

COURT FILE NUMBER

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COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE COMPANIES **FILED**
ARRANGEMENT ACT, R.S.C. 1985, c. C-36 **2401 02680**
AMENDED **Jul 28, 2025**

AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF 2669337 ALBERTA LTD.

DOCUMENT

**SUPPLEMENTAL REPORT TO THE TENTH
REPORT TO COURT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS MONITOR
OF 2669337 ALBERTA LTD.**

July 28, 2025

ADDRESS FOR SERVICE AND
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**SUPPLEMENTAL REPORT TO THE TENTH REPORT OF THE
MONITOR**

TABLE OF CONTENTS

INTRODUCTION.....	1
TERMS OF REFERENCE.....	2
JUNE 24 APPLICATION	3
ACTIVITIES OF THE MONITOR.....	4
CLAIMS PROCESS.....	4
RESIDUALCO AND RESIDUALCO FUNDS	9
PROPOSED DISTRIBUTION OF RESIDUALCO FUNDS	10
MONITOR’S ACTIVITIES AND FEE APPROVAL.....	11
RECOMMENDATIONS	13

APPENDIX “A” – Proposed Distributions

INTRODUCTION

1. The purpose of this supplemental report (the “**Supplemental Report**”) to the tenth report of the Monitor dated June 16, 2025 (“**Tenth Report**”) is to provide this Honourable Court and ResidualCo’s stakeholders with information with respect to:
 - (a) an update on the June 24 Application;
 - (b) the activities of the Monitor since its Tenth Report;
 - (c) an update on the Claims Process with respect to the D&O Claim and the Notices of Dispute; and
 - (d) the updated Proposed Distribution (as defined below) of the ResidualCo Funds.
2. This Supplemental Report should be read in conjunction with the Tenth Report and all capitalized terms used herein are as defined in the Tenth Report.
3. This Supplemental Report is being filed in connection with the Monitor’s application filed on June 17, 2025, which was originally returnable on June 24, 2025. Portions of the relief sought by the Monitor were adjourned on June 24, 2025, and are now being sought by the Monitor at a hearing scheduled on August 8, 2025 (the “**August 8 Application**”).
4. Electronic copies of all materials filed by the Monitor in connection with the August 8 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 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 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 Supplemental Report in connection with the August 8 Application. This Supplemental Report should not be relied on for other purposes.
8. Information and advice described in this Supplemental 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.

JUNE 24 APPLICATION

10. At the June 24 Application, and as detailed in the Tenth Report, the Monitor sought:
- (a) a Stay Extension and Distribution Order, extending the Stay Period to December 31, 2025, and authorizing the Monitor to make the distributions discussed in the Tenth Report; and
 - (b) a CCAA Termination Order, among other things, approving the Monitor's reports and activities, approving the Monitor's and the Monitor's legal counsel's fees and disbursements, and terminating these CCAA Proceedings and discharging the Monitor effective upon completing certain actions and filing a certificate with the Court.
11. Pursuant to an Order granted in these CCAA Proceedings on June 24, 2025 (the "**June 24 Order**"):
- (a) the Stay Period was extended to December 31, 2025;
 - (b) the Monitor was authorized to make distributions from the ResidualCo Funds, from time to time and without further Order of the Court, to the Former Directors in respect of professional fees incurred by them in connection with the Arena Action (each, a "**D&O Distribution**"), up to a maximum aggregate amount of \$200,000, and the amount of the Director's Charge is deemed automatically reduced on a dollar-for-dollar basis in the amount of such D&O Distribution; and
 - (c) the other aspects of the Monitor's application were adjourned *sine die*.

12. At the August 8 Application, the Monitor will seek the relief that was adjourned pursuant to the June 24 Order, subject to the updates detailed in this Supplemental Report.

ACTIVITIES OF THE MONITOR

13. The Monitor's activities since the date of the Tenth Report include the following:
- (a) evaluating and consulting with creditors regarding the treatment of the ResidualCo Funds available for distribution in conjunction with the Claims Process Order;
 - (b) making distributions in respect of the D&O Claim pursuant to the June 24 Order; and
 - (c) preparing this Report.

CLAIMS PROCESS

14. As described in the Tenth Report, the Monitor received a total of 71 Proofs of Claim by the Claims Bar Date, representing an aggregate of approximately \$43.2 million in claims. There are not sufficient funds to satisfy the quantum of claims received.
15. As discussed in the Tenth Report, the Monitor continues to be of the view that the post-filing trade creditors should be paid before any distributions to pre-filing creditors (including pre-filing secured creditors). If not for the post-filing trade creditors providing services to the Applicants, the Subscription Agreement would not have been completed and the Applicants' assets would have been turned over to the Orphan Well Association with no distributions available for any creditors.
16. The Monitor notes that the largest Post-Filing Claim was submitted by Direct Energy Regulated Services ("**Direct Energy**") for approximately \$1.1 million, in respect of electricity supplied to the Applicants prior to closing the Transaction.

