FORM 27
[RULES 6.3 AND 10.52(1)]

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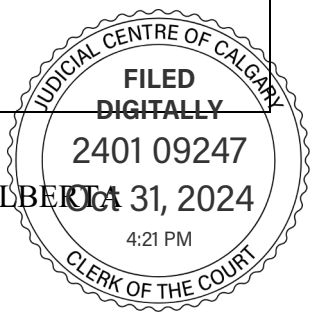

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COURT	COURT OF KING'S BENCH OF ALBERTA
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

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

DOCUMENT **BENCH BRIEF OF THE MONITOR**

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I. OVERVIEW

1. FTI Consulting Canada Inc., in its capacity as the Court-appointed Monitor with expanded powers ("**Monitor**") of Long Run Exploration Ltd. ("**Long Run**") and Calgary Sinoenergy Investment Corp. (the "**Guarantor**" and, together with Long Run, the "**Debtors**"), has carried out a Court-approved sale and investment solicitation process ("**SISP**") involving a stalking horse bid in the form of a subscription agreement for the shares of Long Run (the "**Stalking Horse Subscription Agreement**") by Hiking Group Shandong Jinyue Int't Trading Corporation ("**Hiking**"). The Stalking Horse Subscription Agreement contemplates the granting of a reverse vesting order ("**RVO**") by this Honourable Court.

2. The two-phase SISP generated considerable interest and multiple non-binding LOIs at the Phase 1 Bid Deadline (as defined in the SISP). The Stalking Horse Subscription Agreement was the sole Qualified Bid as at the Phase 2 Bid Deadline (as those capitalized terms are defined in the SISP). The Monitor now applies to this Court for approval of the transactions contemplated by an amended and restated version of the subscription agreement with 2657493 Alberta Ltd. (the "**Purchaser**"), a wholly-owned subsidiary of Hiking (the "**Transaction**").

3. The Monitor submits that the test for approval of an RVO in relation to the Transaction is satisfied, including in relation to releases contemplated therein, and that the RVO should be granted.

4. Further, the Monitor seeks a sealing order over Confidential Appendix "A" to its Fifth Report dated October 30, 2024 (the "**Confidential Appendix**"), as it contains confidential and commercially sensitive information regarding the bids received and the bidders who participated in the SISP.

5. Capitalized terms not otherwise defined herein shall bear the meaning given them in the Fifth Report of the Monitor dated October 30, 2024 ("**Fifth Report**"), or in the unexecuted Amended and Restated Subscription Agreement attached as Appendix "**B**" to the Fifth

Report, which is in substantially the form anticipated to be executed by the Purchaser and by the Monitor on behalf of the Debtors in accordance with its enhanced powers (the "**A&R Subscription Agreement**").

II. FACTS

6. On July 4, 2024 (the "**Filing Date**"), China Construction Bank Toronto Branch ("**CCBT**"), in its capacity as collateral agent, sought and obtained an initial order (the "**Initial Order**") from the Court of King's Bench of Alberta to commence proceedings under the *Companies' Creditors Arrangement Act,* RSC 1985, c C-36, as amended (the "**CCAA**") in respect of 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 with enhanced powers pursuant to the provisions of the CCAA.

7. 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.

8. 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) approval of the terms of the Stalking Horse Subscription Agreement;

   (c) approval of the stalking horse SISP; and

   (d) approval of DIP financing provided by Hiking as DIP Lender, up to $7 Million.

9. Pursuant to the SISP, the Monitor, with the assistance of Long Run, was authorized to administer the SISP to broadly canvas potential purchasers and investors in a structured

manner to maximize value for the benefit of the Debtors' creditors and stakeholders. The Monitor marketed that opportunity in accordance with the SISP.[1]

10. As of the Phase 1 Bid Deadline, the Monitor received 20 non-binding letters of intent. The Monitor, in consultation with Long Run, reviewed the same and determined that one Phase 1 Qualified Bidder, in addition to Hiking as the Stalking Horse Bidder, had submitted a Qualified LOI and was determined to be a Phase 2 Qualified Bidder and accordingly advanced to Phase 2 of the SISP.[2]

11. The Monitor and Long Run assisted the Phase 2 Qualified Bidder and the Stalking Horse Bidder with due diligence requests during Phase 2. Prior to the Phase 2 Bid Deadline, the Monitor sent a bid instruction letter to the Phase 2 Qualified Bidder (and posted it to the VDR) setting out the requirements for a Phase 2 Bid.[3]

12. The Monitor did not receive any Qualified Bids, besides the Stalking Horse Subscription Agreement, on or before the Phase 2 Bid Deadline. As a result, the Stalking Horse Subscription Agreement was selected as the Successful Bid.[4]

13. By Order granted October 18, 2024, the Stay Period was extended to December 31, 2024.

14. The Stalking Horse Bidder wished to make certain changes to the Stalking Horse Subscription Agreement for tax planning purposes. The changes to the Stalking Horse Subscription Agreement are being effected through the execution of the A&R Subscription Agreement. The Monitor understands that pursuant to section 9.4 of the Stalking Horse Subscription Agreement, Hiking intends to assign all of its rights and obligations thereunder to the Purchaser. The Transaction contemplated under the A&R Subscription Agreement is substantially similar to the transaction contemplated under the Stalking Horse Subscription Agreement. More particularly, the economics of the Stalking Horse Subscription Agreement are not changed by the A&R Subscription Agreement and no

[1] Fifth Report of the Monitor filed October 30, 2024 [Fifth Report], paras 24-33.
[2] Fifth Report, paras 26(e) and 27.
[3] Fifth Report, para 29.
[4] Fifth Report, paras 30, 32.

stakeholder is negatively impacted by the A&R Subscription Agreement as compared to the Stalking Horse Subscription Agreement. The A&R Subscription Agreement contemplates a transaction whereby the Purchaser will acquire the Purchased Shares, allowing Long Run to continue to operate the business as a going concern.[5]

15. The aggregate consideration payable for the Purchased Shares (the "**Purchase Price**") is the sum of:

(a) the Cash Component; and

(b) the DIP Credit Bid Amount,

and the Purchase Price shall be satisfied as follows:

(c) a cash payment to the Monitor of approximately $17,000,000 (the "**Estimated Priority Payable Amount**");

(d) a cash payment to the Monitor to satisfy the Estimated Trustee Fee Amount (together with the Estimated Priority Payables Amount, the "**Cash Component**"); and

(e) set off in the amount of the DIP Credit Bid Amount of the amounts owing under the DIP Agreement.[6]

16. The key terms of the Transaction are as follows:

(a) all Common Shares of Long Run will have been cancelled for nominal consideration and Long Run shall issue the Purchased Shares to the Purchaser free and clear of and from any and all Losses and Encumbrance (other than in respect of the Retained Liabilities);

[5] Fifth Report, para 34.
[6] Fifth Report, para 35.

(b) Long Run will have retained the Retained Assets, the Retained Liabilities, and the Retained Contracts;

(c) all Transferred Assets, Transferred Contracts, and Transferred Liabilities will have been transferred to and vested in Creditor Trust to be administered by the Monitor;

(d) the Retained Liabilities includes the indebtedness owed by Long Run to the senior secured creditors as represented by CCBT as collateral agent, in the amount of approximately $350 million;

(e) all Losses and Encumbrances shall be discharged as and against Long Run, the Retained Assets, and the Retained Contracts, save and except for the Retained Liabilities;

(f) for tax purposes, Long Run will incorporate a wholly-owned subsidiary, and the Guarantor will assign the shareholder debt owed to it by Long Run to the subsidiary, to be followed by the wind-up of the subsidiary into Long Run; and

(g) the A&R Subscription Agreement is subject to the approval of this Honourable Court and will be consummated only pursuant to and in accordance with the RVO.[7]

17. The A&R Subscription Agreement contemplates that the RVO would have the effect of approving the creation of the Creditor Trust whereby certain assets and liabilities of Long Run will be transferred to the Creditor Trust on the closing (summarized in the Stalking Horse Subscription Agreement as the "Transferred Assets", "Transferred Liabilities", and "Transferred Contracts").[8]

18. The effect of the A&R Subscription Agreement will be that Long Run will be cleansed of the majority of its liabilities by the granting of the RVO whereby the Purchaser will retain, the Retained Assets, the Retained Contracts, and the Retained Liabilities. It is not expected

[7] Fifth Report, para 36.
[8] Fifth Report, para 37.

that unsecured creditors or shareholders of Long Run will receive any recovery or distribution from the Creditor Trust or otherwise.[9]

19. On October 30, 2024, the Monitor filed an application seeking an RVO approving the Transaction and granting certain releases, and sealing the Confidential Appendix.

20. The Fifth Report sets out the Monitor's views on the Transaction and on the RVO.

III. ISSUES

21. The issues to be considered in this Application are whether this Court should:

(a) approve the Transaction, including the releases therein;

(b) grant the RVO sought by the Monitor; and

(c) seal the Confidential Appendix.

22. For the reasons set out in this Bench Brief, the Monitor respectfully submits that the approval of the Transaction and the granting of the RVO is fair, reasonable and appropriate in the circumstances and in the best interests of the Debtors' creditors and stakeholders. Further, the proposed sealing order is appropriate in accordance with the common law test.

[9] Fifth Report, para 38.

IV. LAW AND ARGUMENT

A. Approval of the Transaction

1. The Transaction Satisfies Section 36(3) of the CCAA and the *Soundair* Principles

23. Subsection 36(3) of the CCAA sets out the following list of non-exhaustive factors for the Court to consider in determining whether to approve a debtor's sale or disposition of assets outside the ordinary course:

> (a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
>
> (b) whether the monitor approved the process leading to the proposed sale or disposition;
>
> (c) whether the monitor filed with the court a report stating that in its opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under bankruptcy;
>
> (d) the extent to which the creditors were consulted;
>
> (e) the effects of the proposed sale or disposition on the creditors and other interested parties; and
>
> (f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.[10]

24. The following factors developed by the Ontario Court of Appeal in *Royal Bank v Soundair Corp* [*Soundair*] for the approval of a sale or disposition by a monitor overlap with the

[10] *Companies' Creditors Arrangement Act*, RSC 1985 c C-36 at s 36(3) [*CCAA*] [Tab 1]; *Re Sanjel Corp*, 2016 ABQB 257 at para 54 [*Sanjel*] [Tab 2].

factors in subsection 36(3) of the CCAA and are frequently considered by CCAA courts when considering the statutory test:

(a) whether the Court-appointed officer has made sufficient efforts to get the best price and has not acted improvidently;

(b) whether the interests of all parties have been considered;

(c) the efficacy and integrity of the process by which offers have been obtained; and

(d) whether there has been unfairness in the working out of the process.[11]

25. In *Re Sanjel Corp*, Romaine, J noted that in *Re AbitibiBowater, Inc*, Gascon, J suggested that a court should give due consideration to two further factors:

(a) the business judgment rule, in that a court will not lightly interfere with the exercise of the commercial and business judgment of the debtor company and the monitor in the context of an asset sale where the marketing and sale process was fair, reasonable, transparent and efficient; and

(b) the weight to be given to the recommendation of the monitor.[12]

26. In *Re Acerus Pharmaceuticals Corporation* [*Acerus*], the Court held that the transaction in question, which contemplated a RVO, satisfied section 36 of the CCAA and the *Soundair* factors.[13] The Court reasoned that the execution of the subscription agreement represented the "culmination of extensive solicitation efforts for investments […] and a robust sales process."[14] Specifically, the Court noted that the applicants sought refinancing and investment options, the Monitor broadly canvassed the market by approaching known potential bidders and contacting additional parties, the parties carefully considered the bids,

[11] *Royal Bank v Soundair Corp*, 1991 CanLII 2727 (ONCA) at paras 16, 82 [*Soundair*] [Tab 3]; *Sanjel*, *supra* at para 56 [Tab 2].
[12] *Sanjel*, *supra* at para 57 [Tab 2], citing *Re AbitibiBowater, Inc*, 2010 QCCS 1742 at paras 70-72 [Tab 4].
[13] *Acerus Pharmaceuticals Corporation (Re)*, 2023 ONSC 3314 at para 42 [*Acerus*] [Tab 5].
[14] *Ibid* at para 23 [Tab 5].

and there were negotiations between the parties in respect of the subscription agreement.[15] The Court also reasoned that the court-approved SISP was developed in consultation with and supported by the Monitor and the Monitor administered the SISP in accordance with its terms and the SISP order of the Court.[16] Further, the Court was satisfied that stakeholders were consulted during the sale process and that no stakeholder would be materially disadvantaged by the subscription agreement and the proposed transaction relative to any other viable alternative.[17]

27. As was the case in *Acerus*, the Transaction satisfies the above factors:

(a) the SISP leading to the proposed Transaction was approved by the Monitor and by this Court, and thus was reasonable and fair;[18]

(b) the SISP was carried out in accordance with its terms, and the process by which offers were obtained was carried out with efficacy and integrity;[19]

(c) the Monitor has made sufficient efforts to get the best price and has not acted improvidently;[20]

(d) the Monitor's Fifth Report sets out its opinion that the Transaction would be more beneficial to the creditors than a sale or disposition under bankruptcy;[21]

(e) the Monitor consulted creditors (and specifically CCBT as agent for the senior secured lenders of Long Run), and the effects of the proposed Transaction on the creditors and other interested parties were considered;[22]

[15] *Acerus, supra* at para 23 [Tab 5].
[16] *Acerus, supra* at para 25 [Tab 5].
[17] *Acerus, supra* at para 31 [Tab 5].
[18] Second Amended and Restated Initial Order granted July 30, 2024.
[19] Fifth Report, paras 24-33.
[20] *Ibid*.
[21] Fifth Report, paras 41-42 and 47.
[22] Fifth Report, paras 40-41, 48-49.

(f) the consideration to be received is reasonable and fair;[23]

(g) the SISP was fair, reasonable, transparent and efficient;[24] and

(h) the Monitor recommends that the Transaction, and the RVO, be approved.[25]

28. In determining whether an RVO is appropriate in the given circumstances, the courts are to consider the *Soundair* principles detailed above, as well as the salient factors outlined by the Ontario Superior Court in *Harte Gold Corp. (Re)* [*Harte Gold*].[26]

B. The Reverse Vesting Order is Appropriate and Complies with *Harte Gold*

29. Sections 36 and 11 of the CCAA confers the courts with jurisdiction to approve a transaction through an RVO.[27]

30. Section 11 gives the courts broad powers to make orders that it sees fit, subject to the restrictions set out in the statute.[28] There is no provision in the CCAA that prohibits an RVO,[29] and this Court has approved RVOs where it deemed doing so was appropriate. Section 11 states:

> […] the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.[30]

31. This Court's exercise of discretion under section 11 of the CCAA must further the remedial objectives of the CCAA and be guided by the baseline considerations of "appropriateness,

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[23] Fifth Report, paras 35-36, 29, 41-42, 47, 50-51.
[24] Fifth Report, paras 24-33.
[25] Fifth Report, para 42.
[26] *Harte Gold Corp (Re)*, 2022 ONSC 653 at para 38 [*Harte Gold*] [Tab 6]; *Fresh City Farms and Mama Earth Organics*, 2024 ONSC 2016 at para 35 [*Fresh City Farms*] [Tab 7].
[27] *Just Energy Group Inc et al v Morgan Stanley Capital Group Inc et al*, 2022 ONSC 6354 at para 29 [*Just Energy*] [Tab 8].
[28] *Ibid* [Tab 8].
[29] *Ibid* [Tab 8], citing to *Quest University (Re)*, 2020 BCSC 1883 at para 157 [*Quest University*] [Tab 9].
[30] *Arrangement relatif à Nemaska Lithium Inc*, 2020 QCCS 3218 [*Nemaska*] at paras 52 and 71 [Tab 10]; leave to appeal to QC CA refused, *Arrangement relatif à Nemaska Lithium Inc*, 2020 QCCA 1488 at para 19 [*Nemasksa Leave Decision*] [Tab 11]; leave to appeal to SCC refused, *Arrangement relatif à Nemaska Lithium Inc*, 2021 CarswellQue 4589 [Tab 12]; *Quest University* at paras 127 and 157 [Tab 9]; leave to appeal to BC CA refused, *Quest University Canada., Re*, 2020 BCCA 364 [Tab 13].

good faith, and due diligence."[31] RVOs are a way to achieve the remedial objectives of the CCAA.[32]

32. CCAA judges overseeing restructurings should exercise their discretion to approve reverse vesting transactions where the section 36 factors are met and the benefits of the transaction are clear, including where the reverse vesting structure preserves tax attributes that generate value and a higher recovery for creditors.[33]

33. In *Harte Gold*, the Court outlined that in addition to the *Soundair* principles, a reverse vesting order requires the court to consider four additional questions:

(a) Why is the RVO necessary?

(b) Does the RVO structure produce an economic result that is at least as favourable as any other viable alternative?

(c) Is any stakeholder worse off under the RVO structure than they would have been under another viable alternative? and

(d) Does the consideration being paid reflect the value of the intangible assets being preserved under the RVO?[34]

1. The RVO is Necessary in the Present Case

34. In *Acerus*, the Court granted an RVO observing that the insolvent company operated in a heavily regulated sector, where its licenses were essential to the capability of the business.[35] The Court noted that difficulties in transferring the insolvent company's

[31] *Harte Gold, supra* at para 31 [Tab 6], citing to *9354-9186 Quebec Inc v Callidus Capital Corp*, 2020 SCC 10 [*Callidus*] [Tab 14].
[32] *Arrangement relatif à Blackrock Metals Inc*, 2022 QCCS 2828 [*Blackrock*] [Tab 15]; application for leave to appeal dismissed, *Arrangement relatif à Blackrock Metals Inc*, 2022 QCCA 1073 [*Blackrock QCCA*] [Tab 16]; leave to appeal refused *Winner World Holdings Limited, et al v Blackrock Metals Inc, et al*, 2023 CarswellQue 42-4 (SCC) [Tab 17].
[33] *Nemaska*, *supra* at paras 71-76 [Tab 10]; *Nemaska Leave Decision*, *supra* at para 20 [Tab 11].
[34] *Harte Gold, supra* at para 38 [Tab 6]; *Invico Diversified Income Limited Partnership v NewGrange Energy Inc*, 2024 ABKB 214 at para 20 [*Invico*] [Tab 18].
[35] *Acerus, supra* at para 13 [Tab 5].

licenses to a purchaser, preserving its tax attributes, and assumption of unsecured liabilities associated with retained contracts, were important factors in granting the RVO.[36]

35. Similarly, McEwan, J in *Just Energy* noted that an RVO may be appropriate where:

(a) the debtor operates in a highly regulated environment where existing permits, licenses, or other rights would be difficult or impossible to reassign to a purchaser;

(b) the debtor is party to certain key agreements that would be difficult to reassign to a purchaser; and

(c) where maintaining the existing legal entity preserves certain tax attributes that would otherwise be lost in a traditional vesting order transaction.[37]

36. Long Run operates in the oil and gas industry in Alberta, which is highly regulated. A transaction by way of an asset sale, if any, would require the purchaser to proceed through the Alberta Energy Regulator's (the "**AER**") license transfer approval process, and the inherent delays, costs, and risks to the completion of a transaction. While Long Run will remain responsible for any regulatory obligations if the Transaction is approved, the RVO structure avoids or minimizes such delay, costs and risks.

37. If Long Run were required to proceed by way of asset sale (and, by extension, proceed facing an uncertain timeline is no guarantee of regulatory approval under uncertain circumstances), further DIP financing would be required in relation to additional costs and professional fees of the Monitor and its legal counsel. In *Harte Gold*, the Court determined that similar circumstances favoured granting an RVO.[38]

38. Hiking will no longer continue to fund the Debtors' restructuring under the CCAA if the Transaction is not approved. Long Run does not currently have access to alternative

[36] *Acerus*, *supra* at paras 16 and 21 [Tab 5].
[37] *Just Energy*, *supra* at para 34 [Tab 8].
[38] *Harte Gold, supra* at para 73 [Tab 6].

financing, there is no prospect of a new DIP lender to finance an alternative transaction, nor is there an alternative transaction currently available.

39. Finally, an RVO is the only mechanism available to preserve tax attributes that may be available to Long Run.[39] These tax attributes may be utilized to offset potential tax obligations which may arise if Hiking or any subsequent purchaser is able to generate taxable revenues through its spending on the assets. Several decisions, including *Acerus, Just Energy*, and *Blackrock* have noted that preservation of tax attributes favours approval of an RVO mechanism.

2. The RVO Provides the Most Favourable Result

40. In *Acerus*, *Just Energy*, *Rambler Metals and Mining Limited, Re CCAA*, [*Rambler Metals*][40] and *CannaPiece Group Inc v Marzilli*,[41] the respective courts granted RVOs and noted that the RVO mechanism provided more benefits to the insolvent party's stakeholders than the alternative of an asset sale under a bankruptcy.[42] The proposed transaction assured a going concern outcome as a result of the RVO.[43]

41. In *Rambler Metals*, the Court agreed with the monitor and held that the RVO produced an economic result at least as favourable as any other viable alternative. The Court reasoned:

> (a) the additional cost to implement and approve the transaction would affect the Purchaser's proposed timelines to restart operations;
>
> (b) the economic result of the transactions provides a better result than any other form of transaction under bankruptcy. It allows the Rambler Group to continue as a going concern. The transaction provides for repayment of DIP financing as well as some payment to the senior secured creditors;
>
> (c) even under the RVO, secured creditors will realize a loss. Subject to the Monitor's further review and any Distribution Order, there are no funds available for unsecured creditors. Thus, the RVO does not

[39] Fifth Report, para 44(b).
[40] *Rambler Metals and Mining Limited, Re CCAA*, 2023 NLSC 134 [*Rambler Metals*] [Tab 19].
[41] *CannaPiece Group Inc v Marzilli*, 2023 ONSC 3291 [*CannaPiece*] [Tab 20].
[42] *Acerus, supra* at para 26 [Tab 5]; *Just Energy, supra* at para 52 [Tab 8]; *Rambler Metals, supra* at para 67-68 (as there is no guarantee that the AER would approve an alternative) [Tab 19]; *Blackrock, supra* at para 109 [Tab 15]; *CannaPiece, supra* at para 19 [Tab 20].
[43] *Acerus, supra* at para 18 [Tab 5].

