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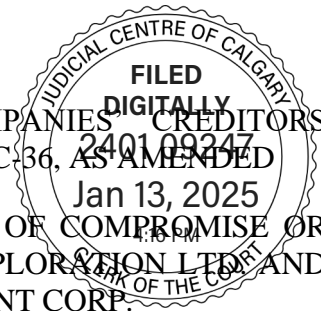
COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF LONG RUN EXPLORATION LTD. AND  
CALGARY SINOENERGY INVESTMENT CORP.



DOCUMENT

**SEVENTH REPORT OF FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS MONITOR OF LONG RUN  
EXPLORATION LTD. AND CALGARY SINOENERGY  
INVESTMENT CORP.**

**January 13, 2025**

ADDRESS FOR SERVICE AND  
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**SEVENTH REPORT OF THE MONITOR**

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## INTRODUCTION

1. On July 4, 2024 (the “**Filing Date**”), China Construction Bank Toronto Branch (“**CCBT**” or the “**Applicant**”), in its capacity as collateral agent, sought and obtained an initial order (the “**Initial Order**”) from the Court of King’s Bench of Alberta (the “**Court**”) to commence proceedings under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) in respect of Long Run Exploration Ltd. (“**Long Run**”) and Calgary Sinoenergy Investment Corp. (the “**Guarantor**” and collectively with Long Run, the “**Debtors**”). The Initial Order, among other things, established a stay of proceedings in favour of the Debtors for an initial stay period up to and including July 14, 2024 (the “**Stay Period**”), and appointed FTI Consulting Canada Inc. as Monitor (the “**Monitor**”), with enhanced powers, pursuant to the provisions of the CCAA.
2. On July 12, 2024, this Honourable Court granted an amended and restated initial order (the “**ARIO**”) in the CCAA Proceedings. The ARIO granted, among other things, an extension to the Stay Period in favour of the Debtors to July 31, 2024.
3. On July 30, 2024, this Honourable Court granted a Second Amended and Restated Initial Order (“**SARIO**”) in the CCAA Proceedings. The SARIO granted, among other things, the following relief within the CCAA Proceedings:
  - (a) an extension of the Stay Period from July 31, 2024 to October 31, 2024;
  - (b) authorized the Debtors to obtain interim financing pursuant to terms of the DIP Financing Agreement (as defined in Schedule “A” to the SARIO), up to an amount equal to \$7.0 million, and granting a DIP Lender’s Charge (as defined in the SARIO) against the property of the Debtors, on the terms and priority in the proposed SARIO;
  - (c) amending the ARIO granted in these proceedings on July 12, 2024, to reflect the DIP Lender’s Charge (as defined in the SARIO) and the priority thereof;

- (d) approving the terms of a stalking horse subscription agreement entered between the Monitor (in accordance with its court-ordered enhanced powers) on behalf of Long Run and Hiking Group Shandong Jinyue Int’l Trading Corporation (“**Hiking**” or the “**Stalking Horse Bidder**”) dated July 23, 2024 (the “**Stalking Horse Subscription Agreement**”);
  - (e) approving a stalking horse sale and investment solicitation process in relation to the assets, property, and undertakings and/or business operations of the Debtors (the “**SISP**”);
  - (f) authorizing the Debtors to reimburse the Stalking Horse Bidder for certain fees incurred by it in connection with the negotiation of the Stalking Horse Subscription Agreement and the SISP and approving certain bid protections in favour of the Stalking Horse Bidder should a bid superior to that of the Stalking Horse Subscription Agreement be selected in accordance with the SISP; and
  - (g) such further and other relief as counsel may advise and this Honourable Court may deem appropriate.
4. Counsel for Henenghaixin Corp. (“**H Corp.**”) attended the July 30 Application and opposed certain of the relief sought. Specifically, counsel for H Corp. objected to the Stalking Horse Bid being approved, on the basis that if the Stalking Horse Bid ultimately became the Successful Bid as defined in the SISP, the Stalking Horse Bid contemplates that upon the granting of a reverse vesting order (to be applied for), the H Corp. Action would become one of the “Transferred Liabilities” transferred to a proposed Creditor Trust, and the Stalking Horse Bidder would not assume any liability in relation to the same. H Corp. objected to the vesting of the H Corp. Action in the Creditor Trust in those circumstances. H Corp.’s objections were dismissed, in part on the basis that its objections were premature.