D&O Claim

17. As described in the Tenth Report, a D&O Claim was filed on behalf of former directors and officers of the Applicants (the “**Former Directors**”) relating to an action commenced against them, in their capacities as former directors and officers of the Applicants, by Arena Limited SPV, LLC and 405 Dolomite LLC (“**Arena**”) in the Court of King’s Bench of Alberta, Judicial Centre Calgary, Court File No. 2401-16672 (the “**Arena Action**”).
18. The Proof of Claim submitted by the Former Directors claimed: (i) a contingent claim (the “**Contingent Claim**”) of no less than \$8.9 million made up of the damages claimed by Arena in the Arena Action, the potential costs of the Arena Action and the Former Directors’ legal fees and disbursements anticipated to be incurred in defending the Arena Action; and (ii) a claim of \$49,331.16 arising from professional fees incurred by the Former Directors in relation to defending the Arena Action prior to the date of the Proof of Claim (the “**Cost Claim**”). Additional professional fee invoices have been submitted by the Former Directors since the date of the Proof of Claim, increasing the Cost Claim.
19. The Monitor determined that the D&O Claim is a valid claim secured by the Directors’ Charge granted pursuant to the ARIO, subject to (i) its contingent nature, and (ii) paragraph 23(b) of the ARIO which provides that the Applicants’ directors and officers would only be entitled to the benefit of the Directors’ Charge to the extent that they do not have sufficient coverage under any directors’ and officers’ insurance policy for the indemnified amounts.
20. The Monitor understands that the Former Directors are making claims under an insurance policy in connection with the Arena Action, but coverage has not been determined. The Monitor also understands that the relevant insurance policy includes a deductible of \$200,000.

21. As noted above, in the June 24 Order, this Honourable Court authorized the Monitor to make distributions from the ResidualCo Funds to the Former Directors in respect of professional fees incurred by them in connection with the Arena Action, up to a maximum aggregate amount of \$200,000 (aligning with the deductible under the Former Directors' insurance policy).
22. To date the Monitor has made distributions to the Former Directors in the amount of approximately \$101,000 inclusive of GST. The Former Directors continue to submit invoices for professional fees incurred by them in connection with the Arena Action, and the Monitor anticipates that it will make further distributions in respect of same in accordance with the June 24 Order.
23. The Directors' Charge was originally in the amount of \$335,000. Pursuant to the June 24 Order, the treatment of the remaining \$135,000 secured by the Directors' Charge was adjourned.
24. The Monitor understands that the Former Directors assert that they may have claims against the Directors' Charge exceeding \$200,000 which are not covered by insurance, including for the following reasons:
 - (a) the insurer has not provided its position on whether all professional fee invoices submitted as part of the Cost Claim are accepted by the insurer as amounts which apply against the \$200,000 deductible under the insurance policy;
 - (b) the insurance policy provides coverage of \$5,000,000 inclusive of defense costs and the Contingent Claim exceeds this quantum; and
 - (c) there are certain exclusions from coverage under the insurance policy.

25. In the circumstances, noting that these CCAA Proceedings are nearing completion, in order to address the remaining \$135,000 secured by the Directors' Charge in an efficient manner, the Monitor is seeking authorization to make distributions from the amounts secured by the Directors Charge, from time to time and without further Order of the Court, to the Former Directors, if and when the Monitor is satisfied that an amount claimed is not contingent, is not covered by the Former Directors' insurance policy and is otherwise a valid claim secured by the Directors' Charge.
26. If the Former Directors confirm that they have no further claim against the Directors' Charge, the Monitor is seeking authorization to distribute any residual amounts to ResidualCo's other creditors as detailed further below.

Notices of Revision or Disallowance

27. The Monitor received two Notices of Dispute in the Claims Process:
- (a) one from Sabre Energy Partnership, Sabre Energy Ltd. and Sabre Oil and Gas Ltd. ("**Sabre**") with respect to a Proof of Claim filed by Sabre asserting a Proprietary/Trust Claim for approximately \$177,000 (the "**Sabre Claim**"), which is discussed further in the Tenth Report; and
 - (b) one from PGI Processing ULC ("**PGI**") with respect to a Proof of Claim filed by PGI asserting a Post-Filling Claim of approximately \$244,367 (the "**PGI Claim**"), which was received after the date of the Tenth Report.

Sabre Claim

28. At the June 24 Application, this Honourable Court heard Sabre's application in respect of the Sabre Claim and on July 10, 2025, the Honourable Justice R.W. Armstrong released a memorandum of decision dismissing Sabre's application. Accordingly, the Sabre Claim was determined not to constitute a Proprietary/Trust Claim. With this determination, the funds that were held in trust by the Monitor in respect of potential trust or property claims pursuant to paragraph 10 of the RVO are available for distribution to other creditors.