> disadvantage the unsecured as they would not receive any distribution in an AVO; and
>
> (d) approval of a plan of arrangement based on an AVO is not an option. It would further reduce recovery to the secured creditors who were already suffering losses. It would unnecessarily add additional cost and risk to the sale as it would take time and money that the Monitor does not have.[44]

42. The Transaction contemplates Long Run retaining possession of its oil and gas assets, as Retained Assets, and the associated environmental liabilities and obligations, as well as the Retained Contracts including the Retained JOAs and all contracts relating to the Retained Assets (other than the Transferred Contracts). Specifically, Hiking will maintain the current business, assume substantial liabilities, and pay Priority Payables for ongoing contractual counterparties of up to $17.5 Million.[45] The Transaction benefits Long Run's creditors, the public, and other stakeholders, and serves the remedial purpose of the CCAA.

3. No Stakeholder is Worse off Due to the RVO

43. None of the Debtors' stakeholders are worse off by if the Transaction is completed through an RVO.

44. In *Acerus*, *Just Energy* and *Arrangement relatif à Blackrock Metals Inc* [*Blackrock*], the respective courts observed that while RVO transactions often result in claims of unsecured creditors being transferred to a residual trust, resulting in no recovery for those creditors, it is not the fault of the RVO process.[46] Rather, the respective courts found it to be a result of the value of the debtor's assets and business.[47] As such, unsecured creditors are treated no differently than if the transaction proceeded through an alternative mechanism, such as an asset purchase. The Court in *Acerus* makes this clear:

> Under the proposed transactions, the applicants, some of the unsecured creditors and all of the existing shareholders will have no recovery. However, the evidence makes it clear that these stakeholders would not

[44] *Rambler Metals, supra* at para 67 [Tab 19].
[45] Fifth Report, Appendix "B" (unexecuted Amended & Restated Subscription Agreement) at s 2.2(a)(iii).
[46] *Acerus, supra* at para 32 [Tab 5]; *Just Energy, supra* at para 57 [Tab 8]; *Blackrock, supra* at para 109 [Tab 15], leave to appeal dismissed, *Blackrock QCCA, supra* [Tab 16].
[47] *Ibid* [Tabs 5, 8, 16].

> realize any recovery in any other available restructuring alternative either (i.e., under either of the unsuccessful bids or in a bankruptcy/liquidation).[48]

45. While certain of the Debtors' creditors' claims will be transferred to the Creditor Trust, those creditors would not have received any distribution from any other form of transaction, whether by an asset purchase structure or through a liquidation in receivership or bankruptcy. As such, and as was the case in *Acerus*, *Just Energy*, and *Blackrock*, the Debtors' subordinate creditors are not prejudiced or worse off by the Transaction proceeding through an RVO, as those subordinate creditors would not be in a better position through an alternative transaction structure.

46. In the *Nemaska* CCAA proceedings, the Quebec Superior Court approved a reverse vesting transaction despite creditor opposition. Leave to appeal the decision was refused by the Quebec Court of Appeal and the Supreme Court of Canada. In refusing leave to appeal, the Quebec Court of Appeal noted the CCAA judge's determination that "the terms 'sell or otherwise dispose of assets outside the ordinary course of business' under subsection 36(1) of the CCAA should be broadly interpreted to allow a CCAA judge to grant innovative solutions such as RVOs on a case by case basis, in accordance with the wide discretionary powers afforded the supervising judge pursuant to section 11 CCAA, as recognized by the Supreme Court in *Callidus*."[49]

47. The Monitor is supportive of the use of the RVO structure and is of the view that no stakeholder will be worse off under the RVO structure than any other viable alternative. These considerations, in conjunction with the *Soundair* factors outlined above, support this Court's granting of the RVO as part of the Transaction.

4. The Consideration Reflects the Value of Long Run's Assets and Business

48. The consideration of the Transaction reflects the value of Long Run's assets and businesses, which were marketed by the Monitor in accordance with the court-approved SISP.

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[48] *Acerus, supra* at para 18 [Tab 5].
[49] *Nemaska Leave Decision*, *supra* at para 18 [Tab 11]; *Callidus, supra* at paras 67 and 70 [Tab 14].

49. Courts have favoured approving a proposed RVO transaction where a debtor's assets have been widely marketed but have received no other potential offers.[50] In *Blackrock*, the Court held that an RVO was appropriate and noted that the market had been adequately canvassed through a fulsome, fair and transparent market to get the best price for the debtor's assets.[51]

50. Here, the Monitor marketed Long Run's assets and business through a Court-approved SISP. These efforts resulted in multiple non-binding LOIs by the Phase 1 Bid Deadline. No party other than the Stalking Horse Bidder advanced a Qualified Bid by the Phase 2 Bid Deadline. As a result, following the two-phase SISP, Hiking was the only party willing to continue Long Run as a going concern. The aggregate consideration payable under the Transaction is the sum of the Estimated Priority Payable Amount of $17.5 Million, the Estimated Trustee Fee Amount of $100,000, and set off in the amount of the DIP Credit Bid Amount of up to $7 Million, which, together with the Purchaser's assumption of over $350 Million in debt,[52] reflects the significant value of the Debtors.

51. The consideration contemplated by the Transaction is fair and reasonable, and there is no evidence to suggest that an alternative process would result in a superior transaction.

52. The *Harte Gold* factors have been extensively considered and applied by Canadian courts, and the decision sheds light on important considerations regarding the approval of RVO transactions in insolvency proceedings. For the reasons provided below, the Monitor submits that each of the *Harte Gold* factors is satisfied and favours granting the RVO.

C. The Releases in the RVO Should be Granted

53. The RVO provides that the Monitor, the Debtors and Hiking together with their respective current and former directors, officers, employees, contractors, executive team, agents, representatives, and all of their respective advisors including financial advisors and legal counsel (collectively, the "**Released Parties**") are to be released from the Released Claims.

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[50] *Just Energy, supra* at para 59 [Tab 8]; *Blackrock, supra* at para 101 [Tab 15].
[51] *Blackrock, supra* at paras 101-102 [Tab 15].
[52] Fifth Report, Appendix "B" (unexecuted Amended & Restated Subscription Agreement), s 3.5(b).

54. The claims proposed to be released pursuant to the RVO include any claims arising from Long Run's business, assets, operations, and affairs during the pendency of these CCAA Proceedings or the Transaction, as further described in the proposed form of RVO (the "**Released Claims**"), but exclude any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA, or any obligations of any of the Released Parties under or in connection with the Transaction or the Amended and Restated Subscription Agreement.

55. The authority to grant third-party releases, notwithstanding those available to directors pursuant to section 5.1 of the CCAA, is not codified in the CCAA. As such, the authority for courts to grant third-party releases is rooted in section 11 of the CCAA, which gives the courts the authority to make any order that it considers appropriate in the circumstances.[53]

56. The use of releases in favour of directors, officers, the Monitor, and other advisors to a debtor company participating in CCAA proceedings is common. On several occasions the courts have approved such releases in the absence of a CCAA plan of arrangement in both contested and uncontested proceedings, and in the context of RVO transactions. In *Re Lydian International Limited* [*Lydian*], the Ontario Superior Court outlined the factors to be considered when granting releases. These factors have been reiterated in *Tacora Resource Inc. (Re)* [*Tacora*] as follows:

(a) whether the parties to be released from claims were necessary and essential to the restructuring efforts of the debtor;

(b) whether the claims to be released were rationally connected to the purpose of the plan of arrangement and necessary for it;

(c) whether the plan of arrangement could succeed without the releases;

(d) whether the parties being released contributed to the restructuring; and

[53] *CCAA*, s 11 [Tab 1].

(e) whether the release benefits the debtors as well as creditors generally.[54]

57. In *Just Energy Group Inc et al v Morgan Stanley Capital Group Inc et al*,[55] the Court approved a third-party release and reasoned:

> The releases sought are proportional in scope and consistent with releases granted in other similar CCAA proceedings. I have analyzed the factors set out by Penny J. in *Harte Gold Corp. (Re)*, at paras. 81-86. As in that case, the releases are rationally connected to the purposes of the restructuring; the releasees contributed to the restructuring; the releases are not overly broad; the releases will enhance the certainty and finality of the Transaction; the releases benefit the Just Energy Entities, its creditors and other stakeholders by reducing the potential for the released parties to seek indemnification; and all creditors on the service list were made aware of the releases sought and the nature and effect of the release.[56]

58. For the reasons provided below, the Monitor submits that each of the *Lydian* factors are satisfied and favours granting the releases.

1. The Released Parties Were Necessary and Essential to the Restructuring

59. In *Tacora*, the Court approved the third-party releases sought and applied the *Lydian* factors.[57] The Court found that the released parties played a role in some or all of the pre-filing process, solicitation process, sale process, CCAA proceedings, and negotiation of the subscription agreement and the contemplated transaction, which provided a going concern solution for the debtor's business.[58] The Court also noted that the released parties will also be involved in the implementation of the transaction.[59]

60. Similarly, the Released Parties have been necessary and essential to these CCAA Proceedings, including through negotiating the DIP financing, operating Long Run as a going concern solution, preparing and conducting the SISP, and negotiating the

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[54] *Tacora Resource Inc. (Re)*, 2024 ONSC 4436 at para 18 [*Tacora*] [Tab 21], citing to *Lydian International Limited (Re)*, 2020 ONSC 4006 at para 54 [Tab 22].
[55] *Just Energy*, *supra* [Tab 8].
[56] *Ibid* at para 67. See also *CannaPiece, supra* [Tab 20].
[57] *Tacora, supra* at paras 25-26 [Tab 21].
[58] *Ibid* at para 25 [Tab 21].
[59] *Ibid* [Tab 21].

Transaction.[60] Further, the Released Parties will be involved in the implementation of the Transaction by carrying out post-closing obligations.[61]

2. The Claims to Be Released Are Rationally Connected to the Transaction and Necessary for the Transaction

61. In *Harte Gold*, the Court granted the proposed releases and noted that the claims released were rationally connected to the purpose of the restructuring because the releases helped maximize creditor recovery as it diminished claims against the released parties and, by extension, diminished indemnification claims against the Administration Charge and Directors' Charge.[62] This was also the case in *Tacora*.[63]

62. In the present case, the proposed RVO bars claims against the Monitor, the Debtors, the Purchaser, Hiking, or the Retained Assets relating to: (a) the Transferred Assets; (b) any and all Losses or Encumbrances other than the Retained Liabilities against or relating to Long Run, the Transferred Assets or the Retained Assets existing immediately prior to the Effective Time, the insolvency of the Debtors prior to the Effective Time, the commencement or existence of the CCAA proceedings, or the completion of the Transaction, all of which are connected with the Transaction.[64] All of the Released Parties are connected to the Transaction, in that they are all involved in the negotiation and performance of the Transaction. Closing of the Transaction is conditional upon the granting of the RVO, the form of which includes the releases of the Released Claims.[65] The Monitor's view is that the proposed releases are reasonable.[66]

3. The Transaction Cannot Succeed Without the Releases

63. In *Tacora*, the releases were a condition of the subscription agreement and the Court found it to be fair, reasonable and not unreasonably broad. Similarly, in *Harte Gold*, the Court noted that the releases will enhance the certainty and finality of the transaction, and took

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[60] Fifth Report, paras 34-38.
[61] *Ibid.*
[62] *Harte Gold, supra* at para 82 [Tab 6].
[63] *Tacora, supra* at para 25 [Tab 21].
[64] Form of RVO attached as Schedule "1" to the Application of the Monitor filed October 30, 2024, para 17.
[65] Fifth Report, Appendix "B" (unexecuted Amended & Restated Subscription Agreement), s 4.3(b).
[66] Fifth Report, para 84(b).

notice that both the debtor and the purchaser stated the releases were an essential component to the transaction. In determining that the releases were fair, reasonable and not overly broad, the Court in *Harte Gold* reasoned that the debtor was unaware of any claims against the advisors related to their provision of services to the debtor or the purchaser and that the regulatory and environmental liabilities owed were not disclaimed.

64. Similarly, the release of the Released Claims via the RVO are a condition of the A&R Subscription Agreement.[67]

4. The Released Parties Contributed to the Restructuring

65. In *Harte Gold*, the Court found that the released parties contributed to the restructuring, both prior to and through the CCAA proceedings.[68] The Court reasoned:

> The released parties made significant contributions to Harte Gold's restructuring, both prior to and throughout these CCAA Proceedings. Among other things, the extensive efforts of the directors and management of Harte Gold were instrumental in the conduct of the prefiling strategic process, the SISP and the continued operations of Harte Gold during the CCAA proceedings. With a proposed sale that will maintain Harte Gold as a going concern and permit most creditors to receive recovery in full, these CCAA proceedings have had what must be considered a "successful" outcome for the benefit of Harte Gold's stakeholders. The released parties have clearly contributed time, energy and resources to achieve this outcome and accordingly, are deserving of a release.[69]

66. Here, the Released Parties all contributed to Long Run's restructuring, both prior to and throughout these CCAA Proceedings.[70] The Monitor, in consultation with the Debtors, strategically organized and implemented the SISP, and negotiated the Stalking Horse Subscription Agreement with Hiking and the Transaction with the Purchaser.[71] The Debtors, in turn, are parties to the Transaction.

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[67] Fifth Report, Appendix "B" (unexecuted Amended & Restated Subscription Agreement), s 4.3(b).
[68] *Harte Gold, supra* at para 82 [Tab 6].
[69] *Ibid.*
[70] Fifth Report, paras 34-38.
[71] Fifth Report, paras 24-34.

5. The Releases Benefit the Creditors and Debtors

67. In *Harte Gold*, the Court found that the releases benefit the debtor and creditors generally by reducing the potential for the released parties to seek indemnification, thus minimizing claims against the Administration Charge and the Director's Charge.[72]

68. In this case, the Released Claims will have the effect of diminishing claims against the Released Parties, which in turn will diminish indemnification claims by certain of the Released Parties against the Administration Charge and result in maximum creditor recovery.

D. Sealing Order

69. This Court has broad discretion to grant a sealing order.[73] A temporary sealing order may be granted when:

(a) an order is required to prevent serious risk to an important interest because reasonable alternative measures will not prevent the risk; and

(b) the salutary effects of the order outweigh its deleterious effects, including the effects on the right to free expression, which includes public interest in open and accessible court proceedings.[74]

70. The Supreme Court of Canada restated the test an applicant must satisfy to obtain a temporary sealing order in *Sherman Estate v Donovan*.[75] An applicant must demonstrate:

(a) court openness poses a serious risk to an important public interest;

(b) the order sought is necessary to prevent this serious risk to the identified interest because reasonably alternative measures will not prevent this risk; and

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[72] *Harte Gold, supra* at para 82 [Tab 6].
[73] *Alberta Rules of Court*, Alta Reg 124/2010, s 6.28 [Tab 23].
[74] *Sierra Club of Canada v Canada (Minister of Finance)*, 2002 SCC 41 at para 45 [Tab 24].
[75] *Sherman Estate v Donovan*, 2021 SCC 25 [*Sherman Estate*] [Tab 25].

(c) as a matter of proportionality, the benefits of the order outweigh its negative effects.[76]

71. When information is commercially sensitive and assets are being sold pursuant to a court process, it is common to seal commercially sensitive information. Such a step is necessary in the event further bidding or a subsequent sale process is required, should the transaction being considered fail to close. A sealing order also ensures fair play so that competitors and potential purchasers do not obtain an unfair advantage by obtaining information through the courts.[77]

72. The Monitor seeks a sealing order over Confidential Appendix "A" to the Fifth Report of the Monitor (the "**Confidential Appendix**"). Given that the Transaction has not yet closed, and the Confidential Appendix contains confidential information regarding the bids received in the SISP, the Monitor is of the view that the disclosure of the information contained in the Confidential Appendix could prejudice any further efforts to market and sell the business and assets of the Debtors should the Transaction fail to close.[78] Such an outcome would be prejudicial to the Debtors and the public interests inherent in the sale of distressed companies and their assets via an insolvency process.

73. The Monitor seeks a temporary sealing order which may be lifted three months after the hearing of this Application, which is a proportionate and appropriate measure to prevent any risk of harming the Transaction. Notice to the media of this application to restrict access was provided via the Court's website on October 29, 2024.

V. CONCLUSION

74. For all of the foregoing reasons, the Monitor respectfully requests that the Transaction be approved and that the RVO be granted.

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[76] *Sherman Estate, supra* at para 38 [Tab 25].
[77] *Alberta Treasury Branches v Elaborate Homes Ltd*, 2014 ABQB 350 at para 54 [Tab 26]; *Look Communications Inc v Look Mobile Corporation*, 2009 CanLII 71005 at para 17 (ONSC) [Tab 27]; *Maxtech Manufacturing Inc (Re)*, 2010 ONSC 1161 at para 30 [Tab 28].
[78] Fifth Report, para 26(e).

75. The RVO is necessary in the circumstances. There is no more advantageous transaction structure and since it allows for the transfer of Long Run's oil and gas licenses and contracts without the costs, delay and uncertainty associated with an asset transaction. Through the RVO, Hiking will maintain Long Run's current business, assume substantial liabilities, and pay cure costs for ongoing contractual counterparts.

76. The Transaction remains the best and only qualified offer under the SISP, which thoroughly marketed Long Run's business and assets and was conducted fairly and with integrity.

77. The Transaction is in the best interests of Long Run's stakeholders as it is the only remaining transaction available to Long Run that deals with the entirety of Long Run's assets and business as it provides recovery to creditors and stakeholders and addresses environmental liabilities for the benefit of the public. By natural extension, the Transaction also alleviates the burden on the OWA from further closure spending.

78. The Monitor further submits that the test for a sealing order is met.

79. As a result, the Monitor submits that it is reasonable and appropriate to approve the Transaction and the sealing order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 31st DAY OF OCTOBER, 2024.

BENNETT JONES LLP

Per: _____

Kelsey Meyer / Michael Selnes / Kaamil Khalfan
Counsel for the Monitor, FTI Consulting Canada Inc.

VI. TABLE OF AUTHORITIES

TAB	AUTHORITY
1.	*Companies' Creditors Arrangement Act*, RSC 1985 c C-36
2.	*Re Sanjel Corp*, 2016 ABQB 257
3.	*Royal Bank v Soundair Corp*, 1991 CanLII 2727 (ONCA)
4.	*Re AbitibiBowater, Inc*, 2010 QCCS 1742
5.	*Acerus Pharmaceuticals Corporation (Re)*, 2023 ONSC 3314
6.	*Harte Gold Corp (Re)*, 2022 ONSC 653
7.	*Fresh City Farms and Mama Earth Organics*, 2024 ONSC 2016
8.	*Just Energy Group Inc et al v Morgan Stanley Capital Group Inc et al*, 2022 ONSC 6354
9.	*Quest University (Re)*, 2020 BCSC 1883
10.	*Arrangement relatif à Nemaska Lithium Inc*, 2020 QCCS 3218
11.	*Arrangement relatif à Nemaska Lithium Inc*, 2020 QCCA 1488
12.	*Arrangement relatif à Nemaska Lithium Inc*, 2021 CarswellQue 4589
13.	*Quest University Canada., Re*, 2020 BCCA 364
14.	*9354-9186 Quebec Inc v Callidus Capital Corp*, 2020 SCC 10
15.	*Arrangement relatif à Blackrock Metals Inc*, 2022 QCCS 2828
16.	*Arrangement relatif à Blackrock Metals Inc*, 2022 QCCA 1073
17.	*Winner World Holdings Limited, et al v Blackrock Metals Inc, et al*, 2023 CarswellQue 42-4 (SCC)
18.	*Invico Diversified Income Limited Partnership v NewGrange Energy Inc*, 2024 ABKB 214
19.	*Rambler Metals and Mining Limited, Re CCAA*, 2023 NLSC 134
20.	*CannaPiece Group Inc v Marzilli*, 2023 ONSC 3291
21.	*Tacora Resource Inc. (Re)*, 2024 ONSC 4436

22. *Lydian International Limited (Re)*, 2020 ONSC 4006

23. *Alberta Rules of Court*, Alta Reg 124/2010, s 6.28

24. *Sierra Club of Canada v Canada (Minister of Finance)*, 2002 SCC 41

25. *Sherman Estate v Donovan*, 2021 SCC 25

26. *Alberta Treasury Branches v Elaborate Homes Ltd*, 2014 ABQB 350.

27. *Look Communications Inc v Look Mobile Corporation*, 2009 CanLII 71005 (ONSC)

28. *Maxtech Manufacturing Inc (Re)*, 2010 ONSC 1161

COURT FILE NUMBER	2401-09247
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, AS AMENDED

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

DOCUMENT

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

October 30, 2024

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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FIFTH REPORT OF THE MONITOR

TABLE OF CONTENTS

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 grated 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) authorizing the Debtors to obtain interim financing pursuant to the 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 between the Monitor (in accordance with its court-ordered enhanced powers) on behalf of Long Run and Hiking Group Shandong Jinyue Int't 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 Subscription Agreement being approved, on the basis that if the Stalking Horse Subscription Agreement ultimately became the Successful Bid as defined in the SISP, the Stalking Horse Subscription Agreement contemplates that upon the granting of a reverse vesting order (to be applied for), the claim advanced by H Corp. in Court of King's Bench Action No. 2001-03353 (the "**H Corp Claim**") 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 Claim 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 H Corp Claim.

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.

8. On October 30, 2024, the Monitor filed a notice of application returnable November 14, 2024 (the "**November 14 Application**") seeking Orders granting the following relief:

   (a) approving the transactions (the "**Transaction**") contemplated in the Amended and Restated Subscription Agreement (the "**A&R Subscription Agreement**") between the Debtors and 2657493 Alberta Ltd. (the "**Purchaser**");

   (b) granting certain relief related to the Transaction on the terms outlined in the proposed reverse vesting order ("**RVO**"), including creating the Long Run Exploration Residual Trust, governed by the terms of the Creditor Trust Settlement;

   (c) granting the proposed releases as set forth in the RVO; and

   (d) sealing the Confidential Appendix "**A**" to this Report (the "**Confidential Appendix**").

9. Electronic copies of all materials filed in connection with the November 14 Application and other statutory materials are available on the Monitor's website at: http://cfcanada.fticonsulting.com/longrun/.

PURPOSE

10. 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 Fourth Report of the Monitor dated October 9, 2024 (the "**Fourth Report**");

    (b) the status of the Debtors' restructuring efforts, including the Monitor's comments on the SISP and the A&R Subscription Agreement;

    (c) details of the secured and potential priority claims against the Debtors; and

    (d) the Monitor's recommendations with respect to the above.