5. On August 28, 2024, counsel for H Corp. wrote to counsel for the Monitor and to a service list it had prepared, asserting for the first time that the Monitor’s legal counsel, Bennett Jones LLP, had previously acted for H Corp. and was in a conflict of interest. In its letter to counsel for the Monitor, counsel for H Corp. requested that Bennett Jones LLP cease to act as counsel for the Monitor.
6. On September 9, 2024, this Honourable Court granted a consent Order which directed the Monitor to retain special legal counsel to advise and represent the Monitor in relation to the claim advanced by H Corp. in Court of King’s Bench Action No. 2001-03353 (the “**H Corp. Action**”).
7. On October 18, 2024, this Honourable Court granted an Order which extended the Stay Period to December 31, 2024, and the outside date in the DIP Financing Agreement from November 14, 2024, to November 30, 2024, or such other date as may be agreed upon between the Monitor and the DIP Lender. The outside date was subsequently extended to January 31, 2025.
8. On November 14, 2024, this Honourable Court heard the Monitor’s application for approval of a transaction contemplated by an amendment of the Stalking Horse Subscription Agreement (the “**Transaction**”) and for a reverse vesting order and sealing order. On November 21, 2024, the Honourable Justice Mah granted the Transaction Approval and Reverse Vesting Order (the “**RVO**”) and a Sealing Order. Reasons for Decision of Justice Mah were filed November 29, 2024.
9. The purchaser with respect to the Transaction is 2657493 Alberta Ltd., a wholly-owned subsidiary of Hiking (the “**Purchaser**”). The Purchaser and the Monitor are working toward closing the Transaction.
10. On December 6, 2024, counsel for H Corp. wrote to counsel for the Monitor, counsel for CCBT and counsel for Canadian Natural Resources Limited (“**CNRL**”) and, separately, to the Honourable Justice Mah, to advise that H Corp. has instructed counsel to file an application for leave to appeal the RVO, and to request that Justice Mah grant an extension of time for the filing of H Corp.’s application for leave to appeal and related materials until December 23, 2024. H Corp.’s application to seek leave to appeal is scheduled for January 22, 2025.

11. On December 18, 2024, this Honourable Court granted an Order which extended the Stay Period to January 31, 2025.
12. Electronic copies of all materials filed in connection with the Monitor’s December Application and other statutory materials are available on the Monitor's website at: <http://cfcanada.fticonsulting.com/longrun/>.

## PURPOSE

13. The purpose of this report (this “**Report**”) is to provide this Honourable Court and the Debtors’ stakeholders with information and the Monitor’s comments with respect to the following:
  - (a) the activities of the Monitor since the Sixth Report of the Monitor dated December 9, 2024 (the “**Sixth Report**”);
  - (b) update on the status of the Transaction;
  - (c) budget to actual cash flow results for the period ended January 5, 2025;
  - (d) the cash flow statement (the “**CFS#6**”) for the 8-week period ending March 2, 2025, as well as the key assumptions on which the CFS#6 is based;
  - (e) the request for an extension to the Stay Period up to and including April 30, 2025, if the Transaction closes by January 31, 2025, and the Monitor’s comments with respect to the Company’s ability to continue these CCAA Proceedings without either the Transaction closing or additional funding being advanced under the DIP Financing Agreement;
  - (f) illustrative sources and uses of the proceeds from the Transaction, in the event the Transaction closes;

- (g) the application for approval of the professional fees, disbursements and other charges of the Monitor and its legal counsel; and
- (h) the Monitor's recommendations with respect to the above.

