018, Manitok Energy Inc. (“**Manitok**”) and Raimount Energy Corp. (“**Raimount**”) filed Notices of Intention to File a Proposal (“**NOI**”) pursuant to Part III, Division I of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). For purposes of this report Manitok and Raimount are collectively referred to as the “**Company**”.
2. FTI Consulting Canada Inc. (“**FTI**”) consented to act as the proposal trustee (the “**Proposal Trustee**”) in this matter.
3. The affidavit of Mr. Massimo Geremia (the “**Geremia Affidavit**”), the President and Chief Executive Officer of Manitok, sworn January 11, 2018, has been filed in support of this application and provides details and background of the Company’s operations and financial position, the various restructuring efforts to date, the reasons for the commencement of these proceedings and specifically for this application.
4. The report of the Proposal Trustee and other information in respect of this proceeding are posted on the Proposal Trustee’s website at <http://cfcanada.fticonsulting.com/Manitok>.

## PURPOSE

5. The purpose of this First Report is to provide this Honourable Court with:
  - (a) The Proposal Trustee’s report on the Company’ cash flow projection (the “**Cash Flow**”) for the period from January 8, 2018 to April 8, 2018 (the “**Forecast Period**”) and the need for interim financing (the “**Interim Loan**”);
  - (b) The following proposed priority charges to be granted over all the Company’s assets, rights, undertakings and property:

- A charge securing the reasonable fees and disbursements of the Proposal Trustee and legal counsel for each of the Proposal Trustee and Manitok in the amount of \$300,000 (the “**Administration Charge**”);
  - A charge securing advances made under the Interim Loan in the amount of \$3.0 million (the “**Interim Loan Charge**”) in favour of SCCC Petroleum Corporation (the “**Interim Lender**”); ranking subordinate to the Administration Charge but in priority to the secured charges of the National Bank of Canada (“**National Bank**”) and Stream Asset Financial Manitok Corp. / Stream Asset Financial Manitok LP (collectively referred to as “**Stream**”); and
  - A charge in favour of the Companies’ Directors and Officers, securing the Company’s indemnification obligations to them in the amount of \$500,000 (the “**D&O Charge**”) ranking subordinate to the National Bank’s secured charges;
- (c) The terms and conditions of the Interim Loan, including the proposed Interim Loan Charge;
- (d) The steps proposed to be taken by the Company with respect to its overall restructuring as discussed in further detail below (the “**Proposal Framework**”);
- (e) The various stakeholder positions and views with respect to the Interim Loan and the Proposal Framework; and
- (f) The Proposal Trustee’s recommendations.

## TERMS OF REFERENCE

6. In preparing this report, the Proposal Trustee has relied upon unaudited financial information, other information available to the Proposal Trustee and, where appropriate, the Companies' books and records and discussions with various parties (collectively, the "**Information**").
7. Except as described in this First Report:
  - (a) The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
  - (b) The Proposal Trustee has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
8. Future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## PROPOSAL FRAMEWORK

10. The overriding purpose of these restructuring proceedings is to attempt to stabilize the Company's operations and provide sufficient liquidity to allow the Company to complete the steps outlined below referred to as the Proposal Framework.

11. The broad overview of the Company's Proposal Framework is:
  - (a) to obtain an Interim Loan of \$3.0 million to provide required immediate liquidity;
  - (b) through a combination of a new loan, new equity raise and the sale of non-core assets generate sufficient funds to repay amounts owing to the National Bank; and
  - (c) ultimately complete a balance sheet restructuring through this BIA proceeding and potentially under the *Business Corporations Act* (Alberta) (the "ABCA").
12. The Company intends to implement the Proposal Framework by March 15, 2018.
13. The key components of the Proposal Framework are:
  - (a) Stream shall provide a new credit facility to the Company in the amount of \$25.0 million (the "**New Stream Facility**");
  - (b) new equity financing shall be obtained in the amount of \$10.0 million ("**New Equity**");
  - (c) the restructuring of the approximate face value of \$21.2 million of collateralized exchange listed notes ("**CEL Notes**") (as discussed further in the Geremia Affidavit) is to be completed, such that the noteholders will be compromised and converted to equity; and
  - (d) the completion of various asset sales that total approximately \$5.0 million (the "**Asset Sales**") that are expected to be completed within the next 60 days.