11. Due to the necessity of the Monitor retaining special legal counsel to advise and represent the Monitor in relation to the claim advanced by H Corp, this Report does not address the H Corp Claim and instead focuses on the and activities of the Monitor and the merits of the approval of the A&R Subscription Agreement.

12. The Monitor has filed a supplement to this Report (the "**Supplement**") to address the H Corp Claim.

TERMS OF REFERENCE

13. Capitalized terms used but not defined herein are given the meaning ascribed to them in the SARIO and A&R Subscription Agreement.

14. 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**").

15. 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.

16. The Monitor has prepared this Report in connection with the November 14 Application. This Report should not be relied on for other purposes.

17. 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**"), 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.

18. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

ACTIVITIES OF THE MONITOR

19. The Monitor's activities since the date of the Fourth 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) administering the SISP including discussions with the Stalking Horse Bidder and the Purchaser in connection with the A&R Subscription Agreement;

(c) consultation with the Alberta Energy Regulator (the "**AER**") and certain municipalities with respect to the A&R Subscription Agreement;

(d) attending to numerous telephone and email inquiries from various creditors and suppliers;

(e) responding to numerous enquiries from the Debtors' creditors and other stakeholders;

(f) continuing to review and assess the objections of H Corp with respect to certain relief sought and to be sought by the Monitor in these CCAA Proceedings; and

(g) preparing this Report.

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 contractors 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 6,500 barrels of oil equivalent per day.

SALE AND INVESTMENT SOLICITATION PROCESS

24. The Monitor, with the assistance of Long Run, was authorized to administer the SISP to broadly canvas potential purchasers and investors in a structured manner to maximize value for the benefit of the Debtors' creditors and stakeholders.

25. For ease of reference, key dates included in the SISP are set out in the table below:

Milestone	Deadline
Long Run, the Monitor and Stalking Horse Bidder to create list of Known Potential Bidders and distribute Teaser Letters and NDAs to Known Potential Bidders	August 1, 2024
Long Run and the Monitor to prepare and have available for Potential Bidders access to the VDR	August 1, 2024
Phase 1 Bid Deadline	September 5, 2024
Phase 2 Bid Deadline	October 3, 2024
Closing Date Deadline	October 31, 2024

26. The Monitor can advise that the milestones set out in SISP have been met to date and the Monitor and Long Run have continued to advance the SISP. There will be a change to the expected closing date further explained below. A summary of Phase 1 of the SISP is set out below:

(a) a Teaser Letter was distributed to 247 Known Potential Bidders on August 1, 2024;

(b) advertisements were posted in the *BOE Report*, the *Daily Oil Bulletin*, and the *Insolvency Insider*;

(c) a VDR was made available to Potential Bidders on August 1, 2024;

(d) 52 parties executed a non-disclosure agreement and were granted access to the VDR; and

(e) 20 LOIs, in addition to the Stalking Horse Bid, were received by the Phase 1 Bid Deadline. A summary of the terms of the 20 LOIs is appended as Confidential Appendix "**A**" to this Report. The Monitor is seeking a sealing order to keep the contents of Confidential

Appendix "**A**" sealed as it contains commercially sensitive information that if disclosed could harm future asset value in the event the Transaction does not close.

27. The Monitor, in consultation with Long Run, reviewed the LOIs and determined that one Phase 1 Qualified Bidder, in addition to the Stalking Horse Bidder, had submitted a Qualified LOI and was determined to be a Phase 2 Qualified Bidder and accordingly advanced to Phase 2.

28. The Monitor determined that the other 19 LOIs were not Phase 2 Qualified Bidders as the proposals were for specific or select assets and were not competitive with the Stalking Horse Subscription Agreement as an individual offer or combination of offers.

29. The Monitor and Long Run assisted the Phase 2 Qualified Bidder and the Stalking Horse Bidder with due diligence requests during Phase 2. Prior to the Phase 2 Bid Deadline, the Monitor sent a bid instruction letter to the Phase 2 Qualified Bidder (and posted it to the VDR) setting out the requirements for a Phase 2 Bid.

30. The Monitor did not receive any Qualified Bids, besides the Stalking Horse Subscription Agreement, on or before the Phase 2 Bid Deadline.

31. Pursuant to paragraph 35 of the SISP, the Monitor was to notify each Phase 2 Qualified Bidder in writing as to whether its Phase 2 Bid constituted a Qualified Bid within ten business days of the Phase 2 Bid Deadline. On October 4, 2024, the Monitor notified the Phase 2 Qualified Bidder that it had not submitted a Qualified Bid.

32. On October 4, 2024, the Monitor notified the Stalking Horse Bidder that no other Qualified Bids were received by the Phase 2 Bid Deadline and that the Stalking Horse Subscription Agreement was selected as the Successful Bid.

33. The initial estimated Closing Date identified in the SISP was October 31, 2024 and the Monitor had a Court application booked for October 28, 2024 to seek approval of the successful bidder's

transaction. However, on October 1, 2024, the Monitor was advised that the Justice sitting October 28, 2024 had a conflict with this file, and accordingly, the approval application was re-scheduled for November 14, 2024. Should the RVO be granted the Transaction is anticipated to close shortly after the granting of the RVO.

SUMMARY OF THE TRANSACTION

34. The Stalking Horse Subscription Agreement was the only Qualified Bid received by the Phase 2 Bid Deadline on October 3, 2024. On or around September 30, 2024, the Stalking Horse Bidder advised the Monitor and its counsel that it wished to make certain changes to the Stalking Horse Subscription Agreement for tax planning purposes. The changes to the Stalking Horse Subscription Agreement are being effected through the execution of the A&R Subscription Agreement. The Monitor understands that pursuant to section 9.4 of the Stalking Horse Subscription Agreement, Hiking intends to assign all of its rights and obligations thereunder to the Purchaser. The Transaction contemplated under the A&R Subscription Agreement is substantially similar to the transaction contemplated under the Stalking Horse Subscription Agreement. More particularly, the economics of the Stalking Horse Subscription Agreement are not changed by the A&R Subscription Agreement and no stakeholder is negatively impacted by the A&R Subscription Agreement as compared to the Stalking Horse Subscription Agreement. The A&R Subscription Agreement contemplates a transaction whereby the Purchaser will acquire the Purchased Shares, allowing Long Run to continue to operate the business as a going concern.

35. The aggregate consideration payable for the Purchased Shares (the "**Purchase Price**"), is the sum of:

(a) the Cash Component; and

(b) the DIP Credit Bid Amount,

and the Purchase Price shall be satisfied as follows:

(c) a cash payment to the Monitor of approximately $17,000,000 (the "**Estimated Priority Payable Amount**");

(d) a cash payment to the Monitor to satisfy the Estimated Trustee Fee Amount (together with the Estimated Priority Payables Amount, the "**Cash Component**"); and

(e) set off in the amount of the DIP Credit Bid Amount of the amounts owing under the DIP Agreement.

36. An unexecuted copy of the A&R Subscription Agreement is attached as Appendix "**B**". The Monitor anticipates that a final executed version will follow prior to the November 14 Application. The key terms of the Transaction are as follows (capitalized terms have the meaning ascribed to them in the A&R Subscription Agreement):

(a) all Common Shares of Long Run will have been cancelled for nominal consideration and Long Run shall issue the Purchased Shares to the Purchaser free and clear of and from any and all Losses and Encumbrance (other than in respect of the Retained Liabilities);

(b) Long Run will have retained the Retained Assets, the Retained Liabilities, and the Retained Contracts;

(c) all Transferred Assets, Transferred Contracts, and Transferred Liabilities will have been transferred to and vested in Creditor Trust to be administered by the Monitor;

(d) the Retained Liabilities includes the CCB Secured Debt (as defined below) owed by Long Run to the senior secured creditors as represented by CCBT as collateral agent, in the amount of approximately $350 million;

(e) all Losses and Encumbrances shall be Discharged, as and against Long Run, the Retained Assets, and the Retained Contracts, save and except for the Retained Liabilities;

(f) for tax purposes, Long Run will incorporate a wholly-owned subsidiary, and the Guarantor will assign the shareholder debt owed to it by Long Run to the subsidiary, to be followed by the wind-up of the subsidiary into Long Run; and

(g) the A&R Subscription Agreement is subject to the approval of this Honourable Court and will be consummated only pursuant to and in accordance with the RVO.

37. The A&R Subscription Agreement contemplates that the RVO would have the effect of approving the creation of the Creditor Trust whereby certain assets and liabilities of Long Run will be transferred to the Creditor Trust on the closing (summarized in the Stalking Horse Subscription Agreement as the "Transferred Assets", "Transferred Liabilities", and "Transferred Contracts").

38. The effect of the A&R Subscription Agreement will be that Long Run will be cleansed of the majority of its liabilities by the granting of the RVO whereby the Purchaser will retain, the Retained Assets, the Retained Contracts, and the Retained Liabilities. It is not expected that unsecured creditors or shareholders of Long Run will receive any recovery or distribution from the Creditor Trust or otherwise.

MONITOR'S COMMENTS ON THE TRANSACTION

39. The commercial terms of the Transaction include:

(a) the sale of Long Run's Business and Property (through the acquisition by the Purchaser of all of the Purchased Shares) and corporate attributes including non-capital losses of approximately $637 million as at December 31, 2023;

(b) a closing date which shall be no later than three business days from the date on which all the conditions set out under Article 4 of the A&R Subscription Agreement have been satisfied or waived or such other date as agreed to by Long Run and the Purchaser; and

(c) no remaining material conditions other than approval from this Honourable Court of the A&R Subscription Agreement, granting the RVO and finalizing the amended and restated Credit Agreement.

40. When analyzing the A&R Subscription Agreement and RVO the Monitor considered the following:

(a) does the transaction provide the best outcome and recovery to the Debtors' creditors and stakeholders; and

(b) is the RVO necessary and appropriate in the circumstances.

Recoveries to stakeholders

41. The Monitor considered the potential recoveries to creditors under the Transaction in comparison to a sale or disposition under bankruptcy and provides the following:

(a) the Long Run assets were marketed through the SISP, in consultation with the Monitor, in an effort to maximize the potential return to all stakeholders;

(b) the Transaction represents the highest available recovery to creditors and there was no viable alternative identified though the SISP that resulted in a higher potential recovery to creditors. An alternative to the Transaction would likely be a bankruptcy which would further erode value being offered to creditors by the A&R Subscription Agreement;

(c) Long Run will exit the CCAA Proceedings as a going concern and retain responsibility for approximately 4,856 licensed wells, 523 licensed facilities and environmental obligations associated with the P&NG Assets (estimated at approximately $453 million per the latest internal financial statements); and

(d) Long Run will continue to honour certain obligations identified as Retained Assets, the Retained Contracts, and Retained Liabilities.

42. For the reasons outlined above, the Monitor is of the view that the Transaction offers fair value in the circumstances and therefore, from an economic standpoint, the Monitor recommends that this Honourable Court approve the A&R Subscription Agreement.

The RVO is appropriate in the circumstances

43. When considering whether the RVO is appropriate the Monitor considered the following:

(a) why an RVO is necessary;

(b) whether the RVO structure produced an economic result at least as favourable as another viable alternative;

(c) whether any stakeholder is worse off under the RVO structure than they would have been under another viable structure; and

(d) whether the consideration paid for the debtor's business is reflective of the importance and value of the intangible assets being preserved under the RVO structure.

Why an Reverse Vesting Order is necessary?

44. The RVO is necessary to provide additional value to the estate and its stakeholders that would not be possible without the use of an RVO structure, including:

(a) approximately 4,856 licensed wells and 523 licensed facilities associated with the P&NG Assets will not be subject to AER transfer approval, which can take a significant amount of time and therefore may add risk and costs to completion of the Transaction;

(b) it will preserve certain tax attributes (outlined above) that may be available to Long Run. These tax attributes create potential future value to the business and stakeholders;

(c) Long Run will continue to employ several individuals as employees or independent contractors, that are important to the continued operation of the P&NG Assets; and

(d) the Purchaser is not prepared to complete the Transaction under an alternative structure, nor is it prepared to support a plan or arrangement under the CCAA where there is insufficient value to repay the CCB Secured Debt.

45. The A&R Subscription Agreement authorizes Long Run to undertake a reverse vesting transaction whereby it will convey the Transferred Assets, Transferred Liabilities, and Transferred Contracts to the Creditor Trust, in a structured manner.

46. The end result of the Transaction will be that Long Run will carry on business with a new sole shareholder (the Purchaser), with ownership of the Retained Assets and the Retained Contracts, and a restructured balance sheet, free of certain indebtedness, including all Losses and Encumbrances other than the Retained Liabilities (having been cleansed by the RVO or paid as part of the Cash Component).

Does the RVO structure produce an economic result at least as favourable as any other viable alternative?

47. The Transaction is currently the best (and only) transaction available to Long Run's stakeholders in the circumstances. The alternative is a bankruptcy which would erode substantial economic value for stakeholders, including amounts owing for priority payables payable to counterparties, each of whom are benefiting from the Purchase Price.

Is any stakeholder worse off under the RVO structure than they would have been under another viable structure?

48. The Monitor is not aware of any stakeholder that would be worse off because of the RVO structure. As outlined above, there is no viable alternative to the Stalking Horse Subscription Agreement. No other subordinate creditors are expected to receive a distribution from the Debtors' estates under any alternative. Therefore, no creditors are worse off under the RVO structure. Conversely, it is anticipated that many of Long Run's stakeholders would be worse off in a bankruptcy, being the only available alternative.

49. Other than H Corp., the Monitor is not aware of any parties opposing the Transaction and is of the view that the Transaction will benefit landowners, municipalities, employees, the AER and OWA and counterparties to contracts with Long Run.

Does the consideration being paid for the debtors' business reflect the importance and value of the intangible assets being preserved under the RVO structure?

50. As described above, the Transaction is the only viable alternative in the circumstances. The RVO structure was selected to be efficient in closing and preserve the entity as a going concern, which enhances ability to recover proceeds from future operations. Accordingly, in the Monitor's view, the RVO does reflect the importance of the value of intangibles.

51. In particular:

    (a) the regulatory licenses associated with the PN&G Assets were available for review by potential bidders, but the assumption of which carry environmental liabilities, which are being assumed by the Purchaser; and

    (b) it will preserve certain tax attributes that may be available to Long Run, and these tax attributes may create potential future value to the business and stakeholders.

DETAILS OF SECURED AND POTENTIAL PRIORITY CLAIMS

52. The Monitor is aware of the following secured claims and charges that are owed by Long Run, either pursuant to statute, or which have been registered against the Business or Property.

Secured Creditors

53. On January 25, 2017, a standby letter of credit was issued by Bank of China (Qingdao Branch) ("**BOCQ**") in favour of China Construction Bank Corporation, Qingdao Branch ("**CCBQ**").

54. On January 26, 2017, a standby letter of credit was issued by CCBQ in favour of CCBT.

55. Long Run as borrower and Calgary Sinoenergy as Guarantor, entered into a Credit Agreement (the "**Credit Agreement**") with CCBT dated January 31, 2017.

56. The Credit Agreement established the following facilities in favour of Long Run:

    (a) a revolving term facility in an amount up to $35,000,000 (the "**Revolving Term Facility**"); and

    (b) a non-revolving term facility in an amount of $396,000,000 (the "**Non-Revolving Term Facility**", and together with the Revolving Term Facility, the "**Credit Facilities**").

57. As security for the Credit Facilities, Long Run executed the following security documents:

    (a) Demand debenture in the amount of $1.2 billion from Long Run to CCBT;

    (b) Assignment of insurance from Long Run to CCBT;

    (c) Subordination and postponement agreement between CCBT, Long Run, and Calgary Sinoenergy; and

(d) Assignment of shares between Sinoenergy and CCBT for Long Run shares;

(collectively, the "**CCBT Security**").

58. The CCBT Security was assigned from CCBT to CCBQ, with Long Run as borrower and Calgary Sinoenergy as guarantor and a loan administration agreement between CCBT and CCBQ.

59. The Credit Agreement was subsequently amended on November 15, 2018 and November 30, 2018.

60. On October 27, 2020, the Credit Agreement was amended and restated, including:

(a) Amended and Restated Credit Agreement between Long Run, as borrower, Calgary Sinoenergy, as guarantor, and CCBT as lender, agent and collateral agent, in the principal amount of $114,434,905.72;

(b) Amended and Restated Credit Agreement between Long Run, as borrower, Calgary Sinoenergy, as guarantor, CCBQ as lender and CCBT as administrative agent, in the principal amount of $242,950,808.57, which funds were advanced by CCBQ to CCBT as of October 29, 2020, thus changing the obligation of CCBQ from the standby letter of credit dated January 25, 2017 to a direct obligation to CCBQ;

(c) Amended Security Documents executed by Long Run, including:

(i) Amended fixed and floating charge demand debenture in favour of CCBT;

(ii) Debenture pledge agreement in favour of CCBT;

(iii) General security agreement between Long Run and CCBT; and

(iv) Calgary Sinoenergy executed an amended and restated securities pledge agreement,

(d) Collateral and Intercreditor Agreement among Long Run, as borrower, Calgary Sinoenergy, as guarantor, CCBT as CCBT lender, CCBQ and other lenders, as CCBQ lenders, CCBQ SBLC Provider, BOCQ, as BOCQ SBLC Provider, CCBT as administrative agent and collateral agent.

61. On December 19, 2023, the amount owing to CCBT (being $112,100,958.65) was settled via the BOCQ Letter of Credit.

62. As at July 2, 2024, the amounts owing under the Credit Facilities included:

(a) $243,606,593 owing to CCBQ (as of June 28, 2024 and excluding interest and penalties); and

(b) $112,100,958 owing to BOCQ (as of December 21, 2023, excluding interest and penalties);

(collectively, the "**CCB Secured Debt**").

Canada Revenue Agency

63. On August 16, 2024, the Canada Revenue Agency ("**CRA**") delivered notice to Long Run with proposed changes to the goods and service tax/harmonized sales tax return for the period from July 1, 2024 to July 4, 2024. The proposed changes to the net tax resulted in net tax owing of approximately $1.1 million (the "**Unsecured CRA Claim**"). A copy of the August 16, 2024, notice from the CRA is attached as Appendix "**C**".

64. Pursuant to the provisions of the RVO, the Unsecured CRA Claim is a "Transferred Liability" and will be transferred to the Creditor Trust. The CRA has been provided notice of the November 14 Application.

Wage Earner Protection Program

65. The Monitor understands that no employees are currently owed any amounts that would be considered eligible wages under the *Wage Earner Protection Program*. Pursuant to section 2.4 of the A&R Subscription Agreement the Purchaser will advise in advance of closing if any claims may arise from the termination of employees and those amounts would be added to the Estimated Priority Payable Amount (contained at Schedule "**C**" of the A&R Subscription Agreement) or funded by the Purchaser post-closing.

Municipal Taxes

66. The Monitor is aware that Long Run has outstanding municipal taxes owing to approximately 25 municipalities which includes 2024 tax levies of approximately $10.7 million and historical arrears of approximately $2.7 million (the "**Outstanding Municipal Taxes**").

67. The A&R Subscription Agreement contemplates the payment of the Outstanding Municipal Taxes as part of the Purchase Price, whether by cash payment or the assumption of certain tax repayment agreements. The Monitor notes that the Outstanding Municipal Taxes and the Purchase Price do not include payment of any penalties or interest.

68. The Monitor, in consultation with Long Run and the Purchaser, contacted 8 municipalities that made up approximately $7.7 million of the Outstanding Municipal Taxes and made them aware of the treatment of the municipal taxes under the A&R Subscription Agreement, and they have been provided service of the November 14 Application.

Surface Lease Rentals

69. The Monitor is aware that Long Run has outstanding surface lease rentals owing to various parties that have not been paid. Based on the Company's books and records, the amount outstanding is estimated to be approximately $6.5 million (the "**Outstanding Surface Lease Rentals**").

70. The Stalking Horse Subscription Agreement contemplates assumption of the Outstanding Surface Lease Rentals.

PPR Registrations

71. The Monitor is aware of lien registrations ("**Lien Registrations**") against Long Run's mineral leases and/or interest in land by the following parties (the "**Lien Parties**"):

(a) Azoto Energy Services Ltd. (lien registered against mineral interests November 28, 2023 in the amount of $11,770.61);

(b) Airborne Energy Solutions Inc. (lien registered against interests in land April 9, 2024 in the amount of $32,647);

(c) Stat Energy Services Inc. (lien registered May 27, 2024 in the amount of $215,868.27); and

(d) CDN Controls ULC (lien registered June 4, 2024 in the amount of $179,061.40).

72. The Monitor's Counsel has reviewed the Lien Registrations and has determined that:

(a) CCBT (as collateral agent) registered a security notice on November 4, 2020 against Long Run's Crown mineral leases. The Monitor is advised by counsel for CCBT that all advances made by CCBT to Long Run were made by January 31, 2017. Both the registration of the security notice and the advances by CCBT predate the registration of the above noted liens registered by Azoto Energy Services Ltd., Stat Energy Services Inc., and CDN Controls ULC. The Monitor understands that pursuant to section 11(4) of the *Prompt Payment and Construction Lien Act*, RSA 2000, c P-26.4, a registered mortgage or a mortgage registered by way of caveat has priority over a lien to the extent of the mortgage money in good faith secured or advanced in money prior to the registration of the statement of lien; and

(b) in relation to the lien registered by Airborne Energy Solutions Inc., that lien has expired pursuant to section 43(1) of the *Prompt Payment and Construction Lien Act*, RSA 2000, c P-26.4, as no certificate of lis pendens has been registered against title to the liened lands within 180 days of the registration of the lien.

As a result, the Monitor understands that the Lien Registrations are subordinate to the CCB Debt.

73. There has been no formal claims process completed by the Monitor. The Lien Parties have been served with notice of this application.

Retained Contracts with Nova Gas Transmission Ltd. – Excess Collateral

74. Pursuant to certain contracts between Long Run and Nova Gas Transmission Ltd. ("**NGTL**") which are "Retained Contracts" under the A&R Subscription Agreement, NGTL drew on an existing letter of credit from Bank of Nova Scotia (the "**BNS LC**") in the amount of $1.5 million, which was posted to secure Long Run's obligations to NGTL, in contemplation of the expiry of the BNS LC on November 1, 2024 (in accordance with the terms of the BNS LC). The BNS LC was backstopped and secured by a letter of credit issued by CCBT in favour of Bank of Nova Scotia.