## TERMS OF REFERENCE

- 14. Capitalized terms used but not defined herein are given the meaning ascribed to them in the SARIO.
- 15. In preparing this Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Debtors' books and records and discussions with various parties (collectively, the "**Information**").
- 16. Except as described in this 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.
- 17. The Monitor has prepared this Report in connection with the December Application. This Report should not be relied on for other purposes.

18. Information and advice described in this Report that has been provided to the Monitor by its legal counsel, Bennett Jones LLP (the “**Monitor’s Counsel**”) and by its special legal counsel, Torys LLP (the “**Monitor’s Special 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.
19. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

## **BACKGROUND INFORMATION**

20. Detailed information with respect to the Debtors’ business, operations and causes of financial difficulty are described in the Affidavit of Ziqing (Eddie) Zou, affirmed on July 2, 2024.
21. Long Run is a private corporation formed under the laws of Alberta. Long Run’s petroleum and natural gas assets (“**P&NG Assets**”) are located primarily in Central and Northwest Alberta. Long Run is headquartered in Calgary, Alberta and has approximately 38 employees and contractors in its head office and 78 employees and contractor in the field.
22. Long Run is a wholly owned subsidiary of the Guarantor, which is also a privately owned Alberta corporation. The Monitor was advised that the Guarantor has no operation or assets other than its investment in Long Run. The Guarantor acquired all of the issued and outstanding shares of Long Run in 2016.
23. Operation of the P&NG Assets has continued in the normal course since the Filing Date and Long Run’s current production is approximately 5,950 barrels of oil equivalent per day.



## ACTIVITIES OF THE MONITOR

24. The Monitor's activities since the date of the Sixth Report include the following:
- (a) considering various steps to be taken within these proceedings pursuant to the CCAA (the "CCAA Proceedings") in connection with the restructuring efforts in relation to the Debtors;
  - (b) attending to numerous telephone and email inquiries from various creditors and suppliers;
  - (c) responding to numerous enquiries from the Debtors' creditors and other stakeholders;
  - (d) working with representatives of Hiking and their legal advisors to advance closing of the Transaction;
  - (e) corresponding and working with the Purchaser and stakeholders with respect to potential outcomes due to uncertainty of receiving funds under the DIP Financing Agreement as Hiking awaits approval from the Chinese State Administration of Foreign Exchange ("SAFE");
  - (f) working with the Monitor's Special Counsel with respect to H Corp.'s application to seek leave to appeal the RVO;
  - (g) preparing budget to actual cash flow variance reports;
  - (h) monitoring and preparing the liquidity need to complete administration of the CCAA Proceedings, if the Transaction closes; and
  - (i) preparing this Report.

## UPDATE ON THE STATUS OF THE TRANSACTION

25. Since the date of the Monitor's Sixth Report, Hiking has continued to experience challenges transferring money out of China due to regulations of the Chinese State Administration of Foreign Exchange ("SAFE"). There is now significant uncertainty that the Transaction will close by January 31, 2025. Additionally, \$5,000,000.00 in funds previously requested by the Monitor under the DIP Financing Agreement have not been received and funds are required if the Transaction does not close, and Long Run is to continue operations.
26. If the funds requested under the DIP Financing Agreement are not received in advance of January 24, 2025, or the Transaction does not close on or before January 31, 2025, the Debtors will likely exhaust all available liquidity, as demonstrated by the CFS#6.
27. The Monitor has consulted with Hiking and CCBT and their respective legal advisors given the uncertainty surrounding the ability to close the Transaction.
28. In the circumstances, the Monitor is proposing to either (i) seek and support an extension of the Stay Period to April 30, 2025, in the event the Transaction closes on or before January 31, or (ii) allow the Stay Period to expire on January 31, 2025.
29. The Monitor anticipates that there are three possible outcomes as follows:
  - (a) Hiking successfully transfers funds to Canada and the Transaction closes on or before January 31, 2025;
  - (b) funding is obtained either under the DIP Financing Agreement or alternative sources to support the Company's liquidity needs and ability to continue operations as a going concern until the Transaction closes, or an alternative strategy can be pursued (in which case a shorter extension to the Stay Period would be sought); or