14. The combination of the above restructuring steps would provide sufficient liquidity to repay the approximately \$37.2 million owing to National Bank.
15. The Proposal Trustee has provided its comments and views on the Proposal Timeline below.

## **CASH FLOW**

16. Immediately prior to the filing of the NOI, the Company's representative worked with the Proposal Trustee to prepare a 13-week Cash Flow for the Forecast Period. The Cash Flow was filed with the Office of the Superintendent of Bankruptcy on January 11, 2018 and is attached at Appendix A to this Report. The Cash Flow, which extends beyond the statutory 30-day extension period, indicates the Company's need for immediate funds to meet its ongoing obligations as they come due.
17. As set out in the Geremia Affidavit, on December 29, 2017, the National Bank demanded the repayment of its indebtedness and ceased the Company's access to the revolving facility. The Company operates in the exploration and development industry and derives all substantial revenues (and cash) from the sale of oil and gas. As typical in this industry, the majority of revenues and/or cash receipts are received on or about the 25<sup>th</sup> of each month relating to oil and gas sold in the preceding month. Accordingly, without access to the revolving facility, the Company has no access to cash until the receipt of sale proceeds for December's oil and gas productions, which would be received on or about January 25, 2018. Accordingly, the Company requires the Interim Loan to bridge its cash needs to the next receipt of revenues and to fund any additional working capital needs thereafter.
18. The Cash Flow indicates that the Company will require to draw on Interim Loan in the approximate amount of \$2.0 million, which will provide sufficient liquidity to the Company throughout the Forecast Period. The Proposal Trustee notes that the Interim Loan facility is the maximum amount of \$3.0 million.

19. The Cash Flow does not provide for the payment of any amounts to any secured creditors. The Proposal Trustee is of the view that this is appropriate in light of:
- (a) the relatively accelerated timeline provided for by the Proposal Framework;
  - (b) to ensure that cash resources are maintained to facilitate the Company's restructuring efforts; and
  - (c) to minimize any potential prejudice to creditors if the Interim Loan is used to pay amounts accruing to secured creditors.
20. The Cash Flows have been developed assuming that post-filing goods and services are paid when incurred and only critical pre-filing payables are paid. Critical pre-filing payables are anticipated to be a nominal amount, as all other payables prior to the NOI filing are assumed to be stayed. Accordingly, the Cash Flows would be materially consistent for either a proposal or receivership scenario.
21. The Proposal Trustee has reviewed the Cash Flow, and there are no material assumptions contained therein which seem unreasonable in the circumstances. The Proposal Trustee's Report on the Cash Flow as required by Section 50.4 (2) (b) of the BIA is also attached at Appendix A.

#### **INTERIM LOAN DETAILS**

22. The maximum principal amount to be advanced by the Interim Lender under the interim financing agreement dated January 11, 2018 (the "**Interim Financing Agreement**"), as attached as Exhibit A to the Geremia Affidavit, is \$3.0 million (the "**Interim Financing**").
23. The maturity date of the Interim Financing (the "**Maturity Date**") is the earlier of:
- (a) six months following the date on which all the conditions precedent to the Interim Loan have been satisfied;

