

COURT FILE NUMBER 2401-02680
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 RAZOR ENERGY CORP.,
RAZOR HOLDINGS GP CORP., AND BLADE ENERGY
SERVICES CORP.

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

November 6, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR
FTI Consulting Canada Inc.
Suite 1610, 520 Fifth Avenue S.W.
Calgary, AB T2P 3R7
Dustin Olver / Brett Wilson
Telephone: (403) 454-6032 / (403) 454-6033
Fax: (403) 232-6116
E-mail: dustin.olver@fticonsulting.com
brett.wilson@fticonsulting.com

COUNSEL
Blake, Cassels & Graydon LLP
Suite 3500, Bankers Hall East
855 2nd Street S.W.
Calgary, AB T2P 4J8
Kelly Bourassa
Telephone: (403) 260-9697
E-mail: kelly.bourassa@blakes.com

EIGHTH REPORT OF THE MONITOR

TABLE OF CONTENTS

INTRODUCTION.....	1
PURPOSE	7
TERMS OF REFERENCE.....	8
BACKGROUND.....	10
ACTIVITIES OF THE MONITOR.....	10
BUDGET TO ACTUAL RESULTS	11
CASH FLOW FORECAST.....	13
DETAILS OF SECURED AND POTENTIAL PRIORITY CLAIMS.....	16
SALE AND INVESTMENT SOLICITATION PROCESS.....	20
SUMMARY OF THE TRANSACTION.....	22
MONITOR’S COMMENTS ON THE TRANSACTION	25
RESIDUALCO AND RESIDUALCO FUNDS	39
SUMMARY CLAIMS PROCESS	40
RELEASES	41
REQUEST TO EXTEND THE STAY OF PROCEEDINGS.....	41
CONCLUSIONS.....	42

Appendix “A” – Eighth Cash Flow Forecast for the period ending December 1, 2024

INTRODUCTION

1. On January 30, 2024, Razor Energy Corp. (“**Razor Energy**”), Razor Holdings GP Corp. (“**Razor Holdings**”), Razor Royalties Limited Partnership (“**Razor Royalties LP**”), and Blade Energy Services Corp. (“**Blade**” and collectively with Razor Energy, Razor Holdings and Razor Royalties LP, the “**Razor Entities**”) filed Notices of Intention to Make a Proposal (“**NOI**”), pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”). FTI Consulting Canada Inc. (“**FTI**”) consented to act as proposal trustee (the “**Proposal Trustee**”) in the NOI proceedings (the “**NOI Proceedings**”) of the Razor Entities.
2. On February 28, 2024, (the “**Filing Date**”), Razor Energy, Razor Holdings, and Blade (collectively referred to as, the “**Applicants**”) sought and obtained an initial order (the “**Initial Order**”) from the Court of King’s Bench of Alberta (the “**Court**”) granting, among other things, a continuation of the NOI Proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c C-36, as amended (the “**CCAA**” and the “**CCAA Proceedings**”).
3. The Initial Order granted, among other things, the following relief within the CCAA Proceedings:
 - (a) a stay of proceedings until March 8, 2024 (the “**Stay Period**”);
 - (b) an extension of the stay of proceedings to Razor Royalties LP for the duration of the Stay Period;
 - (c) the appointment of FTI as monitor (FTI in such capacity, the “**Monitor**”) of the Razor Entities;
 - (d) approval of the sale and investment solicitation process (the “**SISP**”);

- (e) approval of the engagement letter dated January 25, 2024 (the “**Sales Agent Agreement**”) between Razor Energy and Peters & Co. Limited (the “**Sales Agent**”);
 - (f) a sealing order in respect of an unredacted copy of the Sales Agent Agreement; and
 - (g) approval of the priority and amount of the charges in favour of: (i) the Monitor, the Monitor’s counsel, and the Applicants’ legal counsel (the “**Administration Charge**”) in the amount of \$100,000; and (ii) the Applicants’ obligations to indemnify the Applicants’ directors and officers for liabilities they may incur after the Filing Date (the “**Directors’ Charge**”) in the amount of \$335,000 (together, the “**Initial Order Charges**”).
4. On March 6, 2024 (the “**Comeback Hearing**”), the Applicants sought and obtained an Amended and Restated Initial Order from the Court (the “**ARIO**”). The ARIO granted, among other things, the following relief within the CCAA Proceedings:
- (a) an extension of the Stay Period up to and including March 29, 2024;
 - (b) confirmed the quantum and priority of the Initial Order Charges as provided in the Initial Order;
 - (c) authorized the Applicants’ decision to incur no further expenses during the stay of proceedings, in relation to certain securities or capital markets reporting obligations;
 - (d) relieved Razor Energy of any obligations to call or hold its next annual general meeting of shareholders until further Order of this Court; and

- (e) a sealing order in respect of the desktop appraisal conducted by McDougall Auctioneers Ltd. of the equipment in the possession of Blade.
5. On March 25, 2024, the Applicants sought and obtained an Order from the Court (the “**March 25 Order**”). The March 25 Order granted, among other things, an extension of the Stay Period up to and including May 3, 2024.
 6. On April 10, 2024, Justice M.E. Burns of this Court heard an application of Alberta Petroleum Marketing Commission (“**APMC**”) with respect to outstanding pre-filing royalties (the “**January Royalty Amounts**”). On September 6, 2024, the Honourable Justice M.E. Burns released reasons for decision which dismissed the APMC application (the “**APMC Decision**”).
 7. On May 3, 2024, the Applicants sought and obtained an Order from the Court (the “**May 3 Order**”). The May 3 Order granted, among other things, an extension of the Stay Period up to and including June 7, 2024.
 8. On June 6, 2024, the Applicants sought and obtained an Order from the Court (the “**June 6 Order**”). The June 6 Order granted, among other things, an extension of the Stay Period up to and including August 2, 2024.
 9. On July 17, 2024, the Applicants sought and obtained Orders from the Court (the “**July 17 Orders**”), including:
 - (a) an Order approving the sale transaction contemplated by an Asset Purchase and Sale Agreement, dated June 27, 2024, between Razor Energy, as vendor, and HWN Energy Ltd., as purchaser (the “**HWN Transaction**”);

