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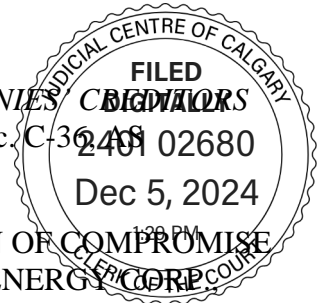
COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE COMPANIES ~~CREDITORS~~
ARRANGEMENT ACT, R.S.C. 1985, c. C-36 ~~2401 02680~~
AMENDED



AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF RAZOR ENERGY CORP.,
RAZOR HOLDINGS GP CORP., AND BLADE ENERGY
SERVICES CORP.

DOCUMENT

**SECOND SUPPLEMENTAL REPORT TO THE
EIGHTH REPORT TO COURT OF FTI
CONSULTING CANADA INC., IN ITS CAPACITY
AS MONITOR OF RAZOR ENERGY CORP.,
RAZOR HOLDINGS GP CORP., AND BLADE
ENERGY SERVICES CORP.**

December 5, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
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**SUPPLEMENTAL REPORT TO THE EIGHTH REPORT OF THE
MONITOR**

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INTRODUCTION

1. The purpose of this second supplemental report (the “**Second Supplemental Report**”) to the eighth report of the Monitor dated November 6, 2024 (“**Eighth Report**”) is to provide this Honourable Court with information with respect to:
 - (a) further efforts undertaken by the Applicants to consult with various stakeholders, creditors and the Purchaser in an attempt to address the concerns raised by this Honourable Court in respect of the Waterfall Analysis and proposed recoveries to various creditors, including, in particular, Arena, in the Transaction as submitted by the Applicant for approval by the Court;
 - (b) a revised Waterfall Analysis (“**Revised Waterfall Analysis**”);
 - (c) the Monitor’s comments on the Revised Waterfall Analysis; and
 - (d) the Monitor’s recommendation with respect to the Transaction contemplated by the Subscription Agreement in light of the Revised Waterfall Analysis.
2. This Second Supplemental Report should be read in conjunction with the Eighth Report and the Supplemental Report to the Eighth Report dated November 26, 2024 (“**Supplemental Report**”) and all capitalized terms used herein are as defined in the Eighth Report and the Supplemental Report.

3. On November 27, 2024, (the “**November 27 Application**”) the Applicants sought approval of the Transaction contemplated by the Subscription Agreement, the relief being sought included an Approval and Reverse Vesting Order, Retained Contracts Order and Enhanced Monitor’s Powers Order (collectively, the “**Relief**”). As part of the Transaction the Applicants presented a Waterfall Analysis that outlined how the proceeds received from the Transaction (if approved) would be distributed the various creditors and stakeholders. The Waterfall Analysis was included as Appendix “**F**” to the Monitor’s Supplemental Report.
4. Electronic copies of all materials filed by the Applicants in connection with the November 27 Application and other materials are available on the Monitor’s website at: <http://cfcanada.fticonsulting.com/razor-blade> (the “**Website**”).

TERMS OF REFERENCE

5. In preparing this Second Supplemental Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Razor Entities’ books and records and discussions with various parties (collectively, the “**Information**”).
6. Except as described in this Second Supplemental Report:
 - (a) the Monitor 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 *Chartered Professional Accountants of Canada Handbook*;
 - (b) the Monitor 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*; and

- (c) 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.
7. The Monitor has prepared this Second Supplemental Report in connection with the Applicants' application scheduled for December 6, 2024. This Report should not be relied on for other purposes.
8. Information and advice described in this Report that has been provided to the Monitor by its legal counsel, Blake, Cassels & Graydon LLP (the "**Monitor's Counsel**"), was provided to assist the Monitor in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

THE NOVEMBER 27TH APPLICATION AND SUBSEQUENT DISCUSSIONS

10. Arena objected to the November 27 Application on grounds that included a contention by Arena that the proposed Waterfall Analysis resulted in an inequitable allocation of proceeds, disproportionately benefiting other creditors and stakeholders to the detriment of Arena's secured claim. This Honourable Court agreed that the treatment of Arena under the Transaction, as proposed, was inequitable and declined to grant the Relief sought. Consequently, the November 27 Application was adjourned to provide the parties with an opportunity to reach a resolution.

11. Following the Court providing its reasons for declining to approve the Transaction as proposed, the Applicants initiated discussions with various creditors and stakeholders to determine their willingness to forgo all or a portion of their proposed distributions under the Waterfall Analysis, with the objective of reallocating these amounts to Arena. Several creditors and stakeholders have consented, resulting in an enhanced proposed distribution to Arena. A Revised Waterfall Analysis is presented in the table below.