- (b) implementation of a plan under the BIA or ABCA;
  - (c) completion of a sale of 50% or more of the Company's assets; or
  - (d) any event of a default.
24. The Interim Financing carries an interest rate of 8% per annum (the “**Interest Rate**”). There is also a stand-by fee on undrawn amounts of 2% per annum and a non-refundable commitment fee of \$150,000, payable under the first advance of the Interim Loan. The Interim Financing Agreement also requires the Company to cover the cost of the Interim Lender's legal counsel.
25. The planned use of the Interim Financing is to provide sufficient funding to the Company to continue operations in the normal course and the completion of the Proposal Framework.
26. The Interim Financing will be secured by a Court-ordered charge (the “**Interim Lender's Charge**”) on all of the existing and after-acquired real and personal, tangible and intangible, property, assets and undertaking of the Company. The Interim Lender's Charge will rank in priority to all other creditors, interest holders, lien holders and claimants of any kind whatsoever, except the Administration Charge.
27. The Interim Loan's material conditions precedent include:
- (a) the commencement of the BIA Proceedings; and
  - (b) a court order approving the Interim Loan and the priority charge in relation to the Interim Loan.

## **PROPOSAL TRUSTEE COMMENTS ON PRIORITY CHARGES**

### **Administration Charge**



28. The Proposal Trustee understands that the Company will be seeking an Administration Charge in the amount of \$300,000 in respect of the fees and expenses of the Proposal Trustee, its legal counsel and the Company's legal counsel. The Administration Charge is common in such restructuring proceedings and the Proposal Trustee believes the quantum of the fees to be reasonable in the context of these proceedings.

### **D&O Charge**

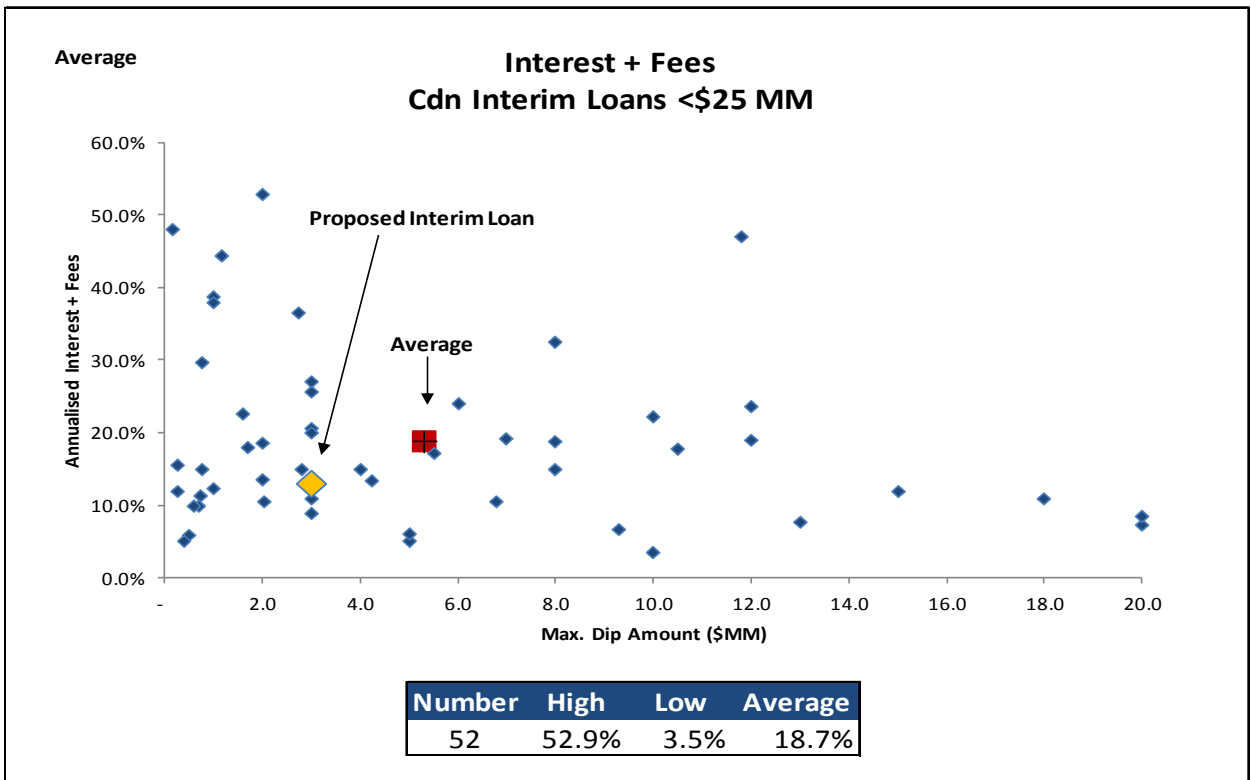
29. The Proposal Trustee understands that the Company will be seeking a D&O Charge in the amount of \$500,000. The Proposal Trustee understands that the Company is current in standing with respect to outstanding payroll, and other pre-filing obligations for which directors may be personally liable. The Cash Flow contemplates that all such salaries will continue to be paid in normal course thereafter from the Interim Loan (and thereafter from the receipt of revenues). However, the proposed D&O Charge provides a contingency in the event that such salaries are not paid in the normal course during these proceedings. The D&O Charge is subordinate to the security of the National Bank and would only be available to the extent that existing director and officer insurance policies do not provide coverage. The quantum of the D&O Charge is based on 1 month salaries of the Company (employees are paid monthly at month-end).