PGI Claim

29. On June 5, 2025, the Monitor issued a NORD to PGI disallowing the PGI Claim on the basis that PGI had already received payment of \$273,648 in these CCAA Proceedings pursuant to the Retained Contracts Order.
30. On June 20, 2025, PGI submitted a Notice of Dispute, in which PGI revised its Post-Filing Claim to approximately \$221,086 and stated that the amounts it received pursuant to the Retained Contracts Order were applied to pre-filing obligations, and all post-filing obligations remain outstanding.
31. The Monitor understands that PGI sent an application and affidavit to the Court for filing on July 7, 2025, as contemplated by paragraph 10 of the Claims Process. The Monitor understands that PGI's application is scheduled to be heard on September 18, 2025.

32. After receipt of PGI's Notice of Dispute, the Monitor engaged in discussions with PGI and Direct Energy. Based on these discussions, the Proposed Distribution (described further below) includes a distribution of \$100,000 to PGI and a distribution to Direct Energy that is \$100,000 lower than the quantum of Direct Energy's accepted Post-Filing Claim. The Monitor understands that PGI and Direct Energy do not oppose the Proposed Distribution, however both parties (as well as the Monitor) reserve their rights in the event that the Proposed Distribution does not proceed at the August 8 Application. The Monitor also understands that if the Proposed Distribution proceeds at the August 8 Application, PGI will withdraw its application.

RESIDUALCO AND RESIDUALCO FUNDS

33. As set out in further detail in paragraphs 62-65 of the Tenth Report, pursuant to the RVO, the balance of the Cash Proceeds after certain payments were made (the "**ResidualCo Funds**"), is to be held and administered by the Monitor, for and on behalf of ResidualCo, pending further Order of the Court.
34. The table below presents a summary of the sources and uses of the Cash Proceeds administered by the Monitor to date.

ResidualCo Funds	
(C\$ 000s)	
Sources	
Subscription Price	\$ 8,375
Adjustment Amount	2,126
Interest	42
Total - Sources	10,543
Uses	
Cure Costs	(1,062)
Post-Filing Municipal Taxes	(2,569)
APMC	(492)
Post-Filing obligations	(1,269)
Arena	(2,500)
Sales Agent Fee	(320)
Professional Fees	(342)
D&O Distribution	(101)
Other	(3)
Total - Uses	(8,658)
ResidualCo Funds	\$ 1,886

35. The Monitor is currently holding the ResidualCo Funds of approximately \$1.9 million, which includes the holdback required pursuant to paragraph 10 of the RVO on account of the Directors' Charge, the Administration Charge and for potential trust or property claims.

PROPOSED DISTRIBUTION OF RESIDUALCO FUNDS

36. Below is a summary of the holdbacks and proposed distribution of the ResidualCo Funds (collectively the “**Proposed Distributions**”).

ResidualCo Funds Available for Distribution	
(C\$ 000s)	
ResidualCo Funds	\$ 1,886
Directors' Charge Holdback	(234)
Administration Charge Holdback	(25)
ResidualCo Funds Available Distribution	1,626
Proposed Distribution for Post-Filing Claims	(1,514)
Remaining ResidualCo Funds	\$ 112

- (a) the holdback of approximately \$234,000 in respect of the Directors' Charge (“**Directors' Charge Holdback**”) reflects that the Monitor has made D&O Distributions pursuant to the June 24 Order of approximately \$101,000 and the amount of the Directors' Charge has been correspondingly automatically reduced from \$335,000 to \$234,000 pursuant to the June 24 Order. As detailed above, the Monitor is seeking authorization to make further distributions from time to time and without further Order of the Court, to the Former Directors in respect of their D&O Claim, in such amounts as determined by the Monitor to constitute valid claims secured by the Directors' Charge, up to the maximum aggregate amount thereof;
- (b) holdback of \$25,000 (“**Administration Charge Holdback**”) for estimated professional fees to complete the administration of the CCAA Proceedings;

(the Directors' Charge Holdback and the Administration Charge Holdback, collectively the "**Holdback Funds**")

- (c) distributions on account of Post-Filing Claims totaling approximately \$1.5 million. A detailed schedule of the proposed distribution by creditor is attached as Appendix "A," and
 - (d) distributions on account of the AER's and the Municipalities' Post-Filing Claims of all remaining ResidualCo Funds, in the proportions agreed among those parties, as detailed in the Tenth Report.
37. If any residual funds remain from the Holdback Funds after professional fees to complete the administration of the CCAA Proceedings or if the full amount of the Directors' Charge Holdback is not exhausted by distributions to the Former Directors in respect of their D&O Claim, the Monitor is seeking approval to distribute such remaining funds to the AER and the Municipalities without further order of the Court, in the proportions agreed among those parties.