- (b) an Order authorizing the execution and delivery, by Razor Energy, of the irrevocable Share Transfer Power of Attorney dated effective as of July 17, 2024 and approving the transaction (collectively, the “**FutEra Transaction**”) in respect of the sale, transfer, and assignment of the 210,000 common shares of the equity of FutEra, owned by Razor Energy; and
 - (c) an extension of the Stay Period up to and including October 13, 2024.
10. On September 11, 2024, the Honourable Justice Douglas R. Mah of the Court of King’s Bench of Alberta heard an application (the “**Conifer Application**”) in respect of a dispute between Razor Energy and Conifer Energy Inc. regarding amongst other things, post-filing arrears owed 2011 (the “**Post-Filing Arrears**”) to Conifer under the Agreement for the Construction, Ownership and Operation of the Judy Creek Gas Conservation Plant (“**JCGP**”) dated March 1, and amounts Razor Energy owes to Canadian Natural Resources Limited (“**CNRL**”) that CNRL seeks from Conifer. On September 19, 2024, the Honourable Justice Douglas R. Mah released reasons for decision which dismissed the Conifer Application. On October 10, 2024, Conifer filed an application for leave to appeal which has been scheduled to be heard on November 27, 2024.
 11. On September 26, 2024, and amended on October 21, 2024, APMC filed an application for leave to appeal the APMC Decision which has been scheduled to be heard on November 14, 2024.
 12. On October 7, 2024, the Applicants sought and obtained an Order from the Court (the “**October 7 Order**”). The October 7 Order granted, among other things, an extension of the Stay Period up to and including November 8, 2024.
 13. This report (this “**Report**”) is being filed in connection with the Applicants’ application currently scheduled to be heard on November 8, 2024 (the “**November 8 Application**”), seeking from the Court, among other things, the following orders:

- (a) Approval and Reverse Vesting Order, among other things;
 - (i) approving the sale transaction (“**Transaction**”) and other steps contemplated by the Subscription Agreement, dated October 27, 2024 (the “**Subscription Agreement**”), between Razor Energy, as vendor, and Texcal Energy Canada Inc. (“**Texcal**” or the “**Purchaser**”), as purchaser, attached as Exhibit “C” to the Eleventh Bailey Affidavit;
 - (ii) vesting all Excluded Assets, Excluded Contracts, and Excluded Liabilities (each as defined in the Subscription Agreement), in a newly incorporated entity (“**ResidualCo**”);

- (b) Retained Contracts Order;
 - (i) declaring that the Restricted Retained Contracts (as defined in the Subscription Agreement), together with all of the rights and obligations of the applicable Applicants under the Restricted Retained Contracts, shall be retained, by such Applicants, and that such Restricted Retained Contracts shall remain in full force and effect, subject only to the payment of any applicable Cure Costs (as defined in the Subscription Agreement);
 - (ii) declaring that the Retained Contracts (as defined in the Subscription Agreement) which are not Restricted Retained Contracts shall be retained, pursuant to the Approval and Reverse Vesting Order, free and clear of any claims of the counterparties to such Retained Contracts;

- (iii) declaring that the counterparties to all Retained Contracts, including Restricted Retained Contracts, shall be permanently stayed, enjoined, barred, and estopped from making or pursuing any demand, claim, action or suit, or exercising any remedy or right under any Retained Contracts, including any Restricted Retained Contract, arising on or prior to the Closing of the Transaction, relating to the NOI Proceedings, the CCAA Proceedings, the insolvency of the Razor Entities, or any failure to perform a non-monetary obligation under any Retained Contract;
- (c) Stay Extension and Enhanced Monitor’s Powers Order;
- (i) extending the Stay Period up to and including November 30, 2024;
 - (ii) effective upon the filing of the Monitor’s Certificate, extending the Stay Period, in respect of ResidualCo, up to and including June 30, 2025, or such other date as this Court may deem appropriate;
 - (iii) granting the Monitor certain enhanced powers with respect to ResidualCo (the “**Enhanced Powers**”), including to take possession of and exercise control over ResidualCo’s present and after-acquired assets, property, and undertakings, and authorizing the Monitor to take all such further steps and actions as the Monitor determines are necessary or desirable to enable the Monitor to guide ResidualCo through the remainder of these CCAA Proceedings; and
- (d) the Restricted Court Access Order;
- (i) sealing Confidential Exhibit “1” to the Eleventh Bailey Affidavit (the “**Confidential Exhibit**”), until the earlier of the filing of the Monitor’s Certificate or further order of the Court,

(collectively, the “**Relief Requested**”).

14. This Report should be read in conjunction with the Eleventh Bailey Affidavit which provides further background information concerning the November 8 Application.
15. Electronic copies of all materials filed by the Applicants in connection with the November 8 Application and other materials are available on the Monitor’s website at: <http://cfcanada.fticonsulting.com/razor-blade> (the “**Website**”).

PURPOSE

16. The Monitor has reviewed the application materials filed by the Applicants in support of the November 8 Application. The purpose of this Report is to provide the Court and the Razor Entities’ stakeholders with information and the Monitor’s comments and recommendations with respect to the following:
 - (a) the activities of the Monitor since its report dated October 2, 2024 (the “**Seventh Report**”);
 - (b) the budget to actual cash flow results for the four-week period ending October 27, 2024;
 - (c) the Razor Entities’ revised cash flow forecast (the “**Eighth Cash Flow Forecast**”) for the five-week period ending December 1, 2024 (the “**Forecast Period**”) as well as the key assumptions which the Eighth Cash Flow Forecast are based on;
 - (d) the details of the secured and potential priority claims in the CCAA Proceedings;
 - (e) an update on the status of the Applicants’ restructuring efforts, including the Monitor’s comments on the SISP, the proposed Transaction contemplated by the Subscription Agreement and the request for an Approval and Reverse Vesting Order (“**RVO**”);

- (f) the Monitor’s comments on the Retained Contracts Order;
- (g) a summary of the ResidualCo Funds (as defined below) and the proposed administration of a Summary Claims Process (as defined below) and request to grant the Monitor certain Enhanced Powers and protections with respect to ResidualCo;
- (h) the releases in favour of persons and entities involved in these CCAA Proceedings;
- (i) the Applicants’ request for an order extending the Stay Period up to and including November 30, 2024, and for a further extension to the Stay Period up to and including June 30, 2025, upon the Monitor filing a Monitor’s Certificate; and
- (j) the Monitor’s recommendations with respect to the relief requested at the November 8 Application.

TERMS OF REFERENCE

17. In preparing this Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Razor Entities’ books and records and discussions with various parties (collectively, the “**Information**”).