30. The Proposal Trustee believes the D&O Charge to reasonable in the circumstance.

### **Interim Loan**

31. The Proposal Trustee has considered the factors set out in Section 50.6(5) of the BIA with respect to the granting of a Court order for interim financing and has summarized its comments below:

- (a) the Interim Loan will provide sufficient liquidity over the next 13-weeks which will cover the Company's timeline requirements as contemplated in its Proposal Framework;
- (b) without additional funds, the Company will not have sufficient liquidity to proceed with its NOI;
- (c) the Proposal Framework, as summarized above and more fully set out in the Geremia Affidavit, is expected to be fully implemented by March 15, 2018;
- (d) the Proposal Trustee has reviewed the terms of the Interim Loan and such terms appear to reasonable in the circumstance, including the annual interest rate of 8%, the commitment fee of \$150,000 and the 2% standby fee. Such aggregate fees are comparable or within the acceptable range of interim loans previously approved by the Canadian courts under similar proceedings as illustrated in the chart below:



- (e) With respect to various stakeholder positions on the Interim Loan, the Proposal Trustee understands that National Bank:
- has lost confidence in senior management, which the Proposal Trustee understands is partially a result of recent unsuccessful restructuring efforts;
  - believes that the value of the Company's assets is less than the amount owing to the National Bank; and
  - is concerned about the on-going depletion of oil and gas reserves which forms the majority of its collateral and that the National Bank is being further prejudiced as a result of the continuation of these proceedings.
- (f) The Proposal Trustee understands that Stream is supporting the Interim Financing and the efforts to complete the Proposal Template. The Proposal Trustee understands that the Company has received confirmation that a majority of the CEL Notes support the Proposal Framework and these proceedings.

32. The Proposal Trustee has attempted to consider the various, at times, competing views of the various stakeholder groups. The Proposal Trustee has not had sufficient time to complete a liquidation valuation, and accordingly has not commented on which stakeholder or stakeholders, in its view, would be the fulcrum creditor. However, the Proposal Trustee considers the primary factor for consideration regarding whether the Interim Loan should be granted and whether the National Bank is being materially prejudiced is the probability of the Company successfully completing its Proposal Framework. If the Proposal Framework is ultimately successful, the result would be a restructured balance sheet along with a full repayment of the facilities owing to National Bank. However, if the Proposal Framework is unsuccessful, the National Bank's security would be diminished through ongoing reserve depletion along with the priority charge of the Interim Loan.
33. While certain of the various stakeholder's frustrations relate to various unfulfilled restructuring efforts and missed deadlines, as summarized in the Geremia Affidavit, the Company has been successful in significantly reducing its secured debt owing to National Bank over the past few years.
34. With respect to the Proposal Framework, the Proposal Trustee understands the following status of the various action items:
- (a) a commitment from Stream relating to the New Stream Loan has been verbally received by the Company and a document is currently being executed in the amount of \$25.0 million, conditional on the implementation of the various other steps in the Proposal Framework. The Proposal Trustee has confirmed this directly with Stream's counsel;