75. Pursuant to its regulations, NGTL is only permitted to hold as security a prescribed amount which is calculated based on a set formula. From the BNS LC proceeds, approximately $330,000 of those funds will be applied to pre-filing arrears owed by Long Run to NGTL. NGTL estimates that the amount it is permitted to hold as security post-closing is approximately $900,000. Two issues arise as a result: (1) assuming Long Run continues to remain current in payment of its post-filing obligations to NGTL, it is anticipated that NGTL will be holding excess cash collateral, in the amount of approximately $270,000; and (2) upon replacement of the cash collateral with a new letter of credit obtained by the Purchaser post-closing, as is contemplated, NGTL will be holding approximately $900,000 in excess of the permitted threshold.

76. NGTL intends to address these issues by: (1) delivering any excess cash collateral to the Monitor, which excess cash collateral is presently estimated to $270,000, to held in trust by the Monitor pending a determination by the Monitor as to the proper recipient of the same; and (2) delivering the $900,000 to Long Run (in contemplation that the Purchaser will then be posting a new letter of credit for that same amount).

H Corp Claim

77. As described above, the H Corp Claim will be discussed in greater detail in the Supplement given the necessity of the Monitor retaining special legal counsel to advise and represent the Monitor in relation to the H Corp Claim.

Security Review

78. The Monitor's Counsel reviewed the Credit Agreement and the CCBT Security and determined that, subject to the standard qualification and assumptions, the CCBT Security is valid and enforceable security over Long Run's property.

79. The Guarantor has security registered against Long Run; however, the Monitor's Counsel has confirmed that the security in favour of the Guarantor is subject to an Amended and Restated Subordination and Postponement Agreement dated October 27, 2020 between CCBT as collateral agent and the Debtors.

80. No other party, other than H Corp, has contacted the Monitor nor the Monitor's Counsel asserting a claim in priority to CCBT, and the Monitor is not aware of any other party asserting priority to CCBT or any party that would be entitled to do so (other than those parties who have been granted a charge pursuant to the SARIO).

NOTICES TO DISCLAIM

81. Long Run and the Purchaser reviewed Long Run material agreements as part of Hiking's due diligence and determined that certain agreements are not economic. Accordingly, and pursuant to Section 32(1) of the CCAA, Long Run sought approval from the Monitor to issue notices to disclaim 32 contracts. A list of the contracts to be disclaimed is included at Appendix "**D**".

82. On the expectation that the notices to disclaim the 32 contracts will be issued on October 30, 2024, pursuant to section 32(2) of the CCAA, the counterparties to the above agreements will have until November 14, 2024 to apply to court for an order that the agreement is not to be disclaimed or resiliated.

CONCLUSIONS AND RECOMMENDATIONS

83. The Monitor is of the view that the relief requested in the November 14 Application is reasonable and justified in the circumstances and respectfully recommends that this Honourable Court approve the Stalking Horse Subscription Agreement and grant the RVO, based on the following:

    (a) the SISP was fair and transparent and provided all participants with equal access to information and the opportunity to submit an offer or proposal; and

    (b) the A&R Subscription Agreement is the only transaction that is being proposed or advanced in respect of Long Run's business or property, and therefore provides the highest and best recovery in the context of insolvency or restructuring proceedings.

84. 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:

    (a) approve the Transaction and grant the RVO;

    (b) grant the proposed releases as set forth in the RVO; and

(c) seal the Confidential Appendix.

All of which is respectfully submitted this 30th day of October 2024.

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 "B" – Amended & Restated Subscription Agreement

AMENDED AND RESTATED SUBSCRIPTION AGREEMENT

BETWEEN:

LONG RUN EXPLORATION LTD.

- and -

CALGARY SINOENERGY INVESTMENT CORP.

- and -

2657493 ALBERTA LTD.

Dated:

October ●, 2024

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AMENDED AND RESTATED SUBSCRIPTION AGREEMENT

THIS AMENDED AND RESTATED SUBSCRIPTION AGREEMENT made as of ●, 2024 (the "**Agreement**").

BETWEEN:

LONG RUN EXPLORATION LTD. (the "**Company**")

- and -

CALGARY SINOENERGY INVESTMENT CORP. (the "**Sinoenergy**" and together with the Company, the "**CCAA Companies**")

- and -

2657493 ALBERTA LTD. (the "**Purchaser**")

RECITALS:

A. China Construction Bank Toronto Branch, in its capacity as collateral agent, commenced proceedings (the "**CCAA Proceedings**") in the Court of King's Bench of Alberta in the Judicial Centre of Calgary, Alberta (the "**Court**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and the Court granted an initial order in the CCAA Proceedings on July 4, 2024 under Court File No. 2401-09247, which initial order was amended and restated by the Court on July 12, 2024 pursuant to the amended and restated initial order (collectively the "**Initial Orders**").

B. Pursuant to the Initial Orders, FTI Consulting Canada Inc., was appointed Monitor with enhanced powers over the CCAA Companies.

C. On July 23, 2024, Hiking Group Shandong Jinyue Int't Trading Corporation (the "**Purchaser Parent**") and the Company entered into a Subscription Agreement for the subscription for and purchase of the Purchased Shares by the Purchaser Parent (the "**Subscription Agreement**"), to be completed through a series of transactions among the Parties and to proceed by way of the Reverse Vesting Order.

D. Pursuant to Section 9.4 the Subscription Agreement the Purchaser Parent assigned all of its rights and obligations under the Subscription Agreement to the Purchaser by way of an Assignment Agreement dated **[●, 2024]**.

E. This Agreement amends and restates, in its entirety, the Subscription Agreement. In connection with amending and restating the Subscription Agreement, Sinoenergy has been added as a party to this Agreement.

F. The Transactions contemplated by this Agreement are subject to the approval of the Court and will be consummated only pursuant to and in accordance with this Agreement and the approval of the Court pursuant to the Reverse Vesting Order.

NOW THEREFORE, THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties have agreed as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

(a) "**Abandonment and Reclamation Obligations**" means all past, present and future Losses and other duties and obligations, whether arising under contract, Applicable Law or otherwise, relating to:

(i) the abandonment of the Wells and restoration and reclamation of the surface sites thereof and any other lands now or previously used to gain access thereto;

(ii) the closure, decommissioning, dismantling and removal of the Tangibles, including any structures, buildings, pipelines, facilities, equipment and other tangible depreciable property and assets, together with the restoration and reclamation of the Lands or any lands pooled or unitized therewith, on or in which any of the foregoing are or were located and any other lands used to gain access thereto; and

(iii) the restoration, remediation or reclamation of the surface or subsurface of any lands other than those lands described in paragraphs (i) and (ii) and specifically relating to, or used or previously used to gain access to, the Retained Assets including the lands to which the Surface Rights relate;

all in compliance with generally accepted oil and gas industry practices and in compliance with Applicable Laws and all applicable Title and Operating Documents, if applicable;

(b) "**Administration Charge**" has the meaning given to such term in the SARIO;

(c) "**Advance Ruling Certificate**" means an advance ruling certificate issued by the Commissioner pursuant to section 102 of the Competition Act with respect to the transactions contemplated by this Agreement, such Advance Ruling Certificate having not been modified or withdrawn prior to the time of Closing;

(d) "**Affiliate**" means, with respect to any Person, any other Person or group of Persons acting in concert, directly or indirectly, that controls, is controlled by or is under common control with such Person. The term "**control**" as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through ownership or more than 50% of the voting securities of such Person, by contract or otherwise;

(e) "**Agreement**" means this amended and restated subscription agreement between the CCAA Companies and the Purchaser, including all recitals and schedules attached hereto, and "**this Agreement**", "**herein**", "**hereto**", "**hereof**" and similar expressions mean and refer to this amended and restated subscription agreement;

(f) "**Applicable Law**" means, in relation to any Person, property or circumstance, all laws, statutes, rules, regulations, official directives and orders of Governmental Authorities (whether administrative, legislative, executive or otherwise), including judgments, orders and decrees of courts, commissions or bodies exercising similar functions, as amended, and includes the provisions and conditions of any permit, licence or other governmental or regulatory authorization, that are in effect as at the relevant time and are applicable to such person, property or circumstance;

(g) "**Associated Infrastructure**" means the Company's interest in all infrastructure and facilities related to the surface of any lands, other than Surface Rights, used in connection with the Wells, facilities, or pipelines, including access roads, temporary access roads, airstrips, communication towers, temporary workspace, borrow sites, campsites, remote sumps, remote cement return pits, storages areas, disposal sites, or land treatment areas;

(h) "**BOCQ**" means Bank of China (Qingdao Branch);

(i) "**BOCQ Indemnity**" means the indemnity and reimbursement agreement, made effective as October 27, 2020, granted by the CCAA Companies, as obligors, for the benefit of BOCQ in its capacity as BOCQ SBLC Provider;

(j) "**BOCQ Indemnity Obligation**" means the obligations of the Company under the BOCQ Indemnity;

(k) "**BOCQ SBLC Provider**" means BOCQ in its capacity as the issuer of a standby letter of credit issued on January 25, 2017, in favour of CCBQ;

(l) "**Break Fee**" has the meaning ascribed thereto in the Section 9.13;

(m) "**Buildings and Fixtures**" means all plants, buildings, structures, erections, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment) situate on or under or forming part of the Lands, other than the Tangibles;

(n) "**Business Day**" means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;

(o) "**Cash Component**" has the meaning ascribed thereto in the Section 2.2(b);

(p) "**CCAA**" has the meaning ascribed thereto in the Recitals;

(q) "**CCAA Proceedings**" has the meaning ascribed thereto in the Recitals;

(r) "**CCBQ**" means China Construction Bank Qingdao Branch;

(s) "**CCBT**" means China Construction Bank Toronto Branch;

(t) "**Claim"** means any claim, action, demand, lawsuit, proceeding, arbitration, or any investigation by a Third Party or a Governmental Authority (whether pertaining to the Retained Assets, Retained Liabilities or otherwise), in each case whether asserted, threatened, pending or existing;

(u) "**Closing**" means the completion of the Transactions pursuant to this Agreement;

(v) "**Closing Date**" means the date on which Closing occurs, which date shall be no later than three (3) Business Days from the date on which all conditions set out in Article 4 (other than those conditions that by their nature can only be satisfied on the Closing Date) have been satisfied or waived or such other date as may be agreed upon by the Parties;

(w) "**Closing Place**" means the office of the Company or its counsel, or such other place as may be agreed upon in writing by the Parties, including electronically;

(x) "**Closing Sequence**" has the meaning ascribed thereto in the Section 3.3;

(y) "**Commissioner**" means the Commissioner of Competition appointed under subsection 7(1) of the Competition Act and includes any person designated by the Commissioner to act on his behalf;

(z) "**Common Shares**" means common shares in the capital of the Company;

(aa) "**Company**" has the meaning ascribed thereto in the Recitals;

(bb) "**Competition Act**" means the *Competition Act*, R.S.C. 1985, c. C-34, as amended, and the regulations promulgated thereunder;

(cc) "**Competition Act Approval**" means that, in connection with the transactions contemplated by this Agreement, either (a) the applicable waiting period under section 123(1) of the Competition Act shall have expired or been terminated in accordance with subsection 123(2) of the Competition Act or the obligation to provide a pre-merger notification in accordance with Part IX of the Competition Act shall have been waived in accordance with subsection 113(c) of the Competition Act, and the Commissioner shall have issued a No Action Letter, or (b) the Commissioner shall have issued an Advance Ruling Certificate;

(dd) "**Confidentiality Agreement**" means the acknowledgement of confidentiality and consent to disclosure between the Company and an affiliate of the Purchaser, made as of July 4, 2024;

(ee) "**Continuing Employees**" has the meaning ascribed thereto in Section 2.4;

(ff) "**Confidential Materials**" has the meaning ascribed thereto in Section 9.11;

(gg) "**Court**" has the meaning set out in the Recitals;

(hh) "**Creditor Trust**" means the trust to be formed pursuant to the Reverse Vesting Order and named "Long Run Exploration Residual Trust", which shall hold the Transferred Assets and the Transferred Liabilities for the benefit of the creditors of the Company, and subject to the claims under the Reverse Vesting Order, all in the manner specified herein and set forth in the Reverse Vesting Order;

(ii) "**Creditor Trust Settlement**" means the Creditor Trust Settlement attached as Schedule "B" to the Reverse Vesting Order;

(jj) "**DIP Credit Bid Amount**" means all obligations owing under the DIP Financing Agreement as at the Closing Date, estimated to be not less than $7,000,000;

(kk) "**DIP Financing Agreement**" means the debtor in possession financing term sheet between FTI Consulting Canada Inc., in its capacity as Court-appointed Monitor of the Company and of Sinoenergy, as borrower, and the Purchaser, as lender, made effective pursuant to the SARIO (as it may be further amended, restated, supplemented or otherwise modified from time to time);

(ll) "**Director's Charge**" has the meaning given to such term in the SARIO;

(mm) "**Emissions Credits**" means emission offsets, performance credits, or other similar statutory or regulatory instruments that may exist in future accrued or accruing to the benefit of the Company, or that the Company has or would have had the right to obtain, claim, create, verify, monetize or serialize prior to the Closing Date, whether or not they have been obtained, claimed, created, verified, monetized or serialized or otherwise realised by the Company, arising from the Company's interest in, ownership of, or operation of the Retained Assets or Transferred Assets prior to the Closing Date;

(nn) "**Encumbrances**" means all security interests (whether contractual, statutory, or otherwise), hypothecs, pledges, mortgages, liens, trusts or deemed trusts (whether contractual, statutory or otherwise), reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the SARIO, the Reverse Vesting Order or any

other order of the Court; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* of Alberta, *The Personal Property Security Act* of Saskatchewan, or any other personal property registry system;

(oo) "**Environment**" means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, lake, river or other surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components.

(pp) "**Environmental Liabilities**" means all past, present and future Losses, Claims and other duties and obligations, whether arising under contract, Applicable Law or otherwise, arising from, relating to or associated with the Environment and that relate to, are caused by or arise by virtue of the Retained Assets, or the ownership thereof or any past, present or future operations and activities conducted in connection with the Retained Assets, or on or in respect of the Lands or any lands pooled or unitized therewith, including Losses, Claims and other duties and obligations relating to:

(i) Abandonment and Reclamation Obligations;

(ii) any damage, pollution, contamination or other adverse situations pertaining to the Environment howsoever and by whomsoever caused, including compensation of Third Parties for Losses suffered by them in respect thereof and regardless of whether such damage, pollution, contamination or other adverse situations occur or arise in whole or in part prior to, at or subsequent to the date of this Agreement;

(iii) the presence, storage, use, holding, collection, accumulation, assessment, generation, manufacture, processing, treatment, stabilization, disposition, handling, transportation, release, emission, discharge, clean up, investigation and reporting of Petroleum Substances, oilfield wastes, water, hazardous substances, environmental contaminants and all other substances and materials regulated under any Applicable Law, including any forms of energy, or any corrosion to or deterioration of any structures or other property;

(iv) compliance with or the consequences of any non-compliance with, or violation or breach of, any Applicable Law pertaining to the Environment or to the protection of the Environment;

(v) any seismic programs conducted on or in respect of the Lands, or any lands pooled or unitized therewith;

(vi) sampling, monitoring or assessing the Environment or any potential impacts thereon from any past, present or future activities or operations; or

(vii) the protection, reclamation, remediation or restoration of the Environment, including related human health and safety.

(qq) "**Equity Interests**" includes (i) any shares, interests, participations or other equivalents (however designated) of capital stock or share capital; (ii) any phantom stock, phantom stock rights, stock appreciation rights or stock-based performance securities; (iii) any warrants, options, convertible, exchangeable or exercisable securities, subscriptions, rights (including any pre-emptive or similar rights), calls or other rights to purchase or acquire any of the foregoing; and (iv) any interest that constitutes an "equity interest" as such term is defined in the CCAA;

(rr) "**Estimated Priority Payable Amount**" has the meaning given to such term in Section 2.2(a)(iii);

(ss) "**Estimated Trustee Fee Amount**" means amounts to compensate the trustee of the Creditor Trust for its services, and reimburse the trustee of the Creditor Trust for its expenses (including the reasonable costs and expenses of its legal counsel) in the amount of $100,000;

(tt) "**Existing Credit Agreement**" means the credit agreement made as of October 27, 2020 between, *inter alios*, the Company (as borrower), Sinoenergy (as guarantor), CCBQ and the other lenders from time to time party thereto (as lenders) and CCBT (as administrative agent and collateral agent);

(uu) "**Governmental Authority**" means any federal, national, provincial, territorial, municipal or other government, any political subdivision thereof, and any ministry, sub-ministry, agency or sub-agency, court, board, bureau, office, commission or department, as well as any government-owned entity, any regulatory authority and any public authority, including any public utility, having jurisdiction over a Party, the Retained Assets or the Transactions;

(vv) "**GST**" means the goods and services tax payable pursuant to the GST Legislation;

(ww) "**GST Legislation**" means Part IX of the *Excise Tax Act,* R.S.C. 1985, c. E-15, as amended, and the regulations promulgated thereunder, all as amended from time to time;

(xx) "**Investment Canada Act**" means the *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp), as amended, and the regulations promulgated thereunder;

(yy) "**Investment Canada Act Approval**" means both:

(i) receipt by the Purchaser of a certification letter from the Director of Investments under the Investment Canada Act pursuant to subsection 13(1) of the Investment Canada Act confirming that that the transactions contemplated by this Agreement are not reviewable under Part IV of the Investment Canada Act; and

(ii) either: (A) no notice shall have been lawfully issued under subsections 25.2(1) or 25.3(2) of the Investment Canada Act; or, (B) if notice has been given under subsection 25.2(1) or 25.3(2) of the Investment Canada Act, then either (i) the responsible Minister or Ministers under the Investment Canada Act shall have sent to the Purchaser a notice under paragraph 25.2(4) or 25.3(6)(b) of the Investment Canada Act or (ii) the Governor in Council under paragraphs 25.4(1)(b) or the Minister under paragraph 25.3(6)(c) of the Investment Canada Act has issued an order or notice authorizing the transactions contemplated by this Agreement on terms, conditions or undertakings acceptable to the Purchaser;

(zz) "**Key Regulatory Approvals**" means the Competition Act Approval and the Investment Canada Act Approval;

(aaa) "**Lands**" means all lands and formations in or to which the Company has right, title or interest, subject to the Title and Operating Documents, including the Petroleum Substances within, upon or under such lands, or any lands pooled or unitized therewith;

(bbb) "**Leases**" means the leases, licenses, permits, reservations and other documents of title and agreements by virtue of which the Company is entitled to explore for, recover, remove or dispose of Petroleum Substances within, upon or under the Lands or lands with which the Lands are pooled or unitized including those leases, licenses, permits, reservations and other documents of title and agreements, but only to the extent they pertain to the Lands, and includes, if applicable, all renewals and extensions of those documents and all documents issued in substitution therefor;

(ccc) "**Lenders**" means, collectively, CCBQ and CCBT;

(ddd) "**Lenders Secured Debt**" means the aggregate of the principal amount and all accrued but unpaid loan administration fees, and legal fees incurred by the Lenders for the account of the Company that is owed to the Lenders as the senior secured creditors of the Company pursuant to the Existing Credit Agreement;

(eee) "**Losses**" means all actions, causes of action, losses, costs, Claims, damages, penalties, assessments, charges, expenses, and other liabilities and obligations which a Party suffers, sustains, pays or incurs, including reasonable legal fees and other professional fees and disbursements on a full-indemnity basis;

(fff) "**Minister**" means the Minister of Innovation, Science and Economic Development Canada and/or other Ministers responsible for the Investment Canada Act;

(ggg) "**Miscellaneous Interests**" means, subject to the limitations and exclusions below in this definition, all of Company's right, title and interest in and to (a) the Wells including the well bores of the Wells and down-hole casing for the Wells; and (b) all property and rights that pertain directly to the Petroleum and Natural Gas Rights,

the Lands, the Wells or the Tangibles (excluding the Petroleum and Natural Gas Rights, Wells or the Tangibles themselves), including:

(i) the Title and Operating Documents and all other contracts and agreements and all rights in relation thereto, including the Transportation, Sale and Handling Agreements;

(ii) Surface Rights;

(iii) the well bores of the Wells, including down-hole casing for the Wells;

(iv) the Seismic Rights;

(v) Emissions Credits;

(vi) records, files, reports, data, correspondence and other information, including lease, contract, well, production and facilities files and records, and emergency response plans; and

(vii) all extensions, renewals, replacements, substitutions or amendments of or to any of the agreements and instruments described in paragraphs (i), (ii) and (v) above;

however, the Miscellaneous Interests shall not include the Transferred Assets or the Transferred Contracts nor shall they include agreements, documents or data to the extent that they solely consist of the Transferred Assets or the Transferred Contracts;

(hhh) "**Monitor**" means FTI Consulting Canada Inc., in its capacity as the Court-appointed monitor of the Company during the CCAA Proceedings;

(iii) "**Monitor's Certificate**" means the certificate to be filed by the Monitor certifying that all conditions of Closing of the Transactions contemplated by this Agreement and approved by the Reverse Vesting Order have been satisfied;

(jjj) "**No Action Letter**" means a letter from the Commissioner indicating that he or she does not, as of the date of the letter, intend to make an application under section 92 of the Competition Act in respect of the transactions contemplated by this Agreement, such written confirmation having not been modified or withdrawn prior to the time of Closing;

(kkk) "**O&G Assets**" means the Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests (including for certainty, the Company's interest in the Wells);

(lll) "**Order**" means all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, rulings, determinations,

awards, or decrees of any Governmental Authority (in each case, whether temporary, preliminary or permanent);

(mmm) "**Outside Date**" means the date that is at least 60 days from the date of the Agreement or such later date as may be agreed to in writing by the Parties; provided that, if the Closing has not occurred by at least 60 days from the date of the Agreement as a result of the failure to satisfy the conditions set forth in sections 4.3(d) or (e), then the Purchaser may elect by notice in writing delivered to the Company by no later than 5:00 p.m. (Calgary time) on a date that is on or prior to such date, to extend the Outside Date by a specified period of not less than five days and not more than 40 days;

(nnn) "**Parties**" means, collectively, all of the parties to this Agreement; and "**Party**" means a party to this Agreement;

(ooo) "**Permits**" means, all licences, permits, approvals and authorizations granted or issued by any Governmental Authorities and relating to the construction, installation, ownership, use or operation of the Retained Assets;

(ppp) "**Person**" means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executor, Governmental Authority or other entity;

(qqq) "**Petroleum and Natural Gas Rights**" means all of Company's right, title and interest in and to:

(i) rights in, or rights to explore or drill for and to recover, produce, save and market, Petroleum Substances;

(ii) rights to a share of production of Petroleum Substances therefrom;

(iii) fee simple interests and other estates in Petroleum Substances *in situ*;

(iv) working interests, carried working interests, royalty and overriding royalty interests, revenue interests, net profit interests, and similar interests in Petroleum Substances or the proceeds of the sale of Petroleum Substances or other encumbrance accruing to Company or to payments calculated by reference thereto; and

(v) rights to acquire or earn any of the foregoing in paragraphs (i), (ii), (iii) and (iv);

but, in each case, only insofar as the foregoing relate to the Lands or any lands pooled or unitized therewith and only insofar as such rights are granted by the Leases (and for clarity, (i) and (ii) above include all rights arising from unit allocations).