18. 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.
19. The Monitor has prepared this Report in connection with the November 8 Application. This Report should not be relied on for other purposes.
20. Information and advice described in this Report that has been provided to the Monitor by its legal counsel, Blake, Cassels & Graydon LLP (the “**Monitor’s Counsel**”), was provided to assist the Monitor in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
21. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms used but not defined herein are given the meaning ascribed to them in the Eleventh Bailey Affidavit.

BACKGROUND

22. Detailed information with respect to the Razor Entities' business, operations and causes of financial difficulty are described in the Affidavit of Doug Bailey sworn on February 20, 2024.

ACTIVITIES OF THE MONITOR

23. The Monitor's activities since the date of the Seventh Report include the following:
- (a) monitoring the Razor Entities' finances (including cash flows) and operations;
 - (b) assisting the Razor Entities in preparing the Eighth Cash Flow Forecast;
 - (c) participating in discussions with Razor Energy, the Sales Agent and the Purchaser in respect of the Transaction;
 - (d) consulting with key stakeholders including, the Alberta Energy Regulator ("AER") and Orphan Well Association ("OWA") with respect to the SISP and the potential Transaction;
 - (e) evaluating the treatment and impact on the various stakeholders in these proceedings of the Transaction;
 - (f) responding to inquiries from suppliers and creditors who contacted the Monitor in connection with these CCAA Proceedings; and
 - (g) preparing this Report.

BUDGET TO ACTUAL RESULTS

24. The Razor Entities, in consultation with the Monitor, prepared the cash flow statement (the “**Seventh Cash Flow Statement**”) which was appended to the Seventh Report.
25. Actual cash flows as compared to those contained in the Seventh Cash Flow Statement for the four-week period of September 30, 2024, to October 27, 2024, are summarized below.

The Razor Entities			
For the 4 week period of September 30, 2024 to October 27, 2024			
Budget to Actual Results			
(C\$ 000s)	Actual	Budget	Variance
Receipts			
Net production revenue	\$ 1,432	\$ 1,637	\$ (205)
Other receipts	53	110	(57)
Total - Receipts	1,485	1,747	(262)
Disbursements			
Operating expenses	(974)	(1,583)	609
Transportation and processing costs	(8)	(28)	20
Lease rentals	(54)	(81)	27
Insurance	(34)	(34)	-
Payroll	(136)	(272)	136
Professional & sales agent fees	-	(325)	325
G&A expense	(75)	(235)	160
Total - Disbursements	(1,281)	(2,558)	1,277
Net cash flow	204	(811)	1,015
Opening cash balance	1,435	1,435	-
Ending cash balance	\$ 1,639	\$ 624	\$ 1,015

26. The variances in actual receipts and disbursements are primarily due to the following:
- (a) Net production revenue – Negative variance of approximately \$205,000 due to lower than anticipated pricing and production volumes;

- (b) Other receipts – negative variance of approximately \$57,000 due to the earlier receipt of the SHGPC payment;
 - (c) Operating expenses – positive variance of approximately \$609,000 is primarily due to timing of September electricity costs and lower than anticipated costs over the period;
 - (d) Transportation and processing costs – positive variance of approximately \$20,000 due to lower than anticipated costs;
 - (e) Lease rentals – positive variance of approximately \$27,000 due to lower than anticipated Crown surface lease rentals;
 - (f) Insurance – substantially in line with forecast;
 - (g) Payroll – positive variance of approximately \$136,000 due to timing of payment which is expected to reverse in a future period;
 - (h) Professional & Sales Agent fees – positive variance of approximately \$325,000 partially based on timing of anticipated payments expected to reverse in future periods; and
 - (i) G&A expense – positive variance of approximately \$160,000 partially due to timing variance of payments, in combination with lower than anticipated costs.
27. The cash balance at the end of the period is approximately \$1.6 million which is higher than previously forecast by approximately \$1.0 million and is primarily driven by lower than anticipated production revenue and offset by timing variances related to operating expenses, Professional & Sales Agent fees and G&A expense over the period.

CASH FLOW FORECAST

28. The Razor Entities, in consultation with the Monitor, have prepared the Eighth Cash Flow Forecast to estimate liquidity for the Forecast Period, a summary of which is presented below and attached hereto as Appendix “A”.

The Razor Entities	
For the 5 week period of October 28, 2024 to December 1, 2024	
Cash Flow Forecast	5 Week
(C\$ 000s)	Total
Receipts	
Net production revenue	\$ 1,500
Other receipts	175
Total - Receipts	1,675
Disbursements	
Operating expenses	(1,920)
Transportation and processing costs	(100)
Lease rentals	(61)
Insurance	(108)
Payroll	(420)
Professional fees	(306)
G&A expense	(230)
Total - Disbursements	(3,146)
Net cash flow	(1,471)
Opening cash balance	1,639
Ending cash balance	\$ 167

29. The Eighth Cash Flow Forecast projects a negative net cashflow of approximately \$1.5 million over the Forecast Period, which includes the following assumptions:
- (a) The Eighth Cash Flow is drafted assuming normal course operations, therefore it does not include the proceeds from closing the Transaction. The proceeds from the Transaction (if it closes) and the subsequent distributions of the proceeds is outlined later in this Report;

- (b) Net production revenue receipts are derived from petroleum and natural gas sales based on forecast production and third-party pricing. Crown royalties are paid in kind and included within this amount;
- (c) Other receipts consist of the proceeds from third-party road use fees, partner joint interest billings, monthly payments from Swan Hills Geothermal Power Corp. to settle an outstanding receivable owing to Blade, and other miscellaneous collections;
- (d) Operating expenses based on critical payments to suppliers to maintain the operation of oil and natural gas operations. Payments to the AER and OWA for annual administration fees and orphan fund levy are not included within the Forecast Period, they are contemplated to be paid out of closing proceeds if the Transaction closes. Razor Energy does not dispute the amounts. This does not include payments to Conifer related to the operation of the JCGP and certain other joint venture obligations;
- (e) Transportation and processing costs associated with the transportation of petroleum and natural gas production from well head to market;
- (f) Lease rentals are based on the annual budget and exclude freehold rentals;
- (g) Insurance is based on current premium installments;
- (h) Payroll is based on payroll registers and includes costs related to employees including payroll, benefits, and payroll remittances;
- (i) Professional fees are costs and disbursements of the Monitor, the Monitor's Counsel, and the Razor Entities' legal counsel including payment of arrears for prior periods; and

- (j) G&A expense includes overhead costs such as rent and other similar expenses, in addition to corporate contractors.
30. The Monitor is aware that certain joint venture parties, including Conifer and CNRL have not been paid post-filing obligations and Razor Energy has not received any production revenue from those assets. Razor Energy has disputed certain of these charges and these amounts relate to properties where Razor Energy is a non-operated working interest partner. As with prior versions of the cash flow forecasts, the Eighth Cash Flow Forecast does not contemplate payment of these amounts.