- (b) the Company has received confirmation from stakeholders who have agreed to provide \$9.1 million in new equity and has received fully executed subscription agreements. The Proposal Trustee further understands a significant current shareholder has agreed verbally to backstop the amount up to \$10.0 million;
  - (c) the Proposal Trustee understands that various asset sales are currently subject to non-binding letters of intent, although certain due diligence needs to be completed. Management believes that these asset deals can be completed and close within the next 45 days; and
  - (d) management has received confirmations from CEL Noteholders representing 67% in value that they are in support of the Proposal Framework and have provided the supporting email or signatory pages attached to Massimo Affidavit at Exhibit N.
35. The Proposal Trustee believes that the commitment from Stream is a significant item in the completion of the Proposal Framework. Furthermore, the receipt of \$9.1 million in subscription agreements is another positive step that would support the possibility of the completion of the Proposal Framework. However, the Proposal Trustee notes that there is completion risk in the Proposal Framework:
- (a) the timeline to complete the various steps by March 15, 2018 is aggressive and does not provide any buffer for potential delays;
  - (b) the Company must complete and close the Assets Sales (which total approximately gross \$5.5 million, or net of \$5.3 million of costs and adjustments) to provide sufficient funds to repay the indebtedness to the National Bank. As the Assets Sales are at the non-binding stage, there remains closing risk. Management has advised that that alternative arrangements are being pursued in parallel to the Assets Sales including take out financing with SCCC (a letter of intent is currently in place); and

- (c) the completion of the Proposal Framework requires typical votes by creditor classes, however, as discussed above, the required majority in value of the CEL Notes has been received.
36. The Proposal Trustee believes the terms of the Interim Loan are reasonable in the circumstance and supports the approval of and priority of the Interim Loan given the following:
- (a) without the Interim Loan, the Company will not be able to continue within these proceedings and with its Proposal Framework resulting in a receivership and likely liquidation;
  - (b) while there are no guarantees, in the Proposal Trustee's view there is a reasonable prospect of the Company being able to complete the Proposal Framework, given the items that are currently in place including the agreement in principal with Stream regarding the New Stream Loan and the \$9.1 million in new equity subscriptions;
  - (c) the relatively condensed timeline proposed by the Company for the implementation of its Proposal Framework minimizes the amount of collateral depletion for the various stakeholder groups; and
  - (d) management has confirmed it will work closely with the Proposal Trustee during these proceedings to ensure cash is efficiently managed.

## RECOMMENDATION

37. The Proposal Trustee supports the relief being sought by the Applicants.

All of which is respectfully submitted this 12<sup>th</sup> day of January, 2018.

FTI Consulting Canada Inc.,  
in its capacity as Proposal Trustee under notice  
of intention to make a proposal filed by  
Manitok Energy Inc. and Raimount Energy  
Corp.



Name: Deryck Helkaa  
Title: Senior Managing Director,  
FTI Consulting Canada Inc.