(rrr) "**Petroleum Substances**" means bitumen, crude oil, natural gas, natural gas liquids and other related hydrocarbons and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur and coalbed methane;

(sss) "**Priority Payables**" means (i) any current or future amounts owing as secured by any charges, liens or interest that rank in priority to the DIP Credit Bid Amount, including without limitation the Administration Charge and any other Court ordered charges or statutory priority claims; and (ii) those amounts set forth in Schedule "C";

(ttt) "**Proceeding**" means any suit, claim, action, charge, complaint, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, audit, examination or investigation commenced, brought, conducted or heard by or before, any court or other Governmental Authority;

(uuu) "**Purchase Price**" has the meaning set out in Section 2.2;

(vvv) "**Purchased Shares**" means 1,000,000 Common Shares subscribed for by the Purchaser and sold by the Company hereunder, or such greater or lesser number as will give the Purchaser 100% of the issued Common Shares at Closing;

(www) "**Purchaser**" has the meaning ascribed thereto in the Recitals and any assignee of the Purchaser pursuant to Section 9.4;

(xxx) "**Purchaser Parent**" has the meaning ascribed thereto in the Recitals;

(yyy) "**Real Property**" means all of the Company's right, title and interest in and to all real property, if any, including the Lands and all Buildings and Fixtures;

(zzz) "**Recitals**" means the preamble and the recitals to this Agreement;

(aaaa) "**Reorganization**" means the reorganization to be effected by the Company on the Closing Date pursuant to the statutory procedure set out in Section 192 of the *Business Corporations Act* (Alberta) whereby, among other things, all existing Equity Interests shall be redeemed for nominal consideration and then extinguished immediately prior to the subscription for and purchase of the Purchased Shares by the Purchaser pursuant to this Agreement;

(bbbb) "**Representative**" means, with respect to any Party, its Affiliates, and its and their respective directors, officers, agents, advisors, employees and consultants and with respect to the Company includes its employees and consultants, and its and their respective directors, officers, agents, advisors, employees and consultants;

(cccc) "**Retained Assets**" means all of the Company's right, title and interest in and to the assets described under the heading "Retained Assets" and "Retained Contracts" in Schedule "B" hereto;

(dddd) "**Retained Contracts**" means those contracts, agreements and commitments described under the heading "Retained Contracts" in Schedule "B" hereto;

(eeee) "**Retained JOAs**" has the meaning ascribed thereto in Schedule "B";

(ffff) "**Retained Liabilities**" means those liabilities described under the heading "Retained Liabilities" in Schedule "B" hereto;

(gggg) "**Reverse Vesting Order**" means an Order of the Court, in substantially the form attached hereto as Schedule "A", or in such other form as may be agreed to by the Parties in writing that, among other things: (a) approves this Agreement and the Transactions contemplated hereby upon the Transactions being determined by the Court to be a Successful Bid (including the redemption for nominal consideration, and subsequent cancellation, of all of the issued and outstanding Equity Interests of the Company, other than the Purchased Shares); and (b) upon the delivery of a copy of the Monitor's Certificate to the Purchaser, among other things: (i) transfers all of the Company's right, title and interest in and to the Transferred Assets to the Creditor Trust; (ii) transfers all Transferred Liabilities to the Creditor Trust; (iii) releases and discharges the Company from all of the Transferred Liabilities; and (iv) releases the Company from the purview of the CCAA Proceedings and adds the Creditor Trust as an entity in the CCAA Proceedings;

(hhhh) "**SARIO**" means the Second Amended and Restated Initial Order granted at the Alberta Court of King's Bench pronounced by the Honourable Justice J. S. Little on July 30, 2024, approving, *inter alia*, the Subscription Agreement and the SISP.

(iiii) "**Seismic Rights**" means the entire interest of the Company in and to any and all geological and/or seismic data, in whatever form, whether owned or leased by Company, as they exist immediately prior to Closing;

(jjjj) "**Shareholder Debt**" means the amounts owing by the Company to Sinoenergy pursuant to (i) the loan facility agreement dated June June 29, 2016 and amended on August 29, 2016, December 6, 2017 and October 27, 2020, and (ii) the convertible debentures issued January 28, 2014 (including interest thereon);

(kkkk) "**Shareholder Debt Assignment**" means the assignment of the Shareholder Debt by Sinoenergy to SubCo to be made on the Closing Date in consideration for the SubCo Note.

(llll) "**Sinoenergy**" means Calgary Sinoenergy Investment Corp., a corporation incorporated under the laws of Alberta, Canada;

(mmmm) "**SISP Procedure**" means the sale and investment solicitation process procedure set forth in Schedule "D" hereto;

(nnnn) "**Subscription Agreement**" means the subscription agreement between the Company and the Purchaser Parent dated July 23, 2024;

(oooo) "**SubCo**" means a wholly owned subsidiary of the Company to be incorporated under the laws of Alberta, Canada in advance of Closing;

(pppp) "**SubCo Note**" means the promissory note granted by SubCo to Sinoenergy on the Closing Date as consideration for the Shareholder Debt Assignment and with a principal amount equal to the fair market value of Shareholder Debt at that time;

(qqqq) "**SubCo Wind-up**" means the voluntary liquidation and dissolution of SubCo to be effected by the Company, as the sole shareholder of SubCo, pursuant to the statutory procedure set out in Section 211 of the *Business Corporations Act* (Alberta);

(rrrr) "**Successful Bid**" has the meaning given to it in the SISP Procedure;

(ssss) "**Successful Bidder**" has the meaning given to it in the SISP Procedure;

(tttt) "**Surface Rights**" means all rights to occupy, cross or otherwise use or enjoy the surface of the Lands and any lands pooled or unitized therewith or any other lands: (i) upon which the Tangibles are situate, (ii) used in connection with the ownership or operation of the Petroleum and Natural Gas Rights, the Tangibles or the Wells, or (iii) used to gain access to any of the Lands (or any lands pooled or unitized therewith), the Tangibles or the Wells, whether the same are fee simple, held by right of way or otherwise;

(uuuu) "**Tangibles**" means all of Company's right, title and interest in and to all tangible depreciable property, apparatus, plant, equipment, machinery, field inventory and facilities, used or intended for use in, or otherwise useful in exploiting any Petroleum Substances from or within the Lands (whether the Petroleum and Natural Gas Rights to which such Petroleum Substances are allocated are owned by Company or by others or both) and located within, upon or in the vicinity of the Lands (or any lands pooled or unitized therewith), including all gas plants, oil batteries, buildings, production equipment, pipelines, pipeline connections, meters, generators, motors, compressors, treaters, dehydrators, separators, pumps, tanks, boilers, communication equipment, all salvageable equipment pertaining to any Wells and all facilities and all Associated Infrastructure;

(vvvv) "**Taxes**" means taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges imposed by any Governmental Authority under Applicable Law, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, and all employment

insurance, health insurance and governmental pension plan premiums or contributions;

(wwww) "**Tax Refunds**" means all payments, subsidies, claims with respect to subsidies, credits or refunds (including payments and refunds in respect of Taxes) to which the Company is entitled that arose or relate to the period prior to Closing, including but not limited to: (i) any refund of goods and services taxes or harmonized sales taxes, (ii) any refund of federal or provincial income taxes, and (iii) any refund of premiums or payments relating to any provincial or federal workers' compensation fund or program;

(xxxx) "**Third Party**" means any individual or entity other than the Company and the Purchaser, including any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;

(yyyy) "**Title and Operating Documents**" means:

(i) the Leases;

(ii) agreements relating to the acquisition, ownership, operation or exploitation of the Petroleum and Natural Gas Rights, Tangibles or the Wells, including:

(A) operating agreements, royalty agreements, farm-out or farm-in agreements, option agreements, participation agreements, pooling agreements, unit agreements, unit operating agreements, sale and purchase agreements and asset exchange agreements;

(B) agreements for the sale of Petroleum Substances that are terminable on 31 days notice or less without early termination penalty or other cost;

(C) agreements pertaining to the Surface Rights;

(D) agreements for the construction, ownership and operation of gas plants, gathering systems and other tangible depreciable property and assets;

(E) service agreements for the treating, gathering, storage, transportation or processing of Petroleum Substances or other substances, the injection or subsurface disposal of other substances, the use of well bores or the operation of any Tangibles or Wells by a Third Party;

(F) the Transportation, Sale and Handling Agreements; and

(G) the Permits and other approvals, authorizations or licences required under Applicable Law;

(zzzz) "**Transactions**" means the Shareholder Debt Assignment, the SubCo Wind-up, the Reorganization and subsequent issuance by the Company to the Purchaser, and the subscription for and purchase by the Purchaser, of the Purchased Shares in consideration of the Purchase Price and all matters related or ancillary to the foregoing contemplated by or in the manner provided for in this Agreement or the Reverse Vesting Order;

(aaaaa) "**Transferred Assets**" means those assets described under the heading "Transferred Assets" and "Transferred Contracts" in Schedule "B" hereto;

(bbbbb) "**Transferred Contracts**" means those contracts, agreements and commitments under the heading "Transferred Contracts" in Schedule "B" hereto;

(ccccc) "**Transferred Liabilities**" means those liabilities described under the heading "Transferred Liabilities" in Schedule "B" hereto;

(ddddd) "**Transportation, Sale and Handling Agreements**" means agreements providing for the processing, compression, treatment, gathering, storage, transportation or sale of Petroleum Substances produced from the Lands or lands pooled or unitized therewith or obligations for processing, compression, treatment, gathering, storage, transportation or sale of Petroleum Substances on behalf of Third Parties, but does not include any construction, ownership and operation agreements for similar agreements for the co-ownership of facilities;

(eeeee) "**Unscheduled Assets**" has the meaning ascribed to that term in Section 3.5(a); and

(fffff) "**Wells**" means all producing, shut-in, water source, observation, disposal, injection, abandoned, suspended and similar wells located on or within the Lands or any lands pooled or unitized therewith, whether or not completed.

1.2 Headings

The words "Article", "Section", "subsection" and "Schedule" followed by a number or letter or combination thereof mean and refer to the specified Article, Section, subsection and Schedule of or to this Agreement.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections and subsections and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Plurals and Gender

When the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and *vice versa,* and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders.

1.5 Schedules

There are appended to this Agreement the following Schedules pertaining to the following matters:

Schedule "A" –	Form of Reverse Vesting Order
Schedule "B" –	Transferred Assets; Transferred Liabilities; Transferred Contracts; Retained Assets; Retained Liabilities and Retained Contracts
Schedule "C" –	Priority Payables
Schedule "D" –	SISP Procedure

Such Schedules are incorporated herein by reference as though contained in the body hereof.

1.6 Damages

All Losses in respect of which a Party has a claim pursuant to this Agreement shall include reasonable legal fees and disbursements on a full indemnity basis.

1.7 Derivatives

Where a term is defined in the body of this Agreement, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires. The word "include" and derivatives thereof shall be read as if followed by the phrase "without limitation".

1.8 Interpretation if Closing Does Not Occur

In the event that Closing does not occur, each provision of this Agreement which presumes that the Purchaser has acquired the Purchased Shares or the Retained Assets hereunder shall be construed as having been contingent upon Closing having occurred.

1.9 Conflicts

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a schedule, the provision of the body of this Agreement shall prevail. If any term or condition of this Agreement conflicts with a term or condition of any Applicable Law, the term or condition of such Applicable Law shall prevail, and this Agreement shall be deemed to be amended to the extent required to eliminate any such conflict.

1.10 Currency

All dollar ($) amounts referenced in this Agreement are expressed in the lawful currency of Canada.

ARTICLE 2
SUBSCRIPTION OF PURCHASED SHARES

2.1 Subscription for Purchased Shares

Subject to the provisions of this Agreement and the Reverse Vesting Order, on the Closing Date, the Purchaser shall subscribe for and purchase from the Company, and the Company shall issue to the Purchaser the Purchased Shares, free and clear of all Encumbrances.

2.2 Purchase Price

(a) The aggregate consideration payable by the Purchaser to the Company for the Purchased Shares (the "**Purchase Price**") shall be equal to the sum of:

(i) the Cash Component, and

(ii) the DIP Credit Bid Amount,

and the Purchase Price shall be satisfied as follows:

(iii) a cash payment to the Monitor of $17,500,000 (the "**Estimated Priority Payable Amount**");

(iv) a cash payment to the Monitor to satisfy the Estimated Trustee Fee Amount (together with the cash payment made pursuant to Section 2.2(a)(iii), the "**Cash Component**"); and

(v) set off in the amount of the DIP Credit Bid Amount against (as a non-cash credit reduction of) the amounts owing under the DIP Financing Agreement.

(b) The Parties acknowledge that adjustments will be required after Closing to finally determine the Purchase Price once the final amount of the Priority Payables is known. The Parties covenant and agree to finally determine such adjustments to the Purchase Price in good faith on or before the date that the Creditor Trust is terminated in accordance with the Creditor Trust Settlement, or such other date as the Parties agree to in writing ("**Adjustment Date**"). On the Adjustment Date, the Parties shall agree on the final Purchase Price and the Cash Component shall be distributed or retained by the Monitor as follows:

(i) the Monitor shall pay from the Estimated Priority Payable Amount any Priority Payables;

(ii) following the payment of any Priority Payables referenced in Section 2.2(b)(i), any remainder of the Estimated Priority Payable Amount shall be reimbursed to the Purchaser within two (2) Business Days of the payment of the last of the Priority Payables by way of certified cheque, bank draft or wire transfer as directed by the Purchaser; and

(iii) the Monitor, as trustee of the Creditor Trust, shall retain the Estimated Trustee Fee Amounts and distribute the Estimated Trustee Fee Amounts in accordance with the Creditor Trust Settlement.

2.3 Form of Payment

All payments to be made pursuant to this Agreement shall be in Canadian funds. All payments to be made pursuant to this Agreement shall be made by wire transfer.

2.4 Continuing Employees

On or before the date that is five days prior to the Closing Date, the Purchaser will deliver to the Company a list of the employees and consultants that the Purchaser wishes, in its sole discretion, to continue to be employed by the Company and/or its Affiliates after the Closing Date (the "**Continuing Employees**").

ARTICLE 3
CLOSING

3.1 Date, Time and Place of Closing

Closing shall take place at the Closing Place on the Closing Date if there has been satisfaction or waiver of the conditions of Closing herein contained.

3.2 Effectiveness of Reverse Vesting Order

Subject to the other terms of this Agreement and the Reverse Vesting Order, to the extent such further action is required to give effectiveness thereto, the CCAA Companies and the Creditor Trust, as applicable, shall effect the steps set forth in the Reverse Vesting Order, in the sequence and at the times specified therein, as such steps, transactions, sequence and/or times may be amended by written agreement of the Parties.

3.3 Closing

On the Closing Date, Closing shall take place in the following sequence (the "**Closing Sequence**"):

(a) First, the Company shall, on or prior to the Closing Date, incorporate SubCo pursuant to the laws of Alberta, Canada, and subscribe for one common share for $1.00;

(b) Second, Sinoenergy shall, pursuant to the Shareholder Debt Assignment, assign the Shareholder Debt to SubCo and SubCo shall issue to Sineoenergy the SubCo Note;

(c) Third, the Company shall, cause the SubCo Wind-Up;

(d) Fourth, the Purchaser shall pay the Estimated Priority Payable Amount to the Monitor and the Monitor shall effect payment of the Priority Payables to the payees

thereof following Closing and reimburse to the Purchaser the remainder of the Estimated Priority Payable Amount as provided for in Section 2.2(b);

(e) Fifth, the Purchaser shall pay the Estimated Trustee Fee Amounts to the Monitor, as trustee of the Creditor Trust;

(f) Sixth, all of the Company's right, title and interest in and to the Transferred Assets shall be transferred and vest absolutely and exclusively in the Creditor Trust and all Losses and Encumbrances attached to the Transferred Assets shall continue to attach to the Transferred Assets with the same nature and priority as they had immediately prior to their transfer;

(g) Seventh, and concurrently with step 3.3(f) above, all Transferred Liabilities shall be transferred to, assumed by and vest absolutely and exclusively in the Creditor Trust and the Transferred Liabilities shall be novated and become obligations of the Creditor Trust and no longer liabilities of the Company, for the purpose of allowing the Trustee to continue to administer the Transferred Liabilities in accordance with the terms and conditions of the Creditor Trust Settlement, for the benefit of the existing creditors of the Company as at the Closing Date: (i) such Transferred Liabilities shall continue to attach to the Transferred Assets with the same nature and priority as they had immediately prior to the Closing Date, as set out in the Reverse Vesting Order; (ii) such Transferred Liabilities shall be transferred to and assumed by the Creditor Trust in consideration for the transfer of the Transferred Assets and the Estimated Trustee Fee Amount, and the Creditor Trust shall be deemed to have been party to the contracts and agreements giving rise thereto and which shall stand in place and stead of the Company in respect of any such liability or obligation;

(h) Eighth, and also concurrently with step 3.3(f) above, the Company shall be forever released and discharged from all Transferred Liabilities, and all Losses and Encumbrances relating to the Transferred Assets and Transferred Liabilities shall be forever released and discharged in respect of the Company and the Retained Assets;

(i) Ninth, the Company shall, pursuant to the Reorganization, amend its articles of incorporation to provide that all Common Shares issued and outstanding immediately prior to the Closing Date shall be redeemable and retractable at the nominal redemption price of $0.00001 per Common Share;

(j) Tenth, each Common Share issued and outstanding immediately prior to the Closing Date shall be redeemed at the nominal redemption price of $0.00001 each, and all such redeemed Common Shares together with any agreement, contract, plan, indenture, deed, certificate, subscription rights, conversion rights, pre-emptive rights, options (including stock options or share purchase or equivalent plans), or other documents or instruments governing or having been created or granted in connection with the share capital of the Company shall be deemed terminated and cancelled in accordance with and pursuant to the Reverse Vesting Order;

(k) Eleventh, the Company shall have assumed the Retained Liabilities in accordance with the Reverse Vesting Order;

(l) Twelfth, the Retained Assets will be retained by the Company, in each case free and clear of and from any and all Losses and Encumbrances (other than in respect of the Retained Liabilities) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the SARIO, or any other order of the Court; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta), *The Personal Property Security Act* (Saskatchewan) or any other personal property registry system or pursuant to the *Lands Title Act* (Alberta) or *The Lands Title Act* (Saskatchewan), all of which affecting or relating to the Purchased Shares and/or the Retained Assets shall be expunged and discharged as against the Purchased Shares and Retained Assets, as applicable, other than in respect of the Retained Liabilities, in accordance with the Reverse Vesting Order;

(m) Thirteenth, the Company shall issue the Purchased Shares to the Purchaser free and clear of and from any and all Losses and Encumbrances (other than in respect of the Retained Liabilities), and the Estimated Trustee Fee Amount shall vest in the Creditor Trust to be administered by the Trustee for the benefit of the Company's creditors;

(n) Fourteenth, any directors of the Company immediately prior to the Closing shall resign or be deemed to resign pursuant to the Reverse Vesting Order, and Jason Ge shall be deemed to be appointed as the sole director of the Company; and

(o) Fifteenth, the Company shall cease to be an applicant in the CCAA Proceedings and the Company shall be deemed to be released from the purview of the SARIO and all other orders of the Court granted in the CCAA Proceedings.

3.4 Closing Deliveries

(a) On the Closing Date, the CCAA Companies shall deliver to the Purchaser:

(i) an entered copy of the Reverse Vesting Order;

(ii) resignations of all remaining directors and officers of the Company immediately prior to the Closing, and where such resignations are not available, those directors and officers shall be deemed to have resigned, and the Company shall be deemed to appoint Jason Ge as the sole director of the Company in accordance with the Reverse Vesting Order;

(iii) one or more share certificates duly executed by the Company, or other satisfactory evidence such as a notice of uncertified securities, representing, in aggregate, the Purchased Shares registered in the name of the Purchaser as directed by the Purchaser;

(iv) amended or amended and restated Existing Credit Agreement, in form and substance satisfactory to the Purchaser, acting reasonably, executed by the Company;

(v) amended or amended and restated BOCQ Indemnity or new financing documents evidencing the obligations owing in respect of the BOCQ Indemnity, each in form and substance satisfactory to the Purchaser, acting reasonably, executed by the Company;

(vi) the duly executed Shareholder Debt Assignment;

(vii) the duly executed SubCo Note;

(viii) a fully executed copy of the definitive agreement between the Purchaser and the Purchaser Parent giving effect to the assignment to the Purchaser of all of the Purchaser Parent's rights and obligations under the DIP Financing Agreement;

(ix) the definitive agreement(s) giving effect to the set off in the amount of the DIP Credit Bid Amount against (as a non-cash credit reduction of) the amounts owing under the DIP Financing Agreement pursuant to Section 2.2, in a form satisfactory to the Purchaser, acting reasonably, executed by the Company and Sinoenergy;

(x) a certificate dated as of the Closing Date and executed by an executive officer of the Company confirming and certifying that each of the conditions in Sections 4.4(b) and 4.4(d) have been satisfied; and

(xi) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transactions.