The Monitor's Comments on the Cash Flow Forecast

31. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Monitor hereby reports as follows:
- (a) the Eighth Cash Flow Forecast has been prepared by management of the Razor Entities, for the purpose described in the notes to the Eighth Cash Flow Forecast, using probable and hypothetical assumptions set out therein;
 - (b) the Monitor's review of the Eighth Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to the Information supplied to it by the Razor Entities. Since hypothetical assumptions need not be supported, the Monitor's procedures were limited to evaluating whether they were consistent with the purpose of the Eighth Cash Flow Forecast, and there are no material assumptions contained therein which seem unreasonable in the circumstances. The Monitor has also reviewed the support provided by management for the probable assumptions, and the preparation and presentation of the Eighth Cash Flow Forecast;

- (c) based on the Monitor’s review, as at the date of this Report, nothing has come to its attention that causes it to believe that, in all material respects:
 - (i) the hypothetical assumptions are not consistent with the purpose of the Eighth Cash Flow Forecast;
 - (ii) the probable assumptions developed by management are not supported and consistent with the plan of the Razor Entities or do not provide a reasonable basis for the Eighth Cash Flow Forecast, given the hypothetical assumptions;
or
 - (iii) the Eighth Cash Flow Forecast does not reflect the probable and hypothetical assumptions;
- (d) since the Eighth Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Eighth Cash Flow Forecast will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information present in this Report, or relied upon by the Monitor in preparing this Report; and
- (e) the Eighth Cash Flow Forecast has been prepared solely for the purpose described in the notes to the Eighth Cash Flow Forecast and readers are cautioned that it may not be appropriate for other purposes.

DETAILS OF SECURED AND POTENTIAL PRIORITY CLAIMS

32. The Monitor is aware of the following secured claims and charges that are owed by Razor Energy, either pursuant to statute, or which have been registered against Razor Energy’s petroleum and natural gas assets (“**P&NG Assets**”).

Secured Debt

33. Effective June 16, 2023, Razor Royalties LP, by its general partner, Razor Holdings and Swan Hills Geothermal Power Corp., as borrowers, and Razor Energy, as parent guarantor entered into a loan agreement with Arena Limited SPV, LLC (“**Arena**”) and 405 Dolomite LLC (“**Dolomite**”) as administrative agent (collectively, the “**Lenders**”), as amended (the “**Loan Agreement**”), pursuant to which the Lenders made certain credit facilities (the “**Lenders’ Secured Debt**”). As outlined in the Eleventh Bailey Affidavit, the current approximate amount outstanding under the Loan Agreement is \$7,012,086.
34. The security in relation to the Loan Agreement is more fully described in the Initial Affidavit. The Monitor’s Counsel has reviewed the Loan Agreement and the Lenders security, and determined that, subject to standard qualifications and assumptions, the Lenders have a valid and enforceable security interest securing the Lenders’ Secured Debt.

Royalty Agreement

35. Pursuant to the Loan Agreement, Razor Energy and Razor Royalties LP entered into the: (i) overriding royalty agreement dated February 16, 2021, between Razor Energy, as royalty payor, and Razor Royalties LP, as royalty owner and (ii) overriding royalty agreement, dated August 12, 2021, between Razor Energy, as royalty payor, and Razor Royalties LP, as royalty owner (collectively, the “**GORR Agreements**”).
36. Pursuant to the GORR Agreements Razor Energy granted to Razor Royalties LP a ten percent gross overriding royalty interest in its petroleum and natural gas lands and interests (the “**GORR**”).

37. The Subscription Agreement contemplates that the GORR will not be extinguished; however, all claims, liabilities, interests, and rights, against or secured by the GORR, including among others, the Arena Assignment Agreements in favour of Arena (the “**Assignment Agreements**”), will be vested out of the Razor Entities.
38. The Monitor understands that Arena intends to oppose the treatment of the Arena Assignment Agreements, under the Subscription Agreement.

Canada Revenue Agency

39. On June 10, 2024, the CRA delivered notice to Razor Energy with a proposed adjustment to the goods and services tax/harmonized sales tax return for the period from February 1, 2024, to February 28, 2024. The proposed adjustments are based on the CRA’s calculations from the creditor listing for pre-filing periods and result in net tax owing of \$1,131,210.77, which the Monitor understands to be an unsecured claim (the “**Unsecured CRA Claim**”).
40. Pursuant to the provisions of the RVO, the Unsecured CRA Claim is deemed an “Excluded Liability”, and hence is anticipated to be transferred to ResidualCo. The CRA has been served notice of the November 8 Application.

Municipal Taxes

41. The Monitor is aware that Razor Energy has outstanding pre-filing municipal property taxes (the “**Outstanding Municipal Taxes**”) owing to multiple municipalities.
42. The Transaction does not contemplate payment of the Outstanding Municipal Taxes as part of the Subscription Price. The Monitor understands that Razor Energy and the Purchaser have had discussions with the municipalities, and they have been served the November 8 Application.

43. The Monitor understands that there are arrears owing for post-filing periods for municipal taxes, which amounts are contemplated to be paid to the Monitor on closing and distributed to the applicable Municipalities thereafter or assumed and retained by Razor Energy. The amount of the Post-Filing Municipal Taxes (defined in the Subscription Agreement) is up to a total aggregate amount of \$2,997,333.53 (for the period of February 1, 2024, to December 31, 2024) and summarized below:
- (a) \$2,235,458.61 inclusive of penalties to Big Lakes Country;
 - (b) \$286,059.08 inclusive of penalties to MD Greenview;
 - (c) \$249,875.42 inclusive of penalties to MD Taber;
 - (d) \$192,079.22 inclusive of penalties to Vulcan County;
 - (e) \$31,201.20 inclusive of penalties to Woodlands County; and
 - (f) \$2,659.99 inclusive of penalties to Lethbridge County.