Revised Waterfall Analysis comparison	Revised	Original
(C\$ 000s)		
Receipts		
Subscription Price	\$ 8,375	\$ 8,375
Statement of Adjustments	1,342	1,342
IOGC Adjustment	110	110
Total - Receipts	9,827	9,827
Secured Lender (Arena)	(2,500)	(750)
Regulatory Payments		
2024 AER Admin Fee	-	(370)
2024 OWA Levy	-	(733)
APMC (Royalties)	(492)	(492)
IOGC	(110)	(110)
Post-Filing Municipal Taxes	(2,567)	(2,967)
Restricted Retained Contracts Cure Costs		
TAQA	(225)	(225)
PGI	(274)	(274)
Enercapita	(37)	(37)
CNRL	(488)	(488)
Forty Mile Gas Co-op Ltd.	(4)	(4)
Paramount	(36)	(36)
Post-Filing Joint Venture		
Conifer	(527)	(777)
CNRL	(453)	(453)
Paramount	(163)	(163)
Outlier	(48)	(48)
Journey	(44)	(44)
TAQA	(32)	(32)
Cenovus	(2)	(2)
Professional Fees		
Sale Advisor Fee	(320)	(320)
Professional fees	(50)	(50)
Total - Payments at Close	(8,371)	(8,374)
Net cash flow at close	1,456	1,453
Opening cash balance	445	445
Ending cash balance transferred to ResidualCo	1,901	1,898

12. As presented above, concessions have been made by the AER, the OWA, the Municipalities and Conifer that collectively result in an increase in the proposed distribution to Arena from \$750,000 to \$2,500,000.

13. The below table provides a summary of estimated % recoveries to creditors for pre and post filing claims based on the distributions proposed in the Revised Waterfall Analysis.

	Claim			Proposed Distribution			% Recovery		
	Pre-filing	Post-filing	Total	Pre-filing	Post-filing	Total	Pre-filing	Post-filing	Total
Arena *	\$ 6,461	\$ 1,157	\$ 7,618	\$ 2,500		\$ 2,500	39%	0%	33%
AER	372	370	742	-	-	-	0%	0%	0%
OWA	716	733	1,449	-	-	-	0%	0%	0%
APMC	492	-	492	492	-	492	100%		100%
IOGC	110	-	110	110	-	110	100%		100%
Municipalities	9,671	2,969	12,640	-	2,567	2,567	0%	86%	20%
TAQA	432	32	464	225	32	257	52%	100%	55%
PGI	311	-	311	274	-	274	88%		88%
Enercapita	39	-	39	37	-	37	95%		95%
CNRL	12,141	453	12,594	488	453	941	4%	100%	7%
Forty Mile Gas Co-op Ltd.	4	-	4	4	-	4	100%		100%
Paramount	2,741	446	3,187	36	163	199	1%	37%	6%
Conifer **	3,439	1,214	4,653	-	527	527	0%	43%	11%
Outlier	112	68	180	-	48	48	0%	71%	27%
Journey	399	70	469	-	44	44	0%	62%	9%
Cenovus	8	2	10	-	2	2	0%	100%	20%

* \$6,460,738 is the amount owing at the date of filing per paragraph 29 (a) (i) of the initial Affidavit of Doug Bailey dated February 20, 2024.

Since filing no further funds have been advanced, however, interest and fees have accrued. The Monitor understands according to paragraph 64 of the Affidavit of Gregory White that the amount as of November 4, 2024 is \$7,618,000.

** There is a dispute between the Razor Entities and Conifer on the pre-filing amount owing to Conifer. Per Razor's records the amount owing is \$3,438,500 while Conifer claims it is approximately \$7,362,000. Either way Conifer is receiving zero recovery on pre-filing debt in the Revised Waterfall Analysis.

14. The Monitor understands that, at the time of this Report, Arena does not consent to the Revised Waterfall Analysis. Notwithstanding Arena's continued opposition, the Applicants will request that this Honourable Court approve the Transaction, with the revised Waterfall Analysis, along with the Relief sought at the November 27 Application. The Monitor supports the Applicants' request in light of the efforts made by the Applicants to address Arena's objection, the revised recovery to Arena and the concessions provided by the AER, the OWA, the Municipalities, and Conifer.

15. If the Transaction is not approved the Monitor understands that the Applicants have advised that they have requested that the OWA commence an application to appoint a receiver and manager over all of the Applicants' assets, property and undertaking. Given the results of the sale process completed within these proceedings the Monitor would expect no recovery to Arena or other creditors in an OWA receivership as the proceeds from any asset sales would be held by the OWA and utilized to offset against the cost of wells, pipelines and facilities that cannot be sold and require abandonment. The Monitor understands that the OWA has secured time before the Honourable Justice M.E. Burns on December 10, 2024 at 2:00 pm for the appointment of a receiver.

16. In the event the Transaction is not approved, the Monitor supports the lifting of the stay as no viable alternative exists and the Applicants do not have sufficient liquidity to meet post-filing obligations to creditors. Moreover, the D&O policy expires on December 11, 2024 and, in the circumstances, the remaining directors and officers have advised that they are unable to continue in such capacity beyond December 10, 2024.

CONCLUSIONS

17. Based on the foregoing, and, in particular the concessions made by various stakeholders following the Court's reasons for declining to approve the Transaction and the alternative to approval of the Transaction, the Monitor is of the view that the relief being sought by the Applicants is reasonable and justified in the circumstances.

All of which is respectfully submitted this 5th day of December 2024.

FTI Consulting Canada Inc.,
Licensed Insolvency Trustee in its capacity as
Monitor of Razor Energy Corp., Razor Holdings
GP Corp., and Blade Energy Services Corp., and
not in its personal or corporate capacity.



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