(b) On the Closing Date, the Purchaser shall deliver:

(i) to the Monitor that portion of the Purchase Price representing the Estimated Priority Payable Amount, pursuant to Section 2.2;

(ii) to the Monitor, as trustee of the Creditor Trust, that portion of the Purchase Price representing the Estimated Trustee Fee Amounts, pursuant to Section 2.2;

(iii) to the Company, the definitive agreement(s) giving effect to the set off in the amount of the DIP Credit Bid Amount against (as a non-cash credit reduction of) the amounts owing under the DIP Financing Agreement pursuant to Section 2.2, in a form satisfactory to the Company, acting reasonably, executed by the lender thereto;

(iv) to the Company, a certificate dated as of the Closing Date and executed by an executive officer of the Purchaser confirming and certifying that each of the conditions in Sections 4.5(a) and 4.5(b) have been satisfied; and

(v) to the Company, all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Company

3.5 Adjustments to Schedule "B"

(a) Until the Reverse Vesting Order is granted, the Purchaser shall be entitled to make additions, deletions and modifications to those items comprising Retained Assets, Retained Liabilities, Transferred Assets, and Transferred Liabilities set forth in Schedule "B", in its sole discretion, except as provided for in Section 3.5(b). For greater certainty: (i) any Retained Asset subsequently designated by the Purchaser as a Transferred Asset after the date of this Agreement shall be deemed to no longer be a Retained Asset and shall be a Transferred Asset; and (ii) any Retained Liability subsequently designated by the Purchaser as a Transferred Liability after the date of this Agreement shall be deemed a Transferred Liability for the purposes of this Agreement.

(b) Notwithstanding anything in Section 3.5, each of the Retained JOAs, the Lenders Secured Debt and the BOCQ Indemnity Obligation shall at all times remain a Retained Liability.

ARTICLE 4
CONDITIONS OF CLOSING

4.1 Required Consents

(a) Before Closing, each of the Parties shall use all reasonable efforts to obtain any and all approvals required under Applicable Law to permit closing of the Transactions. The Parties acknowledge that, except for the Reverse Vesting Order and the Key Regulatory Approvals, the acquisition of such consents shall not be a condition precedent to Closing. It shall be the sole obligation of the Purchaser, at the Purchaser's sole cost and expense, to provide any and all financial assurances, remedial work or other documentation required by Governmental Authorities to permit the transfer to the Purchaser, and registration of the Purchaser as owner and/or operator, of any of the Retained Assets, if any.

(b) Notwithstanding anything to the contrary herein, except for the Reverse Vesting Order and the Key Regulatory Approvals, it is the sole obligation of the Purchaser to obtain any Third Party consents, permissions or approvals that are required in connection with the Transactions at the Purchaser's sole cost and expense, including remedying any deficiencies under any contracts and agreements assumed by the Purchaser or that otherwise from part of the Retained Assets. Upon providing prior written notice and sufficient documentary support, all reasonable and necessary costs, fees, expenses, penalties or levies that are incurred by the Company in order to effect the Transactions pursuant to the Reverse Vesting Order shall be

the sole responsibility of the Purchaser, and the Purchaser agrees to pay on behalf of the Company any such reasonable and necessary costs, fees, expenses, penalties or levies on a timely basis.

4.2 Key Regulatory Approvals

(a) Within five (5) Business Days after the date of this Agreement or such other date as the Parties may reasonably agree, the Purchaser shall file with the Commissioner a request to amend the re line of the Advance Ruling Certificate issued on August 14, 2024, in respect of the transactions contemplated by the Subscription Agreement dated July 23, 2024 (the "**Purchaser Parent ARC**"). In the event that the Commissioner requests the Parties to submit a new notification in respect of the transactions contemplated by this Agreement, the Purchaser shall file with the Commissioner a submission requesting an Advance Ruling Certificate or, in the alternative, a No Action Letter no later than five (5) Business Days after the date of that request. The filing fee in connection with seeking a new Advance Ruling Certificate or, in the alternative, a new No Action Letter shall be borne by the Purchaser.

(b) Within three (3) Business Days after the date of this Agreement or such other date as the Parties may reasonably agree, the Purchaser shall request confirmation from the Foreign Investment and Economic Security ("**FIRES**") branch that the notification for the Investment Canada Act Approval submitted to FIRES on July 31, 2024, and the certification letter dated August 7, 2024, received from FIRES in respect of the transactions contemplated by the Subscription Agreement dated July 23, 2024, apply to the transactions contemplated by this Agreement. In the event that FIRES requests that the Purchaser submit a new notification for the Investment Canada Act Approval, the Purchaser shall, within three (3) Business Days of that request, submit a new notification for the Investment Canada Act Approval.

(c) The Parties shall use their commercially reasonable efforts to:

(i) obtain the Key Regulatory Approvals at the earliest possible date. For greater certainty, but without limiting the generality of the foregoing, the Parties shall request that the Key Regulatory Approvals be processed by the applicable Governmental Authority on an expedited basis and, to the extent that a public hearing is held, the Parties shall request the earliest possible hearing date for the consideration of the Key Regulatory Approvals;

(ii) respond promptly and as soon as reasonably practicable to any request for additional information or documentary materials made by any Governmental Authority in connection with the Key Regulatory Approvals; and

(iii) make such further filings as may be necessary, proper or advisable in connection therewith.

(d) With respect to obtaining the Key Regulatory Approvals, each of the Purchaser and the Company shall cooperate with one another and shall provide such assistance as the other Party may reasonably request in connection with obtaining the Key Regulatory Approvals. In particular:

(i) neither Party shall extend or consent to any extension of any applicable waiting or review period or enter into any agreement with a Governmental Authority to not consummate the transactions contemplated by this Agreement, except upon the prior written consent of the other Party;

(ii) the Parties shall exchange drafts of all submissions, correspondence, filings, presentations, applications, plans, consent agreements and other documents to be made or submitted to or filed with any Governmental Authority in respect of the transactions contemplated by this Agreement, will consider in good faith any suggestions made by the other Party and its counsel and will provide the other Party and its counsel with final copies of all such submissions, correspondence, filings, presentations, applications, plans, consent agreements and other documents, and all pre-existing business records or other documents, submitted to or filed with any Governmental Authority in respect of the transactions contemplated by this Agreement; provided, however, that, subject to Section 4.2(e), information indicated by either Party to be competitively sensitive shall be provided on an external counsel-only basis;

(iii) each Party will keep the other Party and their respective counsel fully apprised of all written (including email) and oral communications and all meetings with any Governmental Authority and their staff in respect of the Key Regulatory Approvals, and will not participate in such communications or meetings without giving the other Party and their respective counsel the opportunity to participate therein; provided, however, that, subject to Section 4.2(e), where competitively sensitive information may be discussed or communicated, the other Party's external legal counsel shall be provided with any such communications or information on an external counsel-only basis and shall have the right to participate in any such meetings on an external counsel-only basis; and

(iv) each Party shall make available its Representatives, on the reasonable request of the other Party and its counsel, to assist in obtaining the Key Regulatory Approvals, including by (i) making introductions to, and arranging meetings with, key stakeholders and leaders of Governmental Authorities and participating in those meetings, (ii) providing strategic input, including on any materials prepared for obtaining the Key Regulatory Approvals, and (iii) responding promptly to requests for support, documents, information, comments or input where reasonably requested in connection with the Key Regulatory Approvals.

(e) With respect to Sections 4.2(d)(ii) and (iii) above, where a Party (in this Section 4.2 only, the "**Disclosing Party**") provides any submissions, communications, information, correspondence, filings, presentations, applications, plans, consent agreements or other documents to the other Party (the "**Receiving Party**") on an external counsel-only basis, the Disclosing Party shall also provide the Receiving Party with a redacted version of any such submissions, communications, information, correspondence, filings, presentations, applications, plans, consent agreements or other documents.

(f) Each Party shall use commercially reasonable efforts to: (i) defend all lawsuits or other legal, regulatory or other Proceedings against itself or any of its Affiliates challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; (ii) appeal, overturn or have lifted or rescinded any injunction or restraining order or other order, including Orders, relating to itself or any of its Affiliates which may materially adversely affect the ability of the Parties to consummate the transactions contemplated by this Agreement; and (iii) appeal or overturn or otherwise have lifted or rendered non- applicable in respect of the transactions contemplated by this Agreement, any Applicable Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibits or enjoins either Party from consummating the transactions contemplated by this Agreement.

(g) None of the Parties shall enter into any transaction, investment, agreement, arrangement or joint venture or take any other action, the effect of which would reasonably be expected to make obtaining the Key Regulatory Approvals materially more difficult or challenging, or reasonably be expected to materially delay the obtaining of the Key Regulatory Approvals.

(h) The Parties shall use (and shall cause their respective Subsidiaries to use) their respective commercially reasonable efforts to take or cause to be taken all actions necessary or advisable on their respective parts to consummate the transactions contemplated by this Agreement as promptly as practicable after the date of this Agreement; provided, however that:

(i) the obligations of either Party to use its commercially reasonable efforts to obtain the Key Regulatory Approvals does not require either Party (or any Affiliate thereof) to undertake any divestiture of any business or business segment of such Party, to agree to any material operating restrictions related thereto or to incur any material expenditure(s) related therewith, unless agreed to by the Parties. In connection with obtaining the Key Regulatory Approvals, the Company shall not agree to any of the foregoing items without the prior written consent of the Purchaser; and

(ii) the Purchaser in its sole discretion shall decide whether or not any terms, conditions or undertakings (if any) imposed or required by the Governor in Council or the Minister if authorized to do so shall be acceptable to the

Purchaser for the purposes of obtaining the Investment Canada Act Approval.

4.3 Mutual Conditions

The obligation of the Purchaser to complete the Transactions, and of the Company to sell the Purchased Shares to the Purchaser, is subject to the following conditions precedent:

(a) the SARIO being obtained;

(b) the Reverse Vesting Order being obtained;

(c) no stay or appeal or application to vary the SARIO or Reverse Vesting Order shall have been filed with the Court at any time by the Company or any other Person on or before the Closing;

(d) no Applicable Law or Order will have been enacted, issued, promulgated, enforced, made, entered, issued or applied and no Proceeding will otherwise have been taken under any Applicable Laws or by any Governmental Authority (whether temporary, preliminary or permanent) that makes or which would reasonably be expected to make the transactions contemplated by this Agreement illegal or to otherwise directly or indirectly cease trade, enjoin, restrain or otherwise prohibit completion of the transactions contemplated by this Agreement; and

(e) the Key Regulatory Approvals shall have been obtained and shall not have been modified or withdrawn prior to the time of Closing.

Unless otherwise agreed to by the Parties, if the conditions contained in this Section 4.2 have not been performed, satisfied or waived before the Outside Date, this Agreement and the obligations of the Company and the Purchaser under this Agreement (other than under Sections 9.10 and 9.14) shall automatically terminate without any further action on the part of either the Company or the Purchaser.

4.4 Purchaser's Conditions

The obligation of the Purchaser to purchase the Purchased Shares is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of the Purchaser and may be waived by the Purchaser:

(a) no material adverse effect in the Company or the Retained Assets;

(b) the Purchaser being satisfied, acting reasonably, that the quantum of the Cash Component amount does not exceed the Estimated Trustee Fee Amount and the Estimated Priority Payable Amount;

(c) the representations and warranties of the Company herein contained shall be true in all material respects when made and shall remain true as of the Closing Date;

(d) all obligations of the Company contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects;

(e) the Company has entered into amended or amended and restated Existing Credit Agreement, in form and substance satisfactory to the Purchaser, acting reasonably; and

(f) the Company has entered into an amended or amended and restated BOCQ Indemnity or new financing documents evidencing the obligations owing in respect of the BOCQ Indemnity, each in form and substance satisfactory to the Purchaser, acting reasonably.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by the Purchaser, at or before the Outside Date, the Purchaser may rescind this Agreement by written notice to the Company. If the Purchaser rescinds this Agreement, the Company and the Purchaser shall be released and discharged from all obligations hereunder except as provided in Sections 9.10 and 9.14.

4.5 Company's Conditions

The obligation of the Company to sell the Purchased Shares is subject to the following conditions precedent, which are inserted herein and made part hereof for the exclusive benefit of the Company and may be waived by the Company:

(a) the representations and warranties of the Purchaser herein contained shall be true in all material respects when made and shall remain true as of the Closing Date;

(b) all obligations of the Purchaser contained in this Agreement to be performed prior to or at Closing shall have been timely performed in all material respects;

(c) all amounts to be paid by the Purchaser to the Company at Closing, including the Cash Component of the Purchase Price, shall have been paid to the Monitor in the form stipulated in this Agreement; and

(d) a set off in the amount of the DIP Credit Bid Amount against (as a non-cash credit reduction of) the amounts owing under the DIP Financing Agreement, in a form satisfactory to the Company, acting reasonably.

If any one or more of the foregoing conditions precedent has or have not been satisfied, complied with, or waived by the Company, at or before the Outside Date, the Company may rescind this Agreement by written notice to the Purchaser. If the Company rescinds this Agreement, the Company and the Purchaser shall be released and discharged from all obligations hereunder except as provided in Sections 9.10 and 9.14.

4.6 Efforts to Fulfil Conditions Precedent

The Purchaser and the Company shall proceed diligently and in good faith and use all reasonable efforts to satisfy and comply with and assist in the satisfaction and compliance with the foregoing conditions precedent.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Company

The Company makes only the following representations to the Purchaser, which representations shall not survive Closing:

(a) subject to obtaining the SARIO, Reverse Vesting Order and the Key Regulatory Approvals and the Transactions constituting a Successful Bid, the Company has the right to enter into this Agreement and to complete the Transactions; and

(b) subject to obtaining the Reverse Vesting Order and the Key Regulatory Approvals, this Agreement is, and all documents executed and delivered pursuant to this Agreement will be, legal, valid and binding obligations of the Company enforceable against it in accordance with their terms.

5.2 Representations and Warranties of the Purchaser

The Purchaser makes the following representations and warranties to the Company and agrees that the Company is relying on such representations and warranties for the purposes of entering into this Agreement:

(a) the Purchaser is a corporation duly organized, validly existing and, as at the Closing Date, will be authorized to carry on business in the provinces in which the Retained Assets are located;

(b) the Purchaser has good right, full power and absolute authority to purchase and acquire the Purchased Shares according to the true intent and meaning of this Agreement;

(c) the execution, delivery and performance of this Agreement has been duly and validly authorized by any and all requisite corporate, shareholders', directors' or equivalent actions and will not result in any violation of, be in conflict with, or constitute a default under, any articles, charter, bylaw or other governing document to which the Purchaser is bound;

(d) subject to obtaining the Key Regulatory Approvals, the execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a default under, any term or provision of any agreement or document to which the Purchaser is party or by which the Purchaser is bound, nor

under any judgement, decree, order, statute, regulation, rule or licence applicable to the Purchaser;

(e) this Agreement and any other agreements delivered in connection herewith constitute valid and binding obligations of the Purchaser enforceable against the Purchaser in accordance with their terms;

(f) except for the Key Regulatory Approvals, no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body exercising jurisdiction over the Retained Assets is required for the due execution, delivery and performance by the Purchaser of this Agreement, other than authorizations, approvals or exemptions from requirements previously obtained and currently in force or to be obtained prior to or after Closing;

(g) the Purchaser is acquiring the Purchased Shares in its capacity as principal and is not purchasing the Purchased Shares for the purpose of resale or distribution to a Third Party, and is dealing at arm's length with the Company;

(h) the Purchaser is an accredited investor, as defined by National Instrument 45-106 – *Prospectus Exemptions*, and/or that it meets one of the other exemptions under Canadian securities laws;

(i) the Purchaser understands that the Purchased Shares are being issued to it upon an exemption from the prospectus requirements applicable under applicable Canadian securities laws and that there may be restrictions imposed on the Purchaser and the Purchased Shares which limit the Purchaser's ability to resell the Purchased Shares in Canada. Without limiting the foregoing, the Purchaser further acknowledges and agrees that any proposed transfer, resale or other disposition of the Purchased Shares shall be subject to Applicable Laws, including any restrictions and requirements under Canadian securities laws; and

(j) the Purchaser is a WTO investor within the meaning of the Investment Canada Act.

5.3 Limitation of Representations by the Company

Notwithstanding any other provision of this Agreement, the Purchaser acknowledges, agrees and confirms that:

(a) except for the representations and warranties of the Company set forth in Section 5.1, it is entering into this Agreement, acquiring the Purchased Shares (and the underlying Retained Assets and Retained Liabilities), in each case on an "as is, where is" basis as they exist as of Closing;

(b) except as expressly stated in Section 5.1, none of the Company or the Creditor Trust or their respective Representatives is making, and the Purchaser is not relying on, any written or oral representations, warranties, statements, information, promises or guarantees, express or implied, statutory or otherwise, concerning the Transactions, the Company, the business of the Company, the Purchased Shares,

the Retained Assets, the Retained Liabilities, the Transferred Assets and the Transferred Liabilities, including the right, title or interest of the Company in and to any of the foregoing, and any and all conditions, warranties or representations expressed or implied pursuant to any Applicable Law in any jurisdiction, which the Purchaser confirms do not apply to this Agreement, are hereby waived in their entirety by the Purchaser;

(c) none of the Company, the Creditor Trust or any of their respective Representatives has made any representation or warranty as to any regulatory approvals, permits, licences, consents, registrations, filings or authorizations that may be needed to complete the Transactions or to obtain the benefit of the Retained Assets or any portion thereof, and the Purchaser is relying entirely on its own investigation, due diligence and inquiries in connection with such matters;

(d) the obligations of the Purchaser under this Agreement are not conditional upon any additional due diligence;

(e) except for the representations and warranties of the Company set forth in Section 5.1, any information regarding or describing the Purchased Shares, the Retained Assets or the Retained Liabilities, or in any other agreement or instrument contemplated hereby, is for identification purposes only, is not relied upon by the Purchaser, and no representation, warranty or condition, express or implied, has or will be given by the Company or the Creditor Trust or any of their respective Representatives concerning the completeness or accuracy of such information or descriptions;

(f) except as otherwise expressly provided in this Agreement, the Purchaser hereby unconditionally and irrevocably waives any and all actual or potential rights or claims the Purchaser might have against the Company, the Creditor Trust, or any of their respective Representatives pursuant to any warranty, express or implied, legal or conventional, of any kind or type, other than those representations and warranties of the Company expressly set forth in Section 5.1 such waiver is absolute, unlimited, and includes, but is not limited to, waiver of express warranties, completeness of warranties, implied warranties, warranties of fitness for a particular use, warranties of merchantability, warranties of occupancy, strict liability and claims of every kind and type, including claims regarding defects, whether or not discoverable or latent, and all other claims that may be later created or conceived in strict liability or as strict liability type claims and rights; and

(g) the provisions of Section 5.3 shall survive and not merge on Closing.

ARTICLE 6
INDEMNITIES

6.1 Purchaser's Indemnities for Representations and Warranties

The Purchaser shall be liable to the Company and the Creditor Trust for and shall, in addition, indemnify each of them and their respective Representatives from and against, all Losses suffered,

sustained, paid or incurred by each of them or their respective Representatives which would not have been suffered, sustained, paid or incurred had all of the representations and warranties contained in Section 5.2 been accurate and truthful.

ARTICLE 7
MAINTENANCE OF RETAINED ASSETS

7.1 Maintenance of Retained Assets

From the date hereof until the Closing Date, the Company shall, subject to the amounts of the agreed-upon expenditures set forth in the DIP Financing Agreement, use reasonable commercial efforts, to the extent that the nature of its interest permits, and subject to the SARIO and the Reverse Vesting Order, to:

(a) maintain the dataroom and provide access to the Purchaser and its Representatives;

(b) maintain the Retained Assets in a proper and prudent manner in material compliance with all Applicable Laws and directions of Governmental Authorities; and

(c) pay or cause to be paid all costs and expenses relating to the Retained Assets which become due from the date hereof to the Closing Date;

provided that nothing contained in the foregoing or elsewhere in this Agreement shall obligate the Company to post security, make any other financial contribution or file any undertaking with a Governmental Authority with respect to any liability management program or other program.

7.2 Consent of the Purchaser

Notwithstanding Section 7.1, the Company shall not from the date hereof to the Closing Date, without the written consent of the Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed:

(a) make any commitment or propose, initiate or authorize any capital expenditure with respect to the Retained Assets, except: (i) in accordance with the "Cash Flow Projections" provided for in the DIP Financing Agreement; (ii) in case of an emergency; (iii) as may be reasonably necessary to protect or ensure life and safety; (iv) to preserve the Retained Assets or title to the Retained Assets; or (v) in respect of amounts which the Company may be committed to expend or be deemed to authorize for expenditure without its consent; provided, however, that should the Purchaser withhold its consent or fail to provide its consent in a timely manner and a reduction in the value of the Retained Assets results, there shall be no abatement or reduction in the Purchase Price;

(b) other than pursuant to ordinary course expiries, surrender or abandon any of the Retained Assets, unless an expenditure of money is required to avoid the surrender or abandonment and the Purchaser does not provide same to the Company in a

timely fashion, in which event the Retained Assets in question shall be surrendered or abandoned without abatement or reduction in the Purchase Price;

(c) other than in ordinary course of business, materially amend or terminate any Title and Operating Document or enter into any new material agreement or commitment relating to the Retained Assets; or

(d) sell, encumber or otherwise dispose of any of the Retained Assets or any part or portion thereof excepting: pursuant to preferential purchase rights; sales of non-material obsolete or surplus equipment; or sales in the normal course of business.

7.3 Proposed Actions

If an operation or the exercise of any right or option respecting the Retained Assets is proposed in circumstances in which such operation or the exercise of such right or option would result in the Purchaser incurring an obligation pursuant to Section 7.2, the following shall apply to such operation or the exercise of such right or option (hereinafter referred to as the **"Proposal"**):

(a) the Company shall promptly give the Purchaser notice of the Proposal, describing the particulars in reasonable detail;

(b) the Purchaser shall, not later than 48 hours prior to the time the Company is required to make its election with respect to the Proposal, advise the Company, by notice, whether the Purchaser wishes the Company to exercise the Company's rights with respect to the Proposal on the Purchaser's behalf, provided that the Purchaser's failure to make such election within such period shall be deemed to be the Purchaser's election to participate in the Proposal;

(c) the Company shall make the election authorized (or deemed to be authorized) by the Purchaser with respect to the Proposal within the period during which the Company may respond to the Proposal; and

(d) the Purchaser's election (including its deemed election) to not participate in any Proposal required to preserve the existence of any of the Retained Assets shall not entitle the Purchaser to any reduction of the Purchase Price if the Company's interest therein is terminated as a result of such election and such termination shall not constitute a failure or breach of the Company's representations and warranties relating to such Retained Assets.