- (c) the Monitor fails to obtain sufficient additional funds under the DIP Financing Agreement or from alternative sources and Hiking fails to close the Transaction by January 31, 2025, in which the Stay Period will expire.
30. If Hiking successfully closes the Transaction, the Monitor supports extending the Stay Period to April 30, 2025, to complete the administration of the CCAA Proceedings. The sources and uses of funds to complete the administration of the CCAA Proceedings is presented later in this Report.
31. If financing is obtained sufficient to satisfy the Company’s liquidity needs either through the DIP Financing Agreement or alternative sources prior to January 24, 2025, the Monitor would support a further extension to the Stay Period at the application on January 24, 2025. The Monitor notes that currently it has no visibility surrounding the timing of additional funding. Hiking is attempting to solve the regulatory issue with SAFE which is preventing the release of funds under the DIP Financing Agreement as well as exploring alternative means to advance funding, however the Monitor has not seen any progress on these efforts for several months. The Monitor has also initiated discussions with counsel to the Orphan Well Association (“OWA”) to determine its interest in providing financing to maintain operations. If either of these efforts materialize into firm funding, the Monitor will prepare a supplemental report providing this Court with the details and providing its recommendation with respect to the length of an extension to the Stay Period.
32. If no additional funding is obtained as outlined above and Hiking fails to close the Transaction, the Monitor will not seek to extend the Stay Period and recommends all creditors’ rights be revived.
33. The Monitor intends to further discuss these potential outcomes with the OWA to ensure that care and custody of the P&NG Assets continues in either circumstance to the best of its ability.
34. In order to allow the Monitor to efficiently administer the estate and potentially transition assets to the OWA in the event the Transaction does not close, and in consideration of the expanded powers granted to the Monitor pursuant to the Initial Order, the Monitor is further seeking the right to assign the Debtors into bankruptcy without further order of this Court.

## BUDGET TO ACTUAL RESULTS

35. The Monitor has reviewed the operations and cash flow of Long Run since the date of the Sixth Report. The actual cash flow results for Long Run for the 9-week period ended January 5, 2025, are presented below. These actual results have been compared to the cash flow statement (“CFS#5”) outlined in the Sixth Report.

<b>Budget to Actual Results</b>			
<b>December 2, 2024 to January 5, 2025</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<i>(\$MM)</i>			<b>\$</b>
<b>Receipts</b>			
Revenue	\$ 4.4	\$ 4.9	\$ 0.5
New Star Energy operations	0.0	(0.1)	(0.1)
Other Receipts	0.2	0.4	0.2
<b>Total - receipts</b>	<b>4.6</b>	<b>5.3</b>	<b>0.7</b>
<b>Disbursements</b>			
Royalties	(0.1)	(0.1)	0.0
Processing and transportation	(1.5)	(0.4)	1.1
Operating expense	(3.5)	(2.3)	1.2
Lease rentals	(1.0)	(0.2)	0.7
G&A expense	(1.0)	(0.9)	0.1
Insurance	-	(0.1)	(0.1)
Property taxes	(0.3)	(0.4)	(0.1)
Abandonment costs	(0.2)	(0.3)	(0.1)
Professional fees	(0.6)	(0.3)	0.3
GST	(0.1)	(0.1)	0.0
<b>Total - disbursements</b>	<b>(8.2)</b>	<b>(5.1)</b>	<b>3.1</b>
<b>Net cash flow</b>	<b>(3.5)</b>	<b>0.2</b>	<b>3.7</b>
Opening cash	3.9	3.9	-
Net cash flow	(3.5)	0.2	3.7
DIP Funding Required	-	-	-
<b>Ending cash</b>	<b>\$ 0.4</b>	<b>\$ 4.1</b>	<b>\$ 3.7</b>

36. The variances in actual receipts and disbursements as compared to CFS#5 are primarily due to the following:
- (a) Receipts: positive variance of approximately \$700,000 primarily attributed nominally higher realized pricing than forecast and collection of other miscellaneous receipts;

- (b) Disbursements: positive variance of approximately \$3.1 million primarily comprised of the following:
  - (i) Processing and transportation, positive variance of \$1.1 million due to the timing of certain joint venture payables including turnaround costs at one of Long Run's non-operated facilities and cash security deposit required for a revised processing agreement which have not been paid. A portion of these variances are expected to reverse in future periods; and
  - (ii) Operating expense, positive variance of \$1.2 million which primarily timing related due to the receipt and payment of invoices and certain expenditures that were deferred to future periods.