Regulatory Payments

44. The Monitor is aware that Razor Energy has outstanding amounts owing to the AER, OWA, and APMC that have not been paid. The outstanding amounts include the following:
- (a) \$370,146.41 to the AER, in respect of the 2024 Administration fee, inclusive of a late payment penalty;
 - (b) \$732,600.91 to the OWA, in respect of the 2024 Orphan Fund Levy, inclusive of a late payment penalty; and

- (c) \$480,390.36 to APMC, in respect of APMC’s royalty share for January 2024, which was not delivered to APMC following the stay of proceedings within the NOI Proceedings.

(collectively, the “**Regulatory Payments**”)

- 45. The Transaction contemplates payment of the Regulatory Payments from the Subscription Price. The Regulatory Payments are intended to ensure that the AER, OWA, and APMC, are made whole with respect to all outstanding payments that have not been made by Razor Energy during these CCAA Proceedings.
- 46. A number of other parties (including Arena, Conifer, CNRL and Paramount Resources Ltd. (“**Paramount**”)) have expressed concerns with the structure of the Transaction. These objections and the Monitor’s comments are outlined in further detail in subsequent sections of this Report. The Applicants continue to dialogue with these parties in an attempt to address their concerns.

SALE AND INVESTMENT SOLICITATION PROCESS

- 47. Beginning on February 6, 2024, the Sales Agent initiated the SISP with the distribution of an information memorandum to approximately 400 interesting parties. The Monitor has provided regular updates on the SISP throughout the CCAA Proceedings.
- 48. The following is a summary of the key dates and results of the SISP:
 - (a) notice of the SISP was published in the *Daily Oil Bulletin* on February 7 and February 8, 2024, and the *BOE Report* on February 7, 2024;
 - (b) a virtual data room (“**VDR**”) was prepared containing financial and technical information regarding Razor Energy’s P&NG Assets;

- (c) 53 confidentiality agreements (“CA”) were executed and all parties to executed CAs were provided access to the VDR;
- (d) 20 offers were received to purchase various asset packages. A summary of the offers is excluded as Confidential Exhibit “1” to the Eleventh Bailey Affidavit; and
- (e) 1 *en bloc* corporate offer was received which ultimately resulted in the Transaction contemplated in the Subscription Agreement for which the Applicants are seeking approval at the November 8 Application.

49. The Monitor’s comments with respect to the SISP are as follows:

- (a) the SISP was approved by this Honourable Court in the Initial Order;
- (b) the SISP was administered by Peters & Co. Limited (the “Sales Agent”) and supervised by the Monitor. The Sale Agent has substantial experience and expertise selling oil and gas assets in Western Canada;
- (c) the SISP was a broad process which fully canvassed the market for potential purchasers and, accordingly, the Monitor is satisfied that Razor Energy’s P&NG Assets were adequately exposed to the market;
- (d) 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
- (e) key stakeholders including regulatory authorities, and other material stakeholders were kept apprised with respect to the SISP.

50. As part of the SISP and these CCAA Proceedings, the Applicants sought and obtained approval for two other transactions, the FutEra Transaction and the HWN Transaction. Both transactions have been completed and provided liquidity to the Applicants to advance the Transaction.
51. The Transaction contemplated by the Subscription Agreement is the only available offer that is compliant with the requirements of the OWA and AER, as it contemplates acquiring all licensed and non-licensed interests in the P&NG Assets of the Applicants. All other offers received as part of the SISP were non-conforming.

SUMMARY OF THE TRANSACTION

52. Solidarity Holdings Inc. (“**Solidarity**”) submitted a non-binding letter of intent for an *en bloc* transaction, dated March 28, 2024 (the “**Solidarity LOI**”), that ultimately led to the Transaction with Texcal as the Purchaser. Texcal is part of the same corporate group as Solidarity.
53. The proposed Transaction is substantially the same transaction as previously reported on by the Monitor in prior Reports and defined therein as the Corporate Transaction; however, the economics have changed as due diligence was completed and the Company consulted with various creditors and stakeholders.
54. The Corporate Transaction was the only bid available that contemplates acquiring all of Razor Energy’s licensed oil and gas assets and non-operated working interests (excluding those acquired in the HWN Transaction), allowing it to continue to operate the business as a going concern and satisfy the AER requirement that it would only support a transaction (or series of transactions) that includes the sale of all P&NG Assets held by the Applicants.

55. Razor Energy has proposed to complete the Transaction pursuant to the terms of the Subscription Agreement. A copy of the Subscription Agreement is attached to the Eleventh Bailey Affidavit. The key terms of the Subscription Agreement are as follows (capitalized terms in this paragraph have the meanings ascribed to them in the Subscription Agreement):

- (a) the Purchaser will have obtained the Subscribed Shares, which will constitute one hundred percent (100%) of all issued and outstanding common shares of Razor Energy at the Closing Time;
- (b) all Existing Shares of Razor Energy will have been retracted and cancelled, for nominal consideration;
- (c) Razor Energy will have retained, subject to the Permitted Encumbrances, the Retained Assets, the Retained Contracts (including the Restricted Retained Contracts), and the Assumed Liabilities;
- (d) all Excluded Assets, Excluded Contracts, and Excluded Liabilities of the Razor Entities will have been transferred to and vested in ResidualCo;
- (e) all Claims and Encumbrances shall be Discharged, as and against the Razor Entities, the Retained Assets, and the Retained Contracts (including the Restricted Retained Contracts), save and except for all Permitted Encumbrances and Assumed Liabilities; and
- (f) the Transaction contemplated by the Subscription Agreement is subject to the approval of the Court and will be consummated only pursuant to and in accordance with the Approval Orders.

56. The total subscription price paid by the Purchaser for the Transaction shall be, in the aggregate amount of \$8,375,000 (the “**Subscription Price**”), to be satisfied and paid as follows:
- (a) the deposit of \$1,000,000 shall be applied and set off against the Subscription Price;
 - (b) an amount equivalent to the aggregate total of Post-Filing Municipal Taxes, up to a total value of \$2,997,333.53;
 - (c) an amount sufficient to repay all Cure Costs associated with any Restricted Retained Contracts, up to a total ascribed value of \$544,225.00; and
 - (d) an amount sufficient to satisfy the remaining portion of the Subscription Price (the “**Cash to Close**”). The Cash to Close will be subsequently transferred to ResidualCo, pursuant to the Approval Orders, on the Closing Date.
57. The Transaction is contemplated to be completed through an RVO. The RVO would have the effect of approving the creation of ResidualCo, the transfer of certain assets and liabilities of Razor Energy to ResidualCo on the closing of the Transaction (summarized in the Subscription Agreement as the “Excluded Assets”, “Excluded Contracts”, and “Excluded Liabilities”).
58. The effect of the Transaction will be that Razor Energy will be cleansed of the majority of its liabilities by the granting of the RVO where the Purchaser will retain, subject to the Permitted Encumbrances, the Retained Assets, the Retained Contracts, and the Assumed Liabilities.