7.4 Payments in Respect of Transferred Assets

If at any time after Closing, the Company, the Purchaser or any of their respective Affiliates receives a payment or other consideration in respect of or relating to a Transferred Asset (including a Tax Refund), the recipient of such payment or other consideration shall promptly notify the Creditor Trust and promptly pay and transfer such payment or other consideration to the Creditor Trust. From and after Closing, the Company and the Purchaser shall provide reasonable cooperation to the Creditor Trust to enable the Creditor Trust to obtain the benefit of any Transferred Asset.

7.5 Agreement Regarding Fees

The Purchaser hereby acknowledges and agrees that it will be responsible for any and all fees, expenses, and disbursements incurred by the Purchaser in connection with the formulation, negotiation, and finalization of this Agreement and the closing of the Transactions contemplated hereby.

ARTICLE 8
PURCHASER'S REVIEW AND ACCESS TO BOOKS AND RECORDS

8.1 Company to Provide Access

Prior to Closing, the Company shall, subject to all contractual and fiduciary obligations, at the Calgary offices of the Company during normal business hours, provide reasonable access for the Purchaser and its Representatives to the records, books, accounts, documents, files, reports, information, materials, filings, and data, to the extent they relate directly to the Retained Assets and are in possession of the Company, as well as physical access to the Retained Assets (insofar as the Company can reasonably provide such access, with such access to be at the Purchaser's sole risk, expense and liability), and to the directors, senior officers and employees of the Company, to facilitate the Purchaser's review of the Retained Assets and title thereto for the purpose of completing these Transactions. The Purchaser shall indemnify and save harmless the Company and the Creditor Trust from and against all liabilities, claims and causes of action for personal injury, death or property damage occurring on or to such property as a result of such entry onto the premises. The Purchaser shall comply fully with all rules, regulations and instructions issued by the Company regarding the Purchaser's actions while upon, entering or leaving such properties. The Purchaser's obligations set forth in this Section 8.1 shall survive the Closing Date indefinitely.

8.2 Access to Information

For a period of four (4) years after the Closing Date, and subject to contractual restrictions in favour of Third Parties relative to disclosure, the Purchaser shall, on request from the Company or the Creditor Trust, provide reasonable access to their Representative at the Purchaser's offices, during its normal business hours, to the agreements and documents to which the Retained Assets are subject and the contracts, agreements, records, books, documents, licences, reports and data which are then in the possession or control of the Purchaser and to make copies thereof, as they may reasonably require, including for purposes relating to:

(a) the Creditor Trust's ownership of the Transferred Assets (including taxation matters and Losses that arise from or relate to acts, omissions, events, circumstances or operations on or before the Closing Date);

(b) enforcing its rights under this Agreement;

(c) compliance with Applicable Law; or

(d) any Claim commenced or threatened by any Third Party against the Creditor Trust, the Company or any of them.

8.3 Maintenance of Information

All of the information, materials and other records delivered to the Purchaser pursuant to the terms hereof shall be maintained by the Purchaser in good order and good condition and kept in a reasonably accessible location by the Purchaser for a period of two years from the Closing Date.

ARTICLE 9
GENERAL

9.1 Further Assurances

Each Party will, from time to time and at all times after Closing, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required to fully perform and carry out the terms of this Agreement.

9.2 Entire Agreement

Except for the SARIO and the Reverse Vesting Order, the provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, except for the SARIO or the Reverse Vesting Order, the provisions of this Agreement shall prevail. In the event that Closing occurs, except for the SARIO and the Reverse Vesting Order, this Agreement supersedes all other agreements (other than the Confidentiality Agreement), documents, writings and verbal understandings between the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the Transactions herein.

9.3 Governing Law

This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta and all disputes shall be determined within the proceedings bearing Alberta Court of King's Bench Court Action No. 2401-09247. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Agreement.

9.4 Assignment and Enurement

This Agreement shall not be assigned by the Purchaser without the prior written consent of the Company, which consent may be unreasonably and arbitrarily withheld; provided that, notwithstanding the foregoing, the Purchaser shall be entitled to assign this Agreement, or any rights or obligations of the Purchaser hereunder, to an Affiliate of the Purchaser without the prior written consent of the Company, and provided further that any such assignment shall not relieve the Purchaser of its obligations hereunder. This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

9.5 Time of Essence

Time is of the essence in this Agreement.

9.6 Notices

The addresses of the Parties for delivery of notices hereunder shall be as follows:

Company:

Long Run Exploration Ltd.
300, Elveden Center
707 7th Avenue SW
Calgary, Alberta T2P 3H6

Attention: Wendy Barber
Email: wbarber@longrunexploration.com

With a copy to its legal counsel at:

Dentons Canada LLP
Bankers Court, 15th Floor
850 – 2nd Street SW
Calgary, Alberta T2P 0R8

Attention: Bennett Wong and John Regush
Email: bennett.wong@dentons.com and john.regush@dentons.com

With a copy to the Monitor at:

FTI Consulting Canada Inc.
520 5th Avenue SW
Suite 1610
Calgary, Alberta T2P 3R7

Attention: Brett Wilson
Email: brett.wilson@fticonsulting.com

With a copy to the Monitor's legal counsel at:

Bennett Jones LLP
4500 Bankers Hall East
855 2nd Street SW
Calgary, Alberta T2P 4K7

Attention: Kelsey Meyer
Email: meyerk@bennettjones.com

Purchaser: 2657493 Alberta Ltd.
c/o Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 – 3rd Street SW,
Calgary, Alberta, T2P 0C1

Attention: Jason Ge
Email: jason.ge1970@gmail.com

With a copy to its legal counsel at:

Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 – 3rd Street SW,
Calgary, Alberta, T2P 0C1

Attention: Jeff Oliver
Email: joliver@cassels.com

All notices, communications and statements required, permitted or contemplated hereunder shall be in writing, and shall be delivered as follows:

(a) by delivery to a Party between 8:00 a.m. and 4:00 p.m. on a Business Day at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party when it is delivered;

(b) by email to a Party to the email address of such Party for notices, in which case, if the notice was emailed prior to 4:00 p.m. on a Business Day, the notice shall be deemed to have been received by that Party when it was emailed and if it is emailed on a day which is not a Business Day or is emailed after 4:00 p.m. on a Business Day, it shall be deemed to have been received on the next following Business Day; or

(c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case, the notice shall be deemed to have been received by that Party on the fourth Business Day following the date of mailing.

A Party may from time to time change its address for service, email address for service or designated representative by giving written notice of such change to the other Party.

9.7 Invalidity of Provisions

In case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

9.8 Waiver

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party and made in accordance with the Agreement. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

9.9 Amendment

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

9.10 Confidentiality and Public Announcements

Until Closing has occurred, each Party shall keep confidential all information obtained from the other Party in connection with the Purchased Shares, the Retained Assets and this Agreement, and shall not release any information concerning this Agreement and the Transactions without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Nothing contained herein shall prevent a Party at any time from furnishing information: (i) to any Governmental Authority or to the public if required by Applicable Law (provided that the Purchaser shall advise the Company in advance of the content of any such public statement); (ii) in connection with obtaining the SARIO; (iii) in connection with obtaining the Reverse Vesting Order; or (iv) as required by the Company's secured creditors.

9.11 Sealing Order

The Company may, at its discretion, apply to the Court for a sealing order with respect to confidential materials prepared by the Company or the Monitor containing the financial and other confidential details of these Transactions (the "**Confidential Materials**"), such order sealing the Confidential Materials and the confidential information contained therein from the public court file for the period directed by the Court. Pursuant to the terms of such sealing order applied for by the Company, if granted, only the judge presiding over the CCAA Proceedings, the Purchaser and their respective Representatives and the secured creditors of the Company who have executed confidentiality agreements, and subject to the terms of those confidentiality agreements, shall have access to the Confidential Materials and the confidential information contained therein.

9.12 Termination

This Agreement may be terminated at any time prior to Closing:

(a) by mutual written agreement of the Company and the Purchaser; or

(b) by either the Company or the Purchaser pursuant to the provisions of Sections 4.2, 4.3 or 4.4, as applicable; or

(c) by the Company if the Purchaser has breached its obligations under this Agreement and has not cured such breach within five (5) Business Days of receiving notice thereof from the Company; or

(d) by the Purchaser if the Company has breached its obligations under this Agreement and has not cured such breach within five (5) Business Days of receiving notice thereof from the Purchaser.

In the event that this Agreement is terminated pursuant to this Section 9.12, each Party shall be released from all obligations under or in connection with this Agreement, other than the provisions with respect to (i) confidentiality (Section 9.10) and (ii) the use of personal information (Section 9.14).

9.13 Break Fee and Termination Upon Close of Alternative Successful Bid

If the Transactions are not selected as a Successful Bid and an alternate Successful Bid closes, Purchaser shall be entitled to a break-fee of $500,000 (the "**Break Fee**") which shall become payable by the Company immediately upon the closing of the transaction by the other Successful Bidder. The Company agrees to seek from the Court, as part of the order approving the bid of an alternative Successful Bidder, a provision providing for the distribution of the Break Fee to the Purchaser from the purchase price paid by such alternative Successful Bidder. Upon the successful completion of the alternate transaction contemplated by the selected Successful Bid: (i) this Agreement shall automatically terminate; and (ii) the Company and the Purchaser shall have no further liabilities or obligations to each other with respect to this Agreement or the Transactions, other than with respect to confidentiality (Section 9.10), the use of personal information (Section 9.14) and payment of the Break Fee. The obligation of the Company to pay the Break Fee as contemplated above shall survive any termination of this Agreement provided for in this Section 9.13.

9.14 Personal Information

The Purchaser covenants and agrees to use and disclose any personal information contained in any of the books, records or files transferred to the Purchaser or otherwise obtained or reviewed by the Purchaser in connection with these Transactions only for those purposes for which it was initially collected from or in respect of the individual to which such information relates, unless:

(a) the Company or the Purchaser has first notified such individual of such additional purpose, and where required by the Applicable Laws, obtained the consent of such individual to such additional purpose; or

(b) such use or disclosure is permitted or authorized by Applicable Laws, without notice to, or consent from, such individual; and

(c) the Purchaser's obligations set forth in this Section 9.14 shall survive the Closing Date indefinitely.

(Remainder of page intentionally left blank)

9.15 Counterpart Execution

This Agreement may be executed and delivered in counterpart and transmitted by facsimile or other electronic means and all such executed counterparts, including electronically transmitted copies of such counterparts, shall together constitute one and the same agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

FTI CONSULTING CANADA INC., LIT, in its capacity as the court-appointed Monitor of LONG RUN EXPLORATION LTD. and not in its personal or corporate capacity.

Per: _____
Name:
Title:

FTI CONSULTING CANADA INC., LIT, in its capacity as the court-appointed Monitor of CALGARY SINOENERGY INVESTMENT CORP. and not in its personal or corporate capacity.

Per: _____
Name:
Title:

2657493 ALBERTA LTD.

Per: _____
Name: Jason Ge
Title: Director

THE FOLLOWING COMPRISES SCHEDULE "A" ATTACHED TO AND FORMING PART OF AN AMENDED AND RESTATED SUBSCRIPTION AGREEMENT DATED [●], 2024 BETWEEN LONG RUN EXPLORATION LTD., CALGARY SINOENERGY INVESTMENT CORP. AND 2657493 ALBERTA LTD.

Form of Reverse Vesting Order

See attached.

THE FOLLOWING COMPRISES SCHEDULE "B" ATTACHED TO AND FORMING PART OF AN AMENDED AND RESTATED SUBSCRIPTION AGREEMENT DATED [●], 2024 BETWEEN LONG RUN EXPLORATION LTD., CALGARY SINOENERGY INVESTMENT CORP. AND 2657493 ALBERTA LTD.

Transferred Assets

The Transferred Assets, being those assets proposed to be transferred to the Creditor Trust through operation of the Reverse Vesting Order, mean:

- all of the Companies right, title and interest in and to the assets and interests described under the Transferred Contracts;
- the cash received as the Estimated Trustee Fee Amount; and
- any other assets of the Company designated as a Transferred Asset upon the mutual agreement of the Purchaser and the Monitor, in writing prior to Closing.

Transferred Liabilities

The Transferred Liabilities, being those liabilities proposed to be transferred to the Creditor Trust through operation of the Reverse Vesting Order, mean:

- any and all funded indebtedness other than as related to the Lenders Secured Debt, the BOCQ Indemnity Obligation and the DIP Financing Agreement to the extent not set off;
- any and all liabilities associated with guarantees of the Company other than as related to the Lenders Secured Debt, BOCQ Indemnity Obligation and the DIP Financing Agreement to the extent not set off;
- all accrued but unpaid interest owing under the Existing Credit Agreement;
- any and all promissory notes issued by the Company, including for greater certainty, the SubCo Note;
- any and all Taxes, operating tax or tax liabilities related to the Transferred Assets or the Retained Assets, including without limitation any and all interest, penalties, fines, additions to tax or other additional amounts including pre-filing audit adjustments for GST, other than the Taxes or tax liabilities listed in Schedule "C";
- any and all operating liabilities to the extent they are trade claims, trade payables, utility bills or other unsecured claims, and excluding any amounts that would constitute a Priority Payable on or against any Retained Assets;
- any and all liabilities for or in relation to the *Income Tax Act* (Alberta), the *Excise Tax Act* (Canada), or any transfer tax, sales or use tax, stamp tax, recording tax

value added tax and any other similar levies or charged made by any Governmental Authority;

- any and all liabilities associated with shareholder loans to the Company;
- any intercompany indebtedness or claim owing to an Affiliate of the Company (including Sinoenergy);
- any and all trade claims, trade payables, lien claims or other unsecured claims whether relating to the Retained Assets, Transferred Assets, or otherwise;
- except with respect to the Continuing Employees, any and all liabilities with respect to any present or former employees (including deemed employees), officers, directors, dependent contractors, independent contractors or consultants of the Company, including for wages or other work-related benefits, bonuses, fees, accrued vacation, workers' compensation, employee deferred compensation including stock option plans, equity grants, retention bonuses, other grants and agreements, entitlements to notice of termination and pay in lieu of termination notice including entitlements pursuant to contract, common law or statute, or other payments whatsoever relating to the cessation of employment;
- the Administration Charge as described and defined in the SARIO and any subsequent orders of the Court;
- the Directors' Charge as described and defined in the SARIO and any subsequent orders of the Court;
- all liabilities of the Company relating to legal Claims brought against the Company and/or its Affiliates, including without limitation any and all Claims of:
    - Henenghaixin Corp., including without limitation any and all Claims of Henenghaixin Corp. pursuant to Court of King's Bench Court File No. 2001-03353;
    - Abe Neufeld, as representative plaintiff, pursuant to Court of King's Bench Court File No. 2204 00354 (the "**Neufeld Claim**"); and
    - 9486801 Canada Inc. and OPG Investment Holdings GP Inc. as general partner of Eau Claire Limited Partnership (collectively, the "**OPG Group**", including without limitation any and all Claims of the OPG Group pursuant to Court of King's Bench Court File No. 2401-06930;
- any and all other Losses, Encumbrances or other liabilities of the Company (other than the Retained Liabilities), including liens registered in the names of Azoto Energy Services Ltd., Airborne Energy Solutions Inc., Stat Energy Services Inc. and CDN Controls ULC; and

- any and all other liabilities pertaining to the Transferred Assets and arising under the Transferred Contracts except as otherwise set out herein.

Transferred Contracts

The Transferred Contracts, being those contracts proposed to be transferred to the Creditor Trust through operation of the Reverse Vesting Order, mean:

- the following joint venture agreements:

File Number	Contract Date	Description	Contract Name	Operator	LRE WI	Other Partners
JF0011	1/1/2004	JV AFE Only	Cherhill Compressor 3-16-57-4w5	Harvest	9.375	Unknown, Obsidian, Peyto
JF0017	2/2/2009	CO&O Agreement	Alexander Dehydration Facility 10-27-55-1w5	Lexoil	13.448	Point Loma
JF0031	12/15/1996	CO&O Agreement	Agmt for the CO&O of the Cherhill 10-5-56-5w5m Compression Facility	Journey PT	13.6174	Spoke
JF0034	5/1/2010	Ownership & Operation Agreement	Agmt for the O&O of the Clear Hills 10-8-88-12w6m Facility	Saturn OGI	20	Yoho, Enercapita, Taqa, Orlen
JF0056	3/1/2001	CO&O Agreement	Agmt for the CO&O of the Rycroft 7-2-77-4w6m Gas Processing Facility	Birchcliff	20.145	Taqa, Hanna
JF0057	7/1/2001	CO&O Agreement	Agmt for CO&O of Rycroft Area	Birchcliff	30.760408	Taqa

			Northwest Leg Gas Gathering System			
JF0143	11/6/2008	CO&O Agreement	Letter Agmt for the CO&O of the 04-12-029-10w4 Dobson Compressor	Harvest	45	None
JF0148	6/1/2009	CO&O Agreement	CO&O of the Red Willow Gas Processing Facilities	Obsidian PT	17.86	None
U0011	5/1/1989	Unit & Unit Operating Agreement	Cherhill Unit No. 1	Journey	2.05831	0989 Resource Partnership
U0023	10/1/1970	Unit & Unit Operating Agreement	Oyen Gas Unit No. 3	Nuvista En Ltd	19.4006	None

- the following joint operating agreements:

File Number	Contract Name	Parties	Licensee	Operator
C00039	Joint Operating Agreement	Paramount Resources Ltd., Arc Resources Ltd., Barnwell of Canada, Limited, Sanling Energy Ltd., Blue Sky Resources Ltd. LRE 20.924	Barnwell	Barnwell
C00040	Re-Entry Farmout Proposal	Paramount Resources Ltd., Barnwell of Canada, Limited, Sanling Energy Ltd., Blue Sky Resources Ltd. LRE 46.47	Barnwell	Barnwell

C00040	Re-Entry Farmout Proposal	Paramount Resources Ltd., Barnwell of Canada, Limited, Sanling Energy Ltd., Blue Sky Resources Ltd. LRE 41.25	Barnwell	Barnwell
C00042	Joint Venture Agreement	Barnwell of Canada, Limited, Blue Sky Resources Ltd., Prairie Thunder Resources Ltd.	N/A	N/A
C00042	Joint Venture Agreement	Barnwell of Canada, Limited, Blue Sky Resources Ltd., Prairie Thunder Resources Ltd.	N/A	N/A
C00048	Farmout Agreement	Barnwell of Canada, Limited, Sanling Energy Ltd., Blue Sky Resources Ltd.	Barnwell	Barnwell
C00050	Settlement Agreement	Paramount Resources Ltd., Barnwell of Canada, Limited, Sanling Energy Ltd., Blue Sky Resources Ltd.	N/A	N/A
C00050	Settlement Agreement	Paramount Resources Ltd., Barnwell of Canada, Limited, Sanling Energy Ltd., Blue Sky Resources Ltd.	N/A	N/A
C00064	Pooling And Equalization Agreement	Paramount Resources Ltd., Barnwell of Canada, Limited, Blue Sky Resources Ltd., 694093 Alberta Ltd., Torrence Resources Inc.	Paramount	Paramount
C02080	Operating Agreement	Questfire Energy Corp., Strathcona Resources Ltd., Glencoe Resources Ltd.	Strathcona	Strathcona
C02224	Joint Operating Agreement	Inplay Oil Corp., Point Loma Resources Ltd.	Inplay	Inplay
C02421	Pooling And Joint Operating A	Maga Energy Operations Ltd., Bounty Developments Ltd., Questfire Energy Corp.	Maga	Maga
C02619	Farmout Agreement	Battle River Energy Ltd., Cleo Energy Corp., Pembina NGL Corporation, Harvest Operations Corp., Wolf Coulee Resources Inc., Bow River Energy Ltd.	Battle River	Battle River

C02794	Farmout And Participation Agreement	Obsidian Energy Partnership	Obsidian	Obsidian
C02794	Farmout And Participation Agreement	Obsidian Energy Partnership	Obsidian	Obsidian
C02899	Pooling Agreement	Nuvista Energy Ltd., Wolf Coulee Resources Inc., Owlco Resources Ltd. (RIO)	Nuvista	Nuvista
C02970	Joint Operating Agreement	Terra Energy Corp., Spoke Resources Ltd.	N/A	N/A
C02980	Farmout And Participation Agreement	Enhanced Energy Inc., Wolf Coulee Resources Inc., Heather Oil Ltd. (BPEN)	Enhanced	Enhanced
C02980	Farmout And Participation Agreement	Enhanced Energy Inc., Wolf Coulee Resources Inc., Heather Oil Ltd.	N/A	N/A
C02980	Farmout And Participation Agreement	Enhanced Energy Inc., Wolf Coulee Resources Inc., Heather Oil Ltd., Jolifou Petroleums Ltd., Olympus Resources Ltd.	Enhanced	Enhanced
C03645	Joint Operating Agreement	Insignia Energy Ltd., Barnwell of Canada, Limited, Regco Petroleum Ltd., N7 Energy Ltd.	N7	N7
C03645	Joint Operating Agreement	Trident Exploration (WX) Corp., Trident Exploration (Alberta) Corp., Insignia Energy Ltd.. Barnwell of Canada, Limited, Regco Petroleum Ltd.	Insignia	Insignia

- Consulting Agreement dated June 14, 2022, between the Company and 2254651 Alberta Ltd.;

- other than those contracts with the Continuing Employees, any and all contracts and agreements with any present or former employees (including deemed employees), officers, directors, dependent contractors, independent contractors or consultants of the Company; and

- any and all other contracts of the Company other than the Retained Contracts.