37. As at January 5, 2025, Long Run had approximately \$4.1 million of cash on hand.

## CASH FLOW STATEMENT

38. Long Run, in consultation with the Monitor, prepared the CFS#6 to estimate the Debtors' liquidity for the eight week period ending March 2, 2025 (the "Forecast Period"), a summary of which is presented below. A copy of the Cash Flow Statement is attached hereto as Appendix "A".

Cash Flow Statement		8 Week
January 6, 2025 to March 2, 2025		
(\$MM)	Week Beginning	Total
<b>Receipts</b>		
Revenue		\$ 9.6
New Star Energy operations		0.2
Other Receipts		0.6
<b>Total - receipts</b>		<b>10.3</b>
<b>Disbursements</b>		
Royalties		(0.2)
Processing and transportation		(2.2)
Operating expense		(8.3)
Lease rentals		(1.9)
G&A expense		(1.9)
Insurance		(0.1)
Property taxes		(0.5)
Abandonment costs		(0.3)
Professional fees		(1.0)
GST		(0.3)
<b>Total - disbursements</b>		<b>(16.8)</b>
<b>Net cash flow</b>		<b>(6.4)</b>
Opening cash		4.1
Net cash flow		(6.4)
DIP Funding Required		-
<b>Ending cash</b>		<b>\$ (2.3)</b>
DIP Funding Opening Balance		2.0
DIP Funding Required		-
<b>DIP Funding Ending Balance</b>		<b>\$ 2.0</b>

39. The CFS#6 projects Long Run will have net cash flow of approximately negative \$6.4 million over the Forecast Period, including:
- (a) cash receipts of approximately \$10.3 million, primarily related to the collections from the sale of petroleum and natural gas substances;

- (b) cash disbursements of approximately \$16.8 million primarily related to trade payments, payroll and benefits, other operating disbursements and professional fees.
40. The Monitor expects that approximately \$3.0 million, which was previously authorized and requested (but not advanced) under the DIP Financing Agreement, would be required during the Forecast Period. To date, Hiking has only advanced \$2.0 million of the authorized amount of \$7.0 million.
41. The CFS#6 has been prepared by Long Run using probable and hypothetical assumptions set out in the notes to the CFS#6, including assumptions that goods and services incurred after the Filing Date are paid when incurred.
42. The Monitor’s review of the CFS#6 consisted of inquiries, analytical procedures and discussions related to the Information supplied to it by Long Run. Since probable and hypothetical assumptions need not be supported, the Monitor’s procedures were limited to evaluating whether they were consistent with the purpose of the CFS#6, and there are no material assumptions contained therein which seem unreasonable in the circumstances.
43. Based on the Monitor’s review, as at the date of this Report, nothing has come to its attention that causes it to believe that, in all material respects:
- (a) the probable and hypothetical assumptions are not consistent with the purpose of the CFS#6; and
  - (b) the probable and hypothetical assumptions developed by Long Run are not supported and consistent with the plan of the Debtors or do not provide a reasonable basis for the CFS#6.
44. For illustrative purposes the CFS#6 shows normal course operations until March 2, 2025. The Monitor notes that the CFS#6 projects the Debtors require additional liquidity in the amount of approximately \$3.6 million in week of February 17, 2025 (as shown in Appendix “A”).

45. The Monitor does not currently have any visibility into the timing or certainty of the funds being advanced under the DIP Financing Agreement. However, the Monitor is continuing discussions with Hiking and OWA to determine if any amounts could be provided to support the continuing operating during the CCAA Proceedings should the Transaction not close. If funding is received, the Monitor anticipates that it would file a supplemental report with this Honourable Court.