MONITOR'S COMMENTS ON THE TRANSACTION

59. When analyzing the Transaction, the Monitor considered the following:
- (a) reasonableness of the SISP including whether the SISP leading to the proposed Transaction was reasonable and appropriate in the circumstances;
 - (b) potential recoveries to stakeholders, whether the consideration being offered is fair and reasonable and if the Transaction provides the best outcome and recovery to the Razor Entities' creditors and stakeholders in the circumstances i.e. is it more beneficial to creditors than a sale or disposition under a bankruptcy;
 - (c) creditor consultation and impact including to what extent creditors were consulted and the impact of the proposed Transaction on the creditors; and
 - (d) whether the RVO is necessary and appropriate in the circumstances.

Reasonability of SISP

60. For the reasons outlined in paragraphs 47 to 51 the Monitor is of the view that the SISP that led to the Transaction was fair and reasonable in the circumstances.

Recoveries to stakeholders

61. The Monitor compared the potential recoveries to creditors under the Transaction to a sale or disposition under bankruptcy and provides the following comments:
- (a) Razor Energy's assets were marketed by the Sales Agent, in consultation with the Monitor, through the SISP in an effort to maximize potential recoveries to all stakeholders;

- (b) there was no viable alternative to the Transaction identified through the SISP that resulted in a higher potential recovery to the creditors. The Transaction represents the highest and best available recovery to creditors. An alternative to the Transaction would be a sale or disposition under a bankruptcy. Given the significant abandonment and reclamation obligations of Razor Energy, and regulatory requirements of the AER, the Monitor believes it is unlikely that a sale under a bankruptcy would be possible, resulting in all licensed assets being turned over to the OWA;
 - (c) Razor Energy will exit the CCAA Proceedings as a going concern and retain responsibility for the ongoing environmental obligations associated with the P&NG Assets;
 - (d) the jobs of approximately 54 employees and contractors will be preserved; and
 - (e) Razor Energy will continue to honour certain obligations identified as Retained Assets, Retained Contracts, and Assumed Liabilities.
62. For the reasons outlined above, the Monitor is of the view that the Transaction represents fair value in the circumstances.

Creditor Consultation

63. Throughout these CCAA Proceedings the Monitor has prepared reports to the Court on the status and advancement of the SISP. Further, the Monitor's reports included general details of the contemplated transactions including the Transaction being advanced by the Applicants as part of the November 8 Application.

64. On May 16, 2024, the Applicants arranged a meeting with key stakeholders (the “**Virtual Meeting**”) to present the offers submitted in the SISP, the alternatives to the Corporate Transaction, and proposed distributions under the Corporate Transaction, as contemplated at the time. The meeting included the following participants:
- (a) the AER, OWA, and the APMC;
 - (b) counsel to Big Lakes County and Vulcan County;
 - (c) counsel to Arena;
 - (d) counsel to Solidarity; and
 - (e) counsel to Conifer and CNRL.
65. Further consultation took place with key stakeholders who provided information requests on matters concerning the Corporate Transaction as follows:
- (a) on May 28, 2024, and June 25, 2024, Conifer provided correspondence regarding the dispute about their asserted right of first refusal. The Applicants’ counsel responded to the enquiries on July 2, 2024;
 - (b) on June 5, 2024, the Applicants’ counsel met with counsel to Big Lakes County and counsel to Vulcan County to discuss structuring and transactional matters. Continued correspondence and discussions were had in September 2024 and afterwards; and
 - (c) on July 24, 2024, Razor Energy’s CEO met with a representative from CNRL, with respect to the Corporate Transaction.

66. Following creditor consultations, the originally contemplated Corporate Transaction as presented at the Virtual Meeting, was revised in consideration for the creditor enquiries and Solidarity’s due diligence.
67. Razor Energy provided a draft subscription agreement on August 16, 2024 (the “**Original Draft Subscription Agreement**”) to Solidarity. The Original Draft Subscription Agreement contemplated total consideration of approximately \$10.0 million, the assumption of the Arena debt, and the exclusion of the Swan Hills Unit 1 Assets. Following the delivery of the Original Draft Subscription Agreement, additional consultation was had with the AER as follows:
- (a) on August 13, 2024, Razor Energy and the Monitor met with the AER to discuss the structure of the Corporate Transaction. Subsequently, the AER set out in a letter dated August 23, 2024, their position that they would not be supportive of a transaction if any non-operated working interest holdings were not included or assumed by another responsible party; and
 - (b) Razor Energy and Solidarity continued negotiations and revised the Original Draft Subscription Agreement to reintegrate the working interests in Swan Hills Unit 1 Assets so that they would not be excluded as previously contemplated. The inclusion of the Swan Hills Unit 1 Assets among other due diligence resulted in the original \$10 million consideration being reduced and the assumption of Arena’s debt being removed.
68. Based on the above, the Monitor is of the view that the Applicants sufficiently consulted with creditors throughout the CCAA Proceedings as they attempted to negotiate the Transaction on terms that would be acceptable to a significant number of creditors and stakeholders. Despite these efforts the Transaction faces opposition in particular from Conifer, CNRL and Arena.