# Appendix A

## Cash Flow



**Manitok Energy Inc. and Raimount Energy Corp.**  
**Consolidated 13 Week Cash Flow Statement**

SCAD 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	13 Week Total	Notes
Week Ending	12-Jan-18	19-Jan-18	26-Jan-18	2-Feb-18	9-Feb-18	16-Feb-18	23-Feb-18	2-Mar-18	9-Mar-18	16-Mar-18	23-Mar-18	31-Mar-18	8-Apr-18		
<b>Cash Receipts</b>															
Oil and Gas Revenue	-	-	4,370	-	-	-	-	4,257	-	-	-	3,731	-	12,358	2
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total - Operating Receipts</b>	-	-	<b>4,370</b>	-	-	-	-	<b>4,257</b>	-	-	-	<b>3,731</b>	-	<b>12,358</b>	
<b>Cash Disbursements</b>															
Operating Expenses	-	(1,482)	(663)	(449)	(69)	(415)	(415)	(795)	(415)	(432)	(432)	(812)	(432)	(6,811)	3
Royalties	-	-	(819)	(273)	-	-	-	(1,064)	-	-	-	(933)	-	(3,090)	4
G&A	-	(70)	-	(651)	-	-	-	(651)	-	-	-	(651)	-	(2,024)	5
Secured debt interest payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
Interim Loan Interest/Fees	-	(150)	-	(12)	-	-	-	(24)	-	-	-	(24)	-	(210)	7
Professional Fees	-	-	-	(475)	-	-	-	(300)	-	-	-	(300)	-	(1,075)	8
<b>Total - Disbursements</b>	-	<b>(1,702)</b>	<b>(1,482)</b>	<b>(1,861)</b>	<b>(69)</b>	<b>(415)</b>	<b>(415)</b>	<b>(2,834)</b>	<b>(415)</b>	<b>(432)</b>	<b>(432)</b>	<b>(2,720)</b>	<b>(432)</b>	<b>(13,209)</b>	
<b>Net Cash flow before financing</b>	-	<b>(1,702)</b>	<b>2,888</b>	<b>(1,861)</b>	<b>(69)</b>	<b>(415)</b>	<b>(415)</b>	<b>1,423</b>	<b>(415)</b>	<b>(432)</b>	<b>(432)</b>	<b>1,011</b>	<b>(432)</b>	<b>(851)</b>	
<b>Opening Cash before Interim Loan</b>	-	-	(1,702)	1,186	(674)	(744)	(1,158)	(1,573)	(150)	(565)	(997)	(1,430)	(419)	-	
<b>Ending Cash before Interim Loan</b>	-	<b>(1,702)</b>	<b>1,186</b>	<b>(674)</b>	<b>(744)</b>	<b>(1,158)</b>	<b>(1,573)</b>	<b>(150)</b>	<b>(565)</b>	<b>(997)</b>	<b>(1,430)</b>	<b>(419)</b>	<b>(851)</b>	<b>(851)</b>	
Interim Loan Advances	-	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000	
Cumulative Interim Loan Advance:	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	-	
<b>Ending Cash after Interim Loan</b>	-	<b>298</b>	<b>3,186</b>	<b>1,326</b>	<b>1,256</b>	<b>842</b>	<b>427</b>	<b>1,850</b>	<b>1,435</b>	<b>1,003</b>	<b>570</b>	<b>1,581</b>	<b>1,149</b>	<b>1,149</b>	

MANITOK ENERGY INC. AND  
RAIMOUNT ENERGY CORP.  
Per: Massimo M. Geremia, President & CEO

FTI CONSULTING CANADA INC. TRUSTEE UNDER  
THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
Per: Deryck Helkaa CA, CPA, CIRP, LIT

Mantok Energy Inc. and Raimount Energy Corp.  
Consolidated 13 Week Cash Flow Statement

SCAD 000's

Week Ending

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	13 Week Total	Notes
12-Jan-18	19-Jan-18	26-Jan-18	2-Feb-18	9-Feb-18	16-Feb-18	23-Feb-18	2-Mar-18	9-Mar-18	16-Mar-18	23-Mar-18	30-Mar-18	6-Apr-18		