## SOURCES AND USES OF TRANSACTION PROCEEDS

46. In the event the Transaction closes prior to January 31, 2025, the Monitor would support a stay extension through April 30, 2025, in order complete post-closing matters, including making payment of priority payables in accordance with the Stalking Horse Subscription Agreement, transitioning operations and bringing an application for the termination of the CCAA proceedings and its discharge. Upon closing the Transaction, the Monitor would receive the cash proceeds from the Stalking Horse Subscription Agreement which would be sufficient to complete the administration of the estate and make disbursements of priority payables in accordance with the Stalking Horse Subscription Agreement as outlined below:

<b>Sources and uses to complete administration of the CCAA Proceedings</b>	
<b>For the period ending April 30, 2025</b>	
<i>(\$MM)</i>	
<b>Receipts</b>	
Transaction Proceeds	\$ 17.5
Estimated Trustee Fee Amount	0.1
<b>Total - receipts</b>	<b>17.6</b>
<b>Disbursements</b>	
Priority Payables	
Tier - Carbon Emissions	1.8
CNRL Cure Cost Payments	0.6
GST	0.2
Property Taxes	10.9
Administration Fee	0.5
Administration of Residual Trust	
Professional Fees	0.1
<b>Total - disbursements</b>	<b>14.1</b>
<b>Net cash flow</b>	<b>\$ 3.5</b>



- (a) Transaction Proceeds – Cash component of the Stalking Horse Subscription Agreement;
- (b) Estimated Trustee Fee Amount – Cash component for trustee administration fee of the Residual Trust, as outlined in the Stalking Horse Subscription Agreement;
- (c) Priority Payables – Payables rank in priority to the CCBT’s secured debt, including without limitation the Administration Charge and the Directors’ Charge and any other Court ordered charges or statutory priority claims;
- (d) Professional fees – the Monitor’s estimated fees to administer the residual trust.

47. In the event the Transaction closes, the Monitor expects to have approximately \$3.5 million remaining after completion of the administration of CCAA Proceedings. Any amounts remaining would be returned to Hiking in accordance with the Stalking Horse Subscription Agreement.

#### **EXTENSION TO STAY PERIOD**

48. The Stay Period expires on January 31, 2025. As described above the Monitor is recommending an extension to the Stay Period up to and including April 30, 2025, if the Transaction closes by January 31, 2025, and has the following comments with respect to the proposed contingent extension:

- (a) the Monitor is of the view that no creditor will be materially prejudiced by an extension of the Stay Period as it is only supporting the extension if the Transaction closes on or before January 31, 2025. If Transaction closes, the only remaining tasks will be to complete post-closing matters including the payment of priority payables pursuant the Stalking Horse Subscription Agreement, assist the Purchaser with post-closing transition, address the appeal of H Corp. if it is granted permission to appeal, complete the administration of the CCAA Proceedings and seek the Monitor’s discharge (“**Remaining Tasks**”);

- (b) the Company has sufficient liquidity to operate to January 31, 2025, and if the Transaction closes on or before January 31, 2025, the Monitor will receive the cash component of the purchase price. The cash component of the purchase price will provide sufficient liquidity to fund the Monitor as it completes the Remaining Tasks;
- (c) the Debtors and their management have and continue to act in good faith and with due diligence in taking steps to facilitate a restructuring of the business, and in particular maintaining operations and managing liquidity despite the Purchaser's delays closing the Transaction; and
- (d) the Monitor can provide evidence of closing through the filing of the Monitor's Certificate attached to the RVO.
49. If the Transaction does not close by January 31, 2025, or funding is not obtained sufficient to satisfy the Company's liquidity needs either through the DIP Financing Agreement or alternative sources prior to January 24, 2025, the Monitor does not support a further extension to the Stay Period. If this occurs, the Stay Period would expire on January 31, 2025, and the Monitor would return to Court at a subsequent date to seek its discharge.