The RVO is appropriate in the circumstances

69. In 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 RVO is necessary?

70. 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) various licenses and permits are held by Razor Energy with the AER, Alberta Boilers Safety Association, Association of Professional Engineers and Geologists of Alberta. Within the RVO structure, these licenses and permits are available to the Purchaser without need for transfer, which reduces risk and added cost to the closing of the Transaction. In particular as it relates to the AER, the Monitor's understanding is that the abandonment costs are estimated at approximately \$115 to \$123 million, depending on the methodology, which obligations will be assumed as part of the Transaction, if approved;

- (b) certain of Razor Energy’s tax attributes will be preserved. These tax attributes create potential future value to the business and stakeholders. By acquiring the shares of Razor Energy, the Purchaser will retain the corporate attributes including tax losses (unaudited estimate as at December 31, 2023), which include:
 - (i) resource pools of approximately \$20.8 million; and
 - (ii) non-capital losses of approximately \$49.3 million;
- (c) the Purchaser will continue to employ at least some of Razor Energy’s 54 employees and independent contractors, that are important to the continued operation of the P&NG Assets;
- (d) the Purchaser is not willing to complete a transaction for Razor Energy under an alternative structure or plan of arrangement under the CCAA;
- (e) the Subscription Agreement authorizes Razor Energy to undertake a reverse vesting transaction whereby it will transfer the Excluded Assets, Excluded Liabilities, and Excluded Contracts to ResidualCo, in a siloed and structured manner; and
- (f) the result of the Transaction will be that Razor Energy will carry on business with a new sole shareholder, with ownership of the Assumed Liabilities, the Permitted Encumbrances, the Retained Assets, the Retained Contracts, and a restructured balance sheet, free of all indebtedness (having been cleansed by the RVO or paid or assumed as a cure cost).

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

71. The Subscription Agreement is currently the best (and only) transaction available to Razor Energy's stakeholders in the circumstances. The alternative is a bankruptcy which would erode substantial value for stakeholders, including amounts owing for priority payables and Cure Costs payable to counterparties, each of whom are benefiting from the Subscription Price.

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

72. The Monitor is not aware of any stakeholder that would be worse off because of the RVO structure than under another viable structure, as there is no viable alternative to the Subscription Agreement.

73. The Monitor is aware that there is opposition from Conifer resulting from the treatment of Retained Contracts that do not require consent to assignment, because the Subscription Agreement does not contemplate the payment of pre-filing claims to cure monetary defaults in respect of these contracts. Further details and analysis on Retained Contracts, including Restricted Retained Contracts is provided below.

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

74. The Transaction is the only viable alternative in the circumstances and although the Subscription Price is not sufficient to satisfy the claims of all creditors and stakeholders, the Monitor is of the view that consideration being paid adequately recognizes the assets preserved, i.e. the tax attributes and the other licenses that are enumerated above, in the RVO structure. The consideration being paid in any other type of transaction is nil because there is no alternative transaction.

Monitor's Conclusion on the Transaction and Proposed RVO

75. The proposed Transaction is the result of a lengthy Court approved SISP and protracted period of negotiations between the Purchaser and various stakeholders. At the Virtual Meeting the Applicants advised certain creditors and stakeholders that they were attempting to negotiate the best deal available in the circumstances. However, the transaction was unlikely to satisfy all stakeholders and required a significant level of compromise. The Monitor is satisfied that the process that led to the Transaction was reasonable and appropriate, and that the Transaction would be more beneficial to creditors and stakeholders than a sale of disposition under a bankruptcy.
76. Despite its view that the Transaction is the best available alternative in the circumstances, the Monitor is cognizant that there is opposition from various creditors. The Monitor has considered the opposition, and in its analysis, considered the balance of potential prejudice to various creditor and stakeholder groups. In the Monitor's view there are three major issues that need to be considered, including the treatment of:
- (a) Retained Contracts;
 - (b) post-filing amounts; and
 - (c) balancing creditor interests.

Retained Contracts

77. The Subscription Agreement distinguishes between two types of Retained Contracts:
- (a) contracts that include provisions whereby the assignment of the rights and benefits explicitly requires the consent of the counterparty(ies), referred to as Restricted Retained Contracts; and
 - (b) contracts that do not require consent from the counterparties to assign the rights and benefits to a third party.
78. The Subscription Agreement contemplates the payment of Cure Costs to remedy any monetary defaults under the Restricted Retained Contracts, similar to what would be payable if the Applicants were completing a traditional asset sale and assigning the Restricted Retained Contracts under Section 11.3 (4) of the CCAA.
79. For the Retained Contracts that do not required consent to assignment, the Subscription Agreement does not contemplate payment of Cure Costs because they can be assigned to a third party without consent pursuant to the terms of the contract. The assistance of Section 11.3 of the CCAA is not required to force assignment of these contracts.
80. One of the factors considered by the Court in *Harte Gold* is whether contractual counterparties are receiving the same benefit as they would in an asset sale structure. The Monitor’s counsel has reviewed the Company’s analysis of contracts requiring consent to assignment and has confirmed that the Transaction proposes that all counterparties to agreements requiring consent to assignment are proposed to be paid pre-filing monetary defaults. This treatment is consistent with what they would receive if the Company sought an order under section 11.3 in an asset sale transaction.

81. For the Retained Contracts that do not require consent, no order under Section 11.3 would be required to force an assignment. Accordingly, treatment of Retained Contracts not requiring consent is the same in the Subscription Agreement as it would be under an asset sale transaction.

82. The Applicants are seeking the Retained Contracts Order, including the Retained Contracts Stay and declaratory relief regarding the Retained Contracts. The Retained Contracts Order provides a declaration that the retention of the Retained Contracts is valid and binding and that the Retained Contracts are subject to the RVO (i.e. held by the Razor Entities post-Closing free and clear of all claims, liabilities and encumbrances. The Retained Contracts Order further stays all non-monetary defaults that exist in respect of the Retained Contracts and enjoins any counterparty from taking any action in respect of such non-monetary defaults. The Applicants are concerned in the absence of the Retained Contracts Stay, the counterparties to the Retained Contracts could terminate such Retained Contracts by reason of the Applicants' non-monetary defaults thereunder.

83. With respect to Restricted Retained contracts the Retained Contracts Order provides similar relief to what would be provided in instances where Section 11.3 of the CCAA was utilized to assign contracts. Effectively, the Debtor cures any monetary defaults and subsequently the assignee receives the benefit of the rights and obligations of the agreement in respect of Restricted Retained Contracts. Accordingly, the Monitor is satisfied that the relief sought for Restricted Retained Contracts in the Retained Contracts Order is appropriate.

84. The Retained Contracts Order provides the same retained contracts stay relief to the Retained Contracts that are not Restricted Retained Contracts, that do not require consent and therefore are not contemplated to be paid Cure Costs. The effect would be to release the Applicants of past liabilities under a contract while retaining the future benefits without having to cure monetary defaults. The Monitor is not aware of any legal precedent permitting the retention of the benefits of a contract without either curing the monetary defaults in accordance with Section 11.3 of the CCAA or compromising the claims under a plan of arrangement. However, the Monitor is aware of a similar approach having been taken in at least one other case before the Court. Despite this and as described above the Transaction contemplated by the Subscription Agreement is the only available deal. The alternative would be a bankruptcy where contractual counterparties would not receive any recovery. Although the counterparties would not receive Cure Costs, they will have a solvent counterparty going forward.