Cash Receipts	-	-	4,370	-	-	-	-	-	-	-	-	-	3,731	-	12,358	2
Oil and Gas Revenue	-	-	-	-	-	-	4,257	-	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - Operating Receipts	-	-	4,370	-	-	-	4,257	-	-	-	-	-	3,731	-	12,358	
Cash Disbursements	-	-	(663)	(449)	(69)	(415)	(795)	(415)	(432)	(432)	(432)	(812)	(432)	(6,811)	3	
Operating Expenses	-	-	(819)	(273)	-	-	(1,064)	-	-	-	-	(933)	-	(3,090)	4	
Royalties	-	-	(70)	(651)	-	-	(651)	-	-	-	-	(651)	-	(2,024)	5	
G&A	-	-	-	(12)	-	-	(24)	-	-	-	-	(24)	-	-	6	
Secured debt interest payments	-	-	(150)	-	-	-	(300)	-	-	-	-	(300)	-	(1,075)	7	
Interim Loan Interest/Fees	-	-	-	(475)	-	-	-	-	-	-	-	-	-	-	8	
Professional Fees	-	-	-	-	(69)	(415)	(2,834)	(415)	(432)	(432)	(432)	(2,720)	(432)	(13,209)		
Total - Disbursements	-	-	(1,702)	(1,482)	(1,861)	(69)	(415)	(415)	(432)	(432)	(432)	(2,720)	(432)	(13,209)		
Net Cash flow before financing	-	-	2,888	(1,861)	(69)	(415)	1,423	(415)	(432)	(432)	(432)	1,011	(432)	(851)		
Operating Cash before Interim Loan	-	-	(1,702)	1,186	(674)	(744)	(1,158)	(1,573)	(150)	(565)	(997)	(1,430)	(419)	-		
Ending Cash before Interim Loan	-	(1,702)	1,186	(674)	(744)	(1,573)	(150)	(565)	(997)	(1,430)	(419)	(851)	(851)			
Interim Loan Advances	-	2,000	-	-	-	-	-	-	-	-	-	-	-	2,000		
Cumulative Interim Loan Advances	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000		
Ending Cash after Interim Loan	-	298	3,186	1,326	1,256	842	427	1,850	1,435	1,003	570	1,581	1,149	1,149		

MAINTOK ENERGY INC. AND  
RAIMOUNT ENERGY CORP.  
Per: Massimo M. Geremia, President & CEO

FTI CONSULTING CANADA INC. TRUSTEE UNDER  
THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
Per: Deryck Heikkinen, CA, CPA, CIRP, LIT

In the Matter of the Notice of Intention  
to make a Proposal of Manitok Energy Inc. and Raimount Energy Corp.

**Notes to the Consolidated Statement of Cash Flow or the 13-week  
period ending April 8, 2018**

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**Purpose and General Assumptions of the Cash Flow Statement**

- 1) Manitok Energy Inc. and Raimount Energy Corp (collectively referred to as the “**Company**”) has prepared this Cash Flow Statement and the accompanying Notes to the Cash Flow Statement (collectively the “**Cash Flow Statement**”) in support of the proposal proceedings that has been filed under the Bankruptcy and Insolvency Act (“**BIA**”) on January 10, 2018.

FTI Consulting Canada Inc. is the Proposal Trustee in this matter (the “Proposal Trustee”). The Cash Flow Statement should be read in conjunction with the Report on Cash Flow Statement by the Company (Form 30 under the BIA) and also with the Proposal Trustee’s Report on Cash Flow Statement (Form 29 under the BIA).

The Company has prepared the Cash Flow Statement based on probable and hypothetical assumptions that reflect the Company’s planned course of action for the period from January 8, 2018 to April 8, 2017 (the “Cash Flow Period”). Management is of the opinion that, as at the date of filing the Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Company and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Cash Flow Statement.

The Cash Flow Statement has been developed pursuant to subsection 50 (6) of the BIA and is in support of these BIA proceedings. The information contained in the Cash Flow Statement is subject to changing assumptions and/or receipt of new or additional information; actual results may vary. This Cash Flow Statement should not be used for any other purpose, and creditors are cautioned that the information provided in the Cash Flow Statement could vary based on changing future circumstances.

The projected cash flow statement is prepared in Canadian dollars.