## APPROVAL OF PROFESSIONAL FEES

50. The professional fees and disbursements of the Monitor, the Monitor's Counsel, and the Monitor's Special Counsel for the period between November 1, 2024, to December 31, 2025, are set out in the table below.

<b>Summary of Professional Fees</b>					
<b>For the period between November 1, 2024 to January 5, 2025</b>					
<b>(C\$)</b>	<b>Role</b>	<b>Fees</b>	<b>Costs</b>	<b>GST</b>	<b>Total</b>
FTI Consulting Canada Inc.	Monitor	\$ 140,704	\$ -	\$ 9,173	<b>\$ 149,877</b>
Bennett Jones LLP	Monitor's Counsel	86,238	809	4,344	<b>91,391</b>
Torys LLP	Monitor's Special Counsel	85,263	170	4,270	<b>89,702</b>
<b>Total - Professional Fees</b>		<b>\$ 312,204</b>	<b>\$ 979</b>	<b>\$ 17,787</b>	<b>\$ 330,970</b>

51. The Monitor considers that the fees and disbursements charged by the Monitor, Monitor's Counsel, and Monitor's Special Counsel have been necessarily incurred and that the hours and rates charged are fair and reasonable in light of the length of the CCAA Proceedings, including the assistance of the Monitor in administering the SISP, the enhanced powers of the Monitor in the CCAA, and the complexity of the CCAA Proceedings including the H Corp Action.
52. Copies of the invoices of FTI Consulting and its legal counsel are available to this Honourable Court upon request.

### **RECOMMENDATIONS**

53. Based on the foregoing, the Monitor is of the view that the relief being sought is reasonable and justified in the circumstances and respectfully recommends that this Honourable Court grant the following relief:
- (a) the approval of the activities of the Monitor, and the approval of the professional fees, disbursements and other charges of the Monitor and its legal counsel;
  - (b) if the Transaction closes by January 31, 2025, the approval of the extension of the Stay Period up to and including April 30, 2025; and

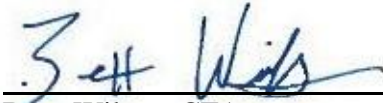
- (c) an order authorizing the Monitor to assign the Debtors into Bankruptcy without further order of this Court.

All of which is respectfully submitted this 13th day of January 2025.

FTI Consulting Canada Inc., LIT, in its capacity as Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp., not in its personal or corporate capacity



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



Name: Brett Wilson, CFA  
Title: Managing Director  
FTI Consulting Canada Inc.