MONITOR'S ACTIVITIES AND FEE APPROVAL

38. The Monitor has undertaken its duties, as prescribed by the CCAA, in good faith and with due diligence, to facilitate these CCAA proceedings. In the Monitor's view, it is just and appropriate for the Monitor's Reports and the activities referred to therein to be approved by this Court.
39. Pursuant to paragraph 30 of the ARIO, the Monitor and Monitor's Counsel are required to pass their accounts from time to time. The proposed CCAA Termination Order seeks to approve the fees of the Monitor and Monitor's Counsel.

40. The professional fees and disbursements incurred for the Monitor for the period of January 1, 2024, to May 31, 2025, total \$543,225.03 (exclusive of GST). This includes fees incurred by FTI in its prior capacity as proposal trustee in the NOI proceedings in January and February 2024. If the relief sought by the Monitor is granted at the August 8 Application, the Monitor anticipates having additional fees and disbursements of approximately \$15,000.
41. The professional fees and disbursements incurred for Monitor's Counsel for the period of February 1, 2024, to July 24, 2025, total \$441,283.63 (exclusive of GST). This includes fees incurred by Monitor's Counsel in its prior role as counsel to the proposal trustee in the NOI proceedings in January and February 2024. If the relief sought by the Monitor is granted at the August 8 Application, Monitor's Counsel anticipates having additional fees and disbursements of approximately \$10,000.
42. Copies of the invoices of the Monitor and Monitor's Counsel are available to this Court upon request.
43. The NOI Proceedings and CCAA Proceedings have lasted over 18 months and included administering a sale and investment solicitation process and negotiating a complicated and contentious transaction which required balancing the interest of many different stakeholders. Upon completing the Transaction, the Monitor and the Monitor's Counsel were required to administer ResidualCo and the Claims Process. Due to the length and complexity of the proceedings the Monitor considers the fees and disbursements charged by it and the Monitor's Counsel to be necessarily incurred and the hours and rates charged to be fair and reasonable in the circumstances.

RECOMMENDATIONS

44. Based on the Tenth Report and the foregoing updates, the Monitor recommends this Honourable Court grant the requested Distribution Order and CCAA Termination Order, which include;
- (a) authorizing the Proposed Distributions of the ResidualCo Funds as set out in paragraph 36;
 - (b) approval of the Monitor's reports and activities;
 - (c) approval of the Monitor's and the Monitor's legal counsel's fees and disbursements; and
 - (d) ordering that, upon service of the Monitor's Termination Certificate, the CCAA Proceedings shall be terminated and the Monitor discharged.

All of which is respectfully submitted this 28th day of July 2025.

FTI Consulting Canada Inc.,
Licensed Insolvency Trustee in its capacity as
Monitor of 2669337 Alberta Ltd., and not in its
personal or corporate capacity.



Name: Dustin Olver, CPA, CA, CIRP, LIT
Title: Senior Managing Director
FTI Consulting Canada Inc.

Appendix “A” – Proposed Distributions

Proposed Distribution for Post-Filing Claims	
Creditor	Amount
Airborne Energy Solutions Inc.	\$17,837.40
Albert Dalton	\$2,890.00
Allan Bartsch	\$1,500.00
Allwest Line Locators Ltd.	\$3,606.75
Andrew Schmidt & Brandy Humford	\$2,850.00
Bear Creek	\$698.25
Canadian Natural Resources Limited	\$166,882.77
Can-Tex Drilling & Exploration ULC	\$377.16
Data Scavenger Inc.	\$1,727.25
David & Francisca Geremia	\$8,500.00
DBH LLP	\$1,107.75
Delores & Phillip Gurr	\$2,800.00
Digital Media Innovations	\$950.25
Direct Energy Regulated Services	\$1,059,473.22
Dragan Colic	\$4,540.00
Fred Bertschy	\$3,850.00
Frederick Whatmore	\$205.01
Freehold Royalties Partnership	\$2,341.46
Geremia Farms Ltd.	\$2,000.00
Greaves Farms	\$39,926.00
Grimlin Contracting Ltd.	\$20,779.50
Harry & Carol Wall	\$3,700.00
Journey Energy Inc.	\$7,404.88
Kevin & Patricia Petryshen	\$4,000.00
Lane Investment Ltd.	\$9,445.00
Louis Bertschy	\$4,990.00
McElhanney Ltd.	\$3,822.00
Nuova Strada Ventures Ltd.	\$8,074.58
PGI Processing ULC	\$100,000.00
Prairiesky Royalty Ltd.	\$8,774.49
Richard Heerink	\$5,746.00
Swan Hills Geothermal	\$10,458.00
Tourmaline Oil Corp.	\$245.34
Wesseling Farms	\$2,786.00
Total	\$1,514,289.06