## **Hypothetical and Probable Assumptions**

- 2) Oil and Gas revenue relates to proceeds from the sale of the Debtors oil & gas production. Production forecast based on current production adjusted for natural production decline. The forecast sales price is based on strip pricing factoring in the companies' typical quality discount to benchmark prices.
- 3) Operating costs are based on the Company's annual operating cost budget and relate to the costs to operate the Company's wells and facilities.
- 4) Royalties relate to royalties paid to freehold land owners and the Government. Rates are based on historical averages.
- 5) G&A includes employee costs, rent, insurance, software required to run the business and other miscellaneous general and administrative expenses.
- 6) The Debtors have various secured loans and debt instruments as outlined in the Affidavit of Massimo Geremia sworn January 11, 2018. The cash flow forecast assumes interest payments in respect of all secured debts are stayed.
- 7) Interim Loan interest/fees relates to fees and interest on the Debtors' proposed Interim Loan. The proposed Interim Loan is authorized for up to \$3.0 million.
- 8) Professional fees include fee estimated for the proposal trustee and the proposal trustees counsel and the Debtors counsel and counsel to the Interim Loan lender.

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 30 -  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
Manitok Energy Inc.  
of the city of Calgary  
in the Province of Alberta

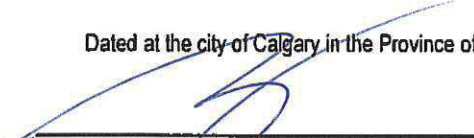
The Management of Manitok Energy Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 11th day of January 2018, consisting of consisting of probable and hypothetical assumptions.


The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

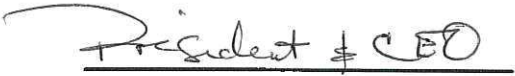
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the city of Calgary in the Province of Alberta, this 11th day of January 2018.

  
\_\_\_\_\_  
Manitok Energy Inc.  
Debtor

  
\_\_\_\_\_  
Name and title of signing officer

  
\_\_\_\_\_  
Name and title of signing officer

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
Raimount Energy Corp.  
of the city of Calgary  
in the Province of Alberta

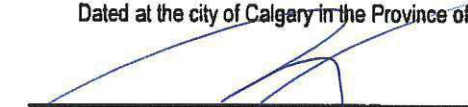
The Management of Raimount Energy Corp., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 11th day of January 2018, consisting of probable and hypothetical assumptions.


The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.


Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the city of Calgary in the Province of Alberta, this 11th day of January 2018.

  
\_\_\_\_\_  
Raimount Energy Corp.  
Debtor

  
\_\_\_\_\_  
Name and title of signing officer

  
\_\_\_\_\_  
Name and title of signing officer

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

- FORM 29 -  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
Manitok Energy Inc.  
of the city of Calgary  
in the Province of Alberta

The attached statement of projected cash flow of Manitok Energy Inc., as of the 11th day of January 2018, consisting of , has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

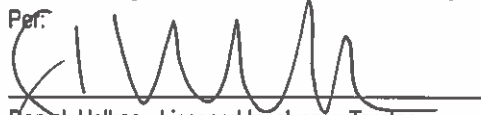
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the city of Calgary in the Province of Alberta, this 11th day of January 2018.

FTI Consulting Canada Inc. - Licensed Insolvency Trustee

Per:



Deryck Helkaa - Licensed Insolvency Trustee

720 Millennium Tower

440 Second Avenue S.W.

Calgary AB T2P 5E9

Phone: (403) 454-6038 Fax: (403) 232-6116

District of: Alberta  
Division No. 02 - Calgary  
Court No.  
Estate No.

– FORM 29 –  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
Raimount Energy Corp.  
of the city of Calgary  
in the Province of Alberta

The attached statement of projected cash flow of Raimount Energy Corp., as of the 11th day of January 2018, consisting of , has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection 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 projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the city of Calgary in the Province of Alberta, this 11th day of January 2018.

FTI Consulting Canada Inc. - Licensed Insolvency Trustee

Per:



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