Retained Assets

The Retained Assets, being those assets proposed to be retained by the Company, mean:

- the O&G Assets;

- the Real Property;

- all cash, bank balances, funds, deposits, or monies owned or held by the Company or any other Person (including any bank or depository) on behalf of the Company at Closing and all cash equivalents, securities and investments of the Company at Closing;

- all accounts receivable, bills receivable, trade accounts, holdbacks, retention, book debts, insurance claims and other amounts due or accruing to the Company and includes, for greater certainty, any and all Tax Refunds, and together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits, which arise prior to Closing;

- all Tax Refunds which arise prior to Closing;

- all prepaid expenses or other security or collateral provided by the Company, including any security deposits held by Governmental Authorities; all books and records of the Company, including minute books, books of account, ledgers, general, financial and accounting records, tax returns and other records in the possession and control of the Company or the Monitor, but in each case excludes all books and records in respect of the Transferred Assets and Transferred Liabilities, and excludes any email correspondence of the Company (including any of its present and former, directors, officers, employees, contractors and other representatives) prior to Closing;

- the Company's bank accounts and all agreements related thereto;

- all regulatory and license attributes of the Company, including without limitation: business numbers; payroll numbers; GST numbers; and regulatory operator codes;

- letters of intent, non-disclosure agreements, confidentiality agreements and non-compete/non-solicitation agreements (other than any employment agreements);

- all shares of capital stock or other Equity Interests in any Affiliate of the Company;

- any intercompany indebtedness or claim owing to the Company by an Affiliate of the Company;
- all organizational documents, corporate books and records, income tax returns and the corporate seal of the Company;
- any records that are required by law to be retained by the Company;
- all computer servers and websites;
- all office equipment;
- all leased or owned vehicles;
- all inventory;
- legal opinions and all other documents prepared by or on behalf of the Company in contemplation of acquisition or litigation and any other documents within the possession of the Company which are subject to solicitor-client privilege under the laws of the Province of Alberta or any other jurisdiction, except with respect to those matters, if any, in respect of which the Purchaser is assuming responsibility for and indemnifying the Company;
- all tax attributes (including for certainty all government credits of any nature) if any, of the Company inherent to it, including tax pools, all rights related to former tax returns, operating, non-operating, and capital loss balances or carry forwards and tax audits;
- all rights to payments and benefits under government support and subsidy programs;
- all existing insurance policies maintained by the Company with respect to the O&G Assets;
- all current and prior director and officer insurance policies of the Company and all rights of any nature with respect thereto running in favor of the Company;
- any and all rights of the Company under this Agreement and the Reverse Vesting Order;
- all Claims, rights, Losses or causes of action by or on behalf of the Company against any Person;
- all intellectual property;
- all goodwill and intangibles; and

- any and all other assets or interests of the Company other than the Transferred Assets.

Retained Liabilities

The Retained Liabilities, being those liabilities proposed to be retained by the Company, mean:

- all liabilities and obligations arising from the possession, ownership and/or use of the Retained Assets and the business of the Company from and after Closing;
- any and all liabilities with respect to any Continuing Employees, including for wages or other work-related benefits, bonuses, fees, accrued vacation, workers' compensation, employee deferred compensation including stock option plans, equity grants, other grants and agreements, retention, or other payments other than liabilities with respect to any vacation entitlement and notice entitlement upon termination of employment;
- all liabilities associated with the Lenders Secured Debt and the BOCQ Indemnity Obligation, other than the those listed as Transferred Liabilities;
- non-disclosure agreements, confidentiality agreements and non-compete/non-solicitation agreements;
- all new liabilities incurred, assumed or accepted by the Company after Closing;
- all Environmental Liabilities relating to the Retained Assets;
- all regulatory and government liabilities related to the Retained Assets;
- any and all surface lease payments related to the Retained Assets other than any surface lease payments referenced in or otherwise included in the Neufeld Claim;
- any other obligation designated as a Retained Liability by the Purchaser in writing to the Company or the Monitor prior to the closing of the Transactions.

Retained Contracts

The Retained Contracts, being those assets to be retained by the Company through operation of the Reverse Vesting Order, mean:

- Integrated Gas Handling Agreement – Cutbank Complex dated September 22, 2011, between the Company and Pembina Gas Services Limited Partnership, as amended, including pursuant to amending agreement #1 dated December 1, 2013 between Crew Energy Ltd. and Pembina Gas Services Limited Partnership, amending agreement #2 dated April 1, 2015 between the Company and Pembina Gas Services Limited Partnership and amending agreement #3 dated August 1, 2024 between the Company and Pembina Gas Services Limited Partnership (collectively, the "**GHA Agreement**");

- Letter agreement (re: Cutbank Complex – Additional Firm Service, Proposed Increase in Processing Capacity) dated May 23, 2013, between Crew Energy Inc. and Pembina Gas Services Limited Partnership. as amended, including pursuant to amending agreement #3 dated August 1, 2024 between the Company and Pembina Gas Services Limited Partnership;

- The following tax repayment agreements (collectively, the "**Tax Repayment Agreements**"):

    - Tax Repayment Agreement dated September 14, 2021, between Sturgeon County and the Company;

    - Tax Repayment Agreement dated May 31, 2021, between Lac St. Anne County and the Company;

    - Tax Repayment Agreement dated June 8, 2021, between Mackenzie County and the Company;

    - Arrears Settlement Agreement dated February 2, 2022, between the County of Northern Light and the Company;

    - Tax Instalment Pre-payment Plan and Pre-authorized Debit Agreement dated January 25, 2022, between Big Lakes County and the Company;

    - Tax Repayment Agreement dated June 27, 2022, between Paddle Prairie Metis Settlement and the Company;

- any and all joint operating agreements between the Company and a third-party, other than the Transferred Contracts (collectively, the "**Retained JOAs**");

- any and all written contracts relating to the Retained Assets, other than the Transferred Contracts; and

- any and all contracts with the Continuing Employees.

THE FOLLOWING COMPRISES SCHEDULE "C" ATTACHED TO AND FORMING PART OF AN AMENDED AND RESTATED SUBSCRIPTION AGREEMENT DATED [●], 2024 BETWEEN LONG RUN EXPLORATION LTD., CALGARY SINOENERGY INVESTMENT CORP. AND 2657493 ALBERTA LTD.

Priority Payables

Payable	**Amount**	
Tier - Carbon Emissions	$1,771,043	
Post Filing CCAA GST Amount	$200,000	
CNRL Cure Cost Payment	$664,960	
Property Taxes	**Arrears Amount**	**2024 Tax Levy**
M.D. of Smoky River	$719,259	$2,680,933
Paddle Prairie Metis Settlement	$403,318	NIL (to be received)
Special Areas Board	$71,429	$80,673
Lamont County	NIL	$33,683
Red Deer County	NIL	$40,592
Westlock County	NIL	$43,965
M.D. of Peace No. 135	NIL	$52,021
County of Barrhead No.11	NIL	$70,983
Kneehill County	NIL	$102,822
Starland County	NIL	$98,455
Camrose County	NIL	$104,657
M.D. of Wainwright	NIL	$133,514
Strathcona County	NIL	$219,751
Beaver County	NIL	$293,341
County of Grande Prairie No. 1	NIL	$285,576

Flagstaff County	NIL	$297,525
County of Northern Lights	NIL	$299,703
County of Thorchild No. 7	NIL	$438,567
Birch Hills County	NIL	$449,611
M.D. of Greenview No. 16	NIL	$414,040
Sturgeon County	NIL	$515,063
Big Lakes County	NIL	$617,163
Mackenzie County	NIL	$732,412
Yellowhead County	NIL	$835,773
Lac Ste Anne County	NIL	$856,002

THE FOLLOWING COMPRISES SCHEDULE "D" ATTACHED TO AND FORMING PART OF AN AMENDED AND RESTATED SUBSCRIPTION AGREEMENT DATED [●], 2024 BETWEEN LONG RUN EXPLORATION LTD., CALGARY SINOENERGY INVESTMENT CORP. AND 2657493 ALBERTA LTD.

SISP Procedure

See attached.

Appendix “C” – Letter from Canada Revenue Agency dated August 16, 2024

August 16, 2024

Jean Xue
Controller
Long Run Exploration Ltd.
300 - 707 7 Ave SW
Calgary AB T2P 3H6

Dear Jean Xue:

Subject: Final adjustments to the goods and services tax / harmonized sales tax (GST/HST) return for the period from 2024-07-01 to 2024-07-04
Business number: 86817 6942 RT0001

We have completed our examination of the GST/HST return for the above period.

We received your spreadsheet on August 8, 2024, in which you identified which creditors have and have not provided taxable supplies. After reviewing your representations, we are making the following adjustments to your GST/HST return for the period noted. A detailed working paper supporting the changes has been previously provided through Secure Drop Zone.

Period ending	Net tax as filed	Changes to net tax	Revised net tax
2024-07-04	$0.00	$ 1,096,687.58	$ 1,096,687.58

This assessment is based on the list of creditors, it is taken as current and accurate as of the date of this letter. Canada Revenue Agency, through the provisions of 296(1)(b) of the Excise Tax Act, has assessed the GST/HST portion of the debt owed to your creditors. Therefore, we suggest that you make the necessary adjustments to your books and records in respect to your creditors payable.

We have enclosed a summary of final adjustments which provides more details on the changes to the return. In the coming weeks, you will receive a notice of (re)assessment that will reflect these adjustments.

If you would like to object to the (re)assessment, you must file a notice of objection within 90 days of the date of the notice of (re)assessment. For more information or to find the Notice of Objection form, go to **canada.ca/cra-complaints-disputes**.

The completion of our audit should not be considered as permission to destroy any books and records. For more information, go to **canada.ca/taxes-records**.

We encourage you to read RC4188, What You Should Know About Audits. You can find this pamphlet by going to **canada.ca/cra-forms-publications** and typing **RC4188** in the search box.

To help you understand your rights as a taxpayer, we also recommend that you read Guide RC17, Taxpayer Bill of Rights. This guide can be found at **canada.ca/taxpayer-rights**.

For more information about the Canada Revenue Agency, visit our website at **canada.ca/revenue-agency**.

If you have any questions, please call me at 431-374-5659 or toll free at 1-833-659-2783.

Thank you for your assistance and cooperation during the examination.

Sincerely,

Tony Governo
GST/HST Examiner
GST/HST Audit Division
Eastern Prairie Tax Service Office

Telephone: 431-374-5659
Toll free: 1-833-659-2783
Facsimile: 1-833-545-2885
Address: 400-360 Main Street
PO Box 1022 Stn Main
Winnipeg MB R3C 2W2
Website: **canada.ca/taxes**

Enclosure

c.c.: Hailey Liu, FTI Consulting Canada Inc.

Final Statement of Audit Adjustments

Business Number: 86817 6942 RT0001
Name: Long Run Exploration Ltd.
Audit Period: July 1, 2024 to July 4, 2024

Date Issued: August 14, 2024
Tax Services Office: 1251 – Eastern Prairie
WP#: 0310

Adj #	Period End	Sales Adjustment Amount	GST/HST Adjustment Amount	ITC Adjustment Amount	Adjustment to Net Tax For Period	ETA Reference	s.285 Penalty	Note
1	2024-07-04	$0.00	$1,096,687.58	$0.00	$1,096,687.58	296(1)(b)	No	1

Notes:

1 Under paragraph 296(1)(b) of the ETA, we are assessing the GST/HST payable on taxable supplies received as GST/HST has not been paid to the suppliers.

Appendix "D" – List of Contracts to be Disclaimed

Contract	Counterparties	Land Description	Rights Held	Mineral File	Lease #	Wells (G)	Licensee	Operator under CNTR
JOINT OPERATING AGREEMENT	Paramount Resources Ltd. Arc Resources Ltd. Barnwell of Canada, Limited Sanling Energy Ltd. Blue Sky Resources Ltd.	TWP 114 RGE 06 W6M SW 36 (EXCL THE 100/06-36-114-6 W6M ABN WELL)	PNG FROM BASE MUSKEG TO BASE KEG RIVER	M00073A	0586020365	102043611406W600	Barnwell	Barnwell
RE-ENTRY FARMOUT PROPOSAL	Paramount Resources Ltd. Barnwell of Canada, Limited Sanling Energy Ltd. Blue Sky Resources Ltd.	TWP 114 RGE 06 W6M NW 36 (EXCL ASSOCIATED PRODUCTION FROM THE 102/12-36-114-06 W6 WELL)	PETROLEUM IN MUSKEG	M00074C	17689C	100123611406W600	Barnwell	Barnwell
RE-ENTRY FARMOUT PROPOSAL	Paramount Resources Ltd. Barnwell of Canada, Limited Sanling Energy Ltd. Blue Sky Resources Ltd.	TWP 114 RGE 06 W6M NW 36 (ASSOCIATION PRODUCTION FROM THE 102/12-36-114-06 W6M WELL ONLY - SEE REMARKS)		M00074E	17689C	102123611406W600	Barnwell	Barnwell
JOINT VENTURE AGREEMENT	Barnwell of Canada, Limited Blue Sky Resources Ltd. Prairie Thunder Resources Ltd.	TWP 117 RGE 05 W6M NW 29	PNG FROM SURFACE TO BASE OF SULPHUR POINT. EXCLUDING: NG IN SLAVE POINT, SULPHUR POINT	M00076A	0593100446	no well	n/a	n/a
JOINT VENTURE AGREEMENT	Barnwell of Canada, Limited Blue Sky Resources Ltd. Prairie Thunder Resources Ltd.	TWP 117 RGE 05 W6M NW 29 (LANDS AND RIGHTS ARE SUBJECT TO POOLING - SEE REMARKS)	NG IN SLAVE POINT	M00076C M00081A M00081B	0593100446 127388	no well	n/a	n/a
FARMOUT AGREEMENT	Barnwell of Canada, Limited Sanling Energy Ltd. Blue Sky Resources Ltd.	TWP 114 RGE 06 W6M SW 36	PNG FROM SURFACE TO BASE OF MUSKEG. EXCLUDING: PETROLEUM IN MUSKEG	M00074A	17689C	100043611406W600	Barnwell	Barnwell
SETTLEMENT AGREEMENT	Paramount Resources Ltd. Barnwell of Canada, Limited Sanling Energy Ltd. Blue Sky Resources Ltd.	TWP 114 RGE 06 W6M SW 36	(ASSOCIATED PRODUCTION FROM THE 102/04-36-114-06 W6M WELL ONLY - SEE REMARKS)	M00073A	0586020365	well governed by C00039	n/a	n/a
SETTLEMENT AGREEMENT	Paramount Resources Ltd. Barnwell of Canada, Limited Sanling Energy Ltd. Blue Sky Resources Ltd.	TWP 114 RGE 06 W6M NW 36	ASSOCIATED PRODUCTION FROM THE 102/12-36-114-06 W6M WELL ONLY - SEE REMARKS)	M00074E	17689C	well governed by C00040	n/a	n/a
POOLING AND EQUALIZATION AGREEMENT	Paramount Resources Ltd. Barnwell of Canada, Limited Blue Sky Resources Ltd. 694093 Alberta Ltd. Torrence Resources Inc.	TWP 117 RGE 05 W6M 29	NG IN SLAVE POINT	M00076C M00081A M00081B	0593100446 127388	102012911705W600 100042911705W604	Paramount	Paramount
OPERATING AGREEMENT	Questfire Energy Corp. Strathcona Resources Ltd. Glencoe Resources Ltd.	TWP 52 RGE 23 W4M SEC 10	PNG FROM SURFACE TO BASE OF BELLY RIVER	Expired	n/a	100061005223W400	Strathcona	Strathcona
JOINT OPERATING AGREEMENT	Inplay Oil Corp. Point Loma Resources Ltd.	TWP 056 RGE 01 W5M SEC 3	PNG IN OSTRACOD	Expired	n/a	100060305601W500	Inplay	Inplay
POOLING AND JOINT OPERATING AGREEMENT	Maga Energy Operations Ltd. Bounty Developments Ltd. Questfire Energy Corp.	TWP 52 RGE 27 W4M SEC 27 (NO MINERAL RIGHTS - FH PNG LEASES DATED DEC 12, 1987, SEP 12, 1975 AND DEC 05, 1986 - EXPIRED) (RECLAMATION OBLIGATION)	(100/06-27-052-27 W4 WELL)	Expired	n/a	100062705227W400	Maga	Maga
FARMOUT AGREEMENT	Battle River Energy Ltd. Cleo Energy Corp. Pembina NGL Corporation Harvest Operations Corp. Wolf Coulee Resources Inc. Bow River Energy Ltd.	TWP 41 RGE 2 W4M SEC 9 (NO ACTIVE MINERAL - CROWN PNG LEASE NO. 24168 - EXPIRED)	(RECLAMATION OBLIGATION FOR THE 100/14-09-041-02-W4 WELL)	Expired	n/a	100140904102W400 100140904102W402	Battle River	Battle River

FARMOUT AND PARTICIPATION AGREEMENT	Obsidian Energy Partnership	TWP 39 RGE 16 W4M SEC 27 (NO ACTIVE MINERALS - FH NG LEASE DATED SEPT 15, 1999 WITH PRAIRIESKY - SURRENDER AUGUST 16, 2019)	PNG FROM TOP SURFACE TO BASE MANNVILLE	Expired	n/a	100062703916W400 100102703916W400	Obsidian	Obsidian
FARMOUT AND PARTICIPATION AGREEMENT	Obsidian Energy Partnership	(1) TWP 39 RGE 16 W4M S 35 (EXPIRED) (EXCLUDING PENALTY WELL 100/04-35-029-16 W4M --- RECOMPLETION IN VIKING FM) (1) TWP 39 RGE 16 W4M N35 (EXPIRED) (2) TWP 39 RGE 16 W4M SEC 35 (EXPIRED) (3) TWP 39 RGE 16 W4M 36 (4) TWP 39 RGE 16 W4M SW 19, NE 19 (GOVERNED UNDER C02801)	(1) NG TO BASE MANNVILLE (2) PET TO BASE MANNVILLE (3) PNG TO BASE MANNVILLE (4) NG TO BASEMENT	Expired	n/a	100103503916W400 100103603916W400 100133603916W400 100133603916W402	Obsidian	Obsidian
POOLING AGREEMENT	Nuvista Energy Ltd. Wolf Coulee Resources Inc. Owlco Resources Ltd. (RIO)	TWP 27 RGE 6 W4M N 34 TWP 27 RGE 6 W4M S 34 (CR PNG LEASE 0403060408 - EXPIRED)	NG IN VIKING	Expired	n/a	100063402706W400	Nuvista	Nuvista
JOINT OPERATING AGREEMENT	Terra Energy Corp. Spoke Resources Ltd.	TWP 80 RGE 6 W6M SEC 28	PNG BELOW BASE BLUESKY-BULLHEAD	Expired	n/a	100162808006W600 100162808006W602 100162808006W603 100162808006W604		
FARMOUT AND PARTICIPATION AGREEMENT	Enhance Energy Inc. Wolf Coulee Resources Inc. Heather Oil Ltd. (BPEN)	TWP 049 RGE 27 W4M SEC 11 (WELLBORES: 100/02-11-049-27 W4/00, 02, 03)	(WELLBORES: 100/02-11-049-27 W4/00, 02, 03)	M05884A	0483050030	100021104927W400 100021104927W402 100021104927W403	Enhance	Enhance
FARMOUT AND PARTICIPATION AGREEMENT	Enhance Energy Inc. Wolf Coulee Resources Inc. Heather Oil Ltd.	TWP 049 RGE 27 W4M SEC 11	PNG FROM TOP SURFACE TO BASE MANNVILLE (EXCL WELBBORE FOR 100/02-11-049-27 W4/ 00, 02 & 03)	M05884C	0483050030	See sub A		
FARMOUT AND PARTICIPATION AGREEMENT	Enhance Energy Inc. Wolf Coulee Resources Inc. Heather Oil Ltd. Jolifou Petroleums Ltd. Olympus Resources Ltd.	TWP 049 RGE 27 W4M SE 11	PNG FROM BASE MANNVILLE TO BASE LEDUC	M05884B	0483050030	102021104927W400	Enhance	Enhance
JOINT OPERATING AGREEMENT	Insignia Energy Ltd. Barnwell of Canada, Limited Regco Petroleum Ltd. N7 Energy Ltd.	TWP 64 RGE 4 W5M SEC 8 (NO ACTIVE MINERALS - CR PNG LEASE NO. 0492010120 - EXPIRED NOV 1, 2018) (ABANDONMENT/RECLAMATION OBLIGATION FOR THE 100/05-08-064-04 W5 AND 100/07-08-064-04 W5 WELLBORES)		Expired	n/a	100050806404W500 100050806404W502	N7	N7
JOINT OPERATING AGREEMENT	Trident Exploration (WX) Corp. Trident Exploration (Alberta) Corp. Insignia Energy Ltd. Barnwell of Canada, Limited Regco Petroleum Ltd.	TWP 64 RGE 4 W5M SEC 8 (NO ACTIVE MINERALS - CR PNG LEASE NO. 0492010120 - EXPIRED NOV 1, 2018) (ABANDONMENT/RECLAMATION OBLIGATION FOR THE100/07-08-064-04 W5)		Expired	n/a	100070806404W500	Insignia	Insignia

Contract Date	Name	Area	Description	Contract Name	Operator
1/1/2004	CHERHILL	REDWATER	JV AFE ONLY	CHERHILL COMPRESSOR 3-16-57-4W5	HARVEST
2/2/2009	WESTLOCK	REDWATER	CO&O AGREEMENT	ALEXANDER DEHYDRATION FACILITY 10-27-55-1W5	LEXOIL - active (Inplay)
12/15/1996	CHERHILL	REDWATER	CO&O AGREEMENT	AGMT FOR THE CO&O OF THE CHERHILL 10-5-56-5W5M COMPRESSION FACILITY	JOURNEY PT
5/1/2010	CLEAR HILLS	PEACE	OWNERSHIP & OPERATION AGMT	AGMT FOR THE O&O OF THE CLEAR HILLS 10-8-88-12W6M FACILITY	SATURN OGI - active
3/1/2001	RYCROFT	PEACE	CO&O AGREEMENT	AGMT FOR THE CO&O OF THE RYCROFT 7-2-77-4W6M GAS PROCESSING FACILITY	BIRCHCLIFF
7/1/2001	RYCROFT	PEACE	CO&O AGREEMENT	AGMT FOR CO&O OF RYCROFT AREA NORTHWEST LEG GAS GATHERING SYSTEM	BIRCHCLIFF
11/6/2008	OYEN	REDWATER	CO&O AGREEMENT	LETTER AGMT FOR THE CO&O OF THE 04-12-029-10W4 DOBSON COMPRESSOR	HARVEST
6/1/2009	KILLAM	REDWATER	CO&O AGREEMENT	CO&O OF THE RED WILLOW GAS PROCESSING FACILITIES	OBSIDIAN PT
5/1/1989	CHERHILL	REDWATER	UNIT & UNIT OPERATING AGREEMENT	CHERHILL UNIT NO. 1	Journey
10/1/1970	OYEN		UNIT & UNIT OPERATING AGREEMENT	OYEN GAS UNIT NO. 3	NUVISTA EN LTD