## **Appendix “A” – Cash Flow Statement for the period ending March 2, 2025**

**Long Run Exploration Ltd.**

Cash Flow Statement

For the 8 week period ending March 2, 2025

Cash Flow Statement	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
January 6, 2025 to March 2, 2025	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	8 Week	
(\$MM)	Week Beginning	6-Jan	13-Jan	20-Jan	27-Jan	3-Feb	10-Feb	17-Feb	24-Feb	Total
<b>Receipts</b>										
Revenue	\$ -	\$ -	\$ -	\$ 5.0	\$ -	\$ -	\$ -	\$ -	\$ 4.6	\$ 9.6
New Star Energy operations	(0.1)	0.4	-	(0.0)	(0.1)	-	-	-	(0.0)	0.2
Other Receipts	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6
<b>Total - receipts</b>	<b>0.2</b>	<b>0.6</b>	<b>0.0</b>	<b>4.9</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.6</b>	<b>10.3</b>
<b>Disbursements</b>										
Royalties	-	(0.1)	-	-	-	(0.1)	-	-	-	(0.2)
Processing and transportation	-	-	(0.1)	(1.5)	-	-	-	-	(0.6)	(2.2)
Operating expense	(0.7)	(0.9)	(0.7)	(1.9)	(0.9)	(0.7)	(0.5)	(1.7)	(1.7)	(8.2)
Lease rentals	-	(0.2)	-	(0.7)	(0.4)	-	(0.6)	-	-	(1.9)
G&A expense	(0.0)	(0.5)	-	(0.4)	(0.0)	(0.5)	-	(0.4)	(0.4)	(1.9)
Insurance	-	-	-	(0.1)	-	-	-	-	-	(0.1)
Property taxes	-	-	-	(0.2)	(0.1)	-	(0.1)	(0.1)	(0.1)	(0.5)
Abandonment costs	-	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.3)
Professional fees	(0.2)	-	-	(0.4)	(0.2)	-	-	-	(0.3)	(1.0)
GST	-	-	-	(0.1)	-	-	-	-	(0.1)	(0.3)
<b>Total - disbursements</b>	<b>(1.0)</b>	<b>(1.9)</b>	<b>(0.9)</b>	<b>(5.5)</b>	<b>(1.6)</b>	<b>(1.3)</b>	<b>(1.3)</b>	<b>(1.3)</b>	<b>(3.3)</b>	<b>(16.7)</b>
<b>Net cash flow</b>	<b>(0.7)</b>	<b>(1.2)</b>	<b>(0.9)</b>	<b>(0.6)</b>	<b>(1.7)</b>	<b>(1.3)</b>	<b>(1.3)</b>	<b>(1.3)</b>	<b>1.3</b>	<b>(6.4)</b>
Opening cash	4.1	3.4	2.2	1.3	0.7	(0.9)	(2.3)	(3.5)		4.1
Net cash flow	(0.7)	(1.2)	(0.9)	(0.6)	(1.7)	(1.3)	(1.3)	1.3		(6.4)
DIP Funding Required	-	-	-	-	-	-	-	-	-	-
<b>Ending cash</b>	<b>\$ 3.4</b>	<b>\$ 2.2</b>	<b>\$ 1.3</b>	<b>\$ 0.7</b>	<b>\$ (0.9)</b>	<b>\$ (2.3)</b>	<b>\$ (3.5)</b>	<b>\$ (2.2)</b>		<b>\$ (2.2)</b>
DIP Funding Opening Balance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
DIP Funding Required	-	-	-	-	-	-	-	-	-	-
<b>DIP Funding Ending Balance</b>	<b>\$ 2.0</b>	<b>\$ 2.0</b>	<b>\$ 2.0</b>	<b>\$ 2.0</b>	<b>\$ 2.0</b>	<b>\$ 2.0</b>	<b>\$ 2.0</b>	<b>\$ 2.0</b>	<b>\$ 2.0</b>	<b>\$ 2.0</b>

**Notes:**

Management of Long Run Exploration Ltd. ("Long Run") has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of Long Run during the period of January 6, 2025 to March 2, 2025. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in Note 1-12. Consequently, actual results will likely vary from actual performance and such variances may be material.

- Revenue relates to the sale of Long Run's petroleum and natural gas production. Production is based on current forecast production. The forecast sales prices are based on third party price forecasts and Long Run's quality discount to benchmark pricing. Crown royalties on oil are paid in kind.
- New Star Energy ("NSE") operations relates to Long Run's collection of revenue, payment of operating expenses of NSE as a sister company and management fee paid to Long Run from NSE.
- Royalties expense relates to royalties paid to the crown and freehold land owners and are based on historical rates.
- Processing and transportation relates to transmission tariffs and trucking fees of Long Run's petroleum and natural gas production. It is based on projected production volumes.
- Operating expenses are based on Long Run's annual operating budget and relates to the costs associated with the operation of oil and natural gas wells and facilities.
- Lease rentals relates to surface and mineral leases held by the crown and freehold for producing assets.
- G&A expense relates costs associated with Long Run's head office, employees, field office lease and overhead based on its annual budget.
- Insurance expense relates to Long Run's insurance premiums.
- Property taxes relates to Long Run's property taxes with municipalities.
- Abandonment costs relates to estimate cost to abandon/reclaim wells.
- Professional fees include estimates for Long Run's legal counsel, the Monitor, the Monitor's Counsel, counsel to the Applicant and counsel to the Stalking Horse Bidder.
- GST relates to goods and services tax incur by Long Run during the forecast period.