Post-filing Amounts

85. The Monitor distinguishes between two types of creditors with post-filing amounts owing by the Applicants:
- (a) Requested post-filing amounts – these are goods and services in respect of which the Applicants requested and authorized the goods or services from its vendors post-filing. For example, ongoing trucking costs, well servicing and maintenance, utilities, etc. (“**Requested Post-Filing Amounts**”); and
 - (b) Non-requested post-filing amounts – this includes amounts that certain joint venture partners (including CNRL and Conifer) claim are owing pursuant to Razor Energy’s existing joint venture agreements and joint operating agreements. In these instances, Razor Energy is not receiving any post-filing production revenue. Rather, the partners are withholding Razor’s Energy’s production and marketing such production on Razor Energy’s behalf, with the proceeds being set-off against the post-filing processing and operating costs. However, in certain instances the amount of post-filing revenue is not sufficient to offset the full amount of post-filing expenses and accordingly certain partners allege that post-filing amounts are owing. The distinction between these amounts and Requested Post-Filing Amounts is that Razor did not request that these services continue to be provided post-filing (“**Non-Requested Post-Filing Amounts**”). Conifer and CNRL allege they have Non-Requested Post-Filing Amounts owing to them.

86. At the Conifer Application, where Conifer sought payment or a secured charge for the Non-Requested Post-Filing Amounts the Applicants made submissions that the post-filing amounts would be paid if a transaction was completed. Paragraph four of the affidavit of Doug Bailey sworn September 6, 2024 (“**Ninth Bailey Affidavit**”) stated “...the current structure of the transaction contemplates payment of Conifer’s post-filing claim, other than the \$680,000 deposit”. Accordingly, it was the Monitor’s understanding that the Transaction would pay both Requested Post-Filing Amounts and Non-Requested Post-Filing Amounts.
87. After the Conifer Application, and as Razor Energy worked towards finalizing and executing definitive documents, the Applicants determined there was a significant discrepancy in the amount of the Non-Requested Post-Filing Amounts owing by Razor Energy to Conifer and CNRL as calculated by Razor Energy versus as calculated by these counterparties. The Applicants have indicated that they do not have the time or resources to develop consensus regarding the amounts owing in advance of the November 8 Application. Accordingly, the Applicants proposed a summary claims process (the “**Summary Claims Process**”) to resolve these disputed claims.
88. The Monitor’s concern is that it is not aware of the entire universe of potential claims against the Razor Entities, and the Summary Claims Process proposes to call for both post-filing and secured priority claims. Therefore, it is possible that a post-filing creditor does not receive any of the ResidualCo Funds (as defined below) despite previously relying on the representations that they would be paid. The Monitor’s proposed resolution is for the Monitor to pay the post-filing amounts owing based on Razor Energy’s books and records at closing or from the funds received in ResidualCo prior to completing the Summary Claims Process for any pre-filing claims or post-filing disputed amounts.
89. The basis for this mechanism is that the CCAA proceedings would not have advanced to this point, if vendors did not provide services in respect of which they relied on representations from the Applicants that they would be paid. At a minimum the creditors should receive post-filing amounts in accordance with the Applicants’ books and records.

Balancing creditor interests

90. The Monitor is aware that certain stakeholders and creditors have expressed opposition to the structure of the Transaction structure and the administration of the Summary Claims Process. In reviewing the structure of the Transaction, the Monitor gave consideration to those concerns, but also consideration to the stakeholders and creditors that would be prejudiced if the Transaction does not proceed, including the following parties:
- (a) AER/OWA who would stand to have the Applicants' interests in 2,074 oil and gas wells turned over to the OWA, rather than a solvent counterparty taking over care and custody of the assets going forward;
 - (b) Municipalities who will have post-filing property taxes paid and have the benefit of a solvent owner of the properties being acquired (the municipalities have agreed to forgo their pre-filing unpaid property tax arrears);
 - (c) Regulatory Payment arrears owing to OWA, AER and APMC, each described above, are contemplated to be paid;
 - (d) Preserving employment for the majority of the Applicants' employees;
 - (e) Post-filing creditors who will be paid (according to Monitor's proposed revisions to the Summary Claims Process); and
 - (f) the potential beneficiaries from the ResidualCo Funds to be distributed in accordance with the Summary Claims Process.
91. The Applicants have not been able to generate a consensus among stakeholders. However, on balance, the Monitor is of the view that the Transaction is more favourable for the creditors and stakeholders as a whole than a bankruptcy.

RESIDUALCO AND RESIDUALCO FUNDS

92. The RVO approves the creation of ResidualCo which will come into existence as part of closing of the Transaction. Parties with claims that have been transferred to ResidualCo will retain the same priorities, rights, and entitlements against the assets of ResidualCo as they had against Razor Energy immediately prior to the closing of the Transaction.
93. The ResidualCo Funds will be administered by the Monitor with Enhanced Powers, for and on behalf of ResidualCo, pending the completion of a summary claims process to identify claims which may be asserted against the cash and other property of ResidualCo.
94. ResidualCo will receive the following estimated funds from the Subscription Price as part of the closing (the “**ResidualCo Funds**”), which is presented in the table below. The Monitor has added certain payments to those contemplated in the Subscription Agreement based on its recommendation to pay certain post-filing amounts in paragraphs 88 and 89 above. The Monitor notes that discussions concerning the disputed amounts are ongoing but to the extent Razor Energy and the counterparties resolve these disputes, the estimates below may change, and the Monitor proposes to make payment of those revised amounts.

Estimated Cash Outflows at Closing	
(C\$ 000s)	
Subscription Price	\$ 8,375
Less payments:	
Regulatory Payments	(1,583)
Sale Advisor Fee	(320)
Post-Filing Municipal Taxes	(2,997)
Administration Charge	(100)
<u>Restricted Retained Contracts</u>	
TAQA	(225)
PGI	(274)
Enercapita	(37)
CNRL	(324)
Forty Mile Gas Co-op Ltd.	(4)
Paramount	(40)
<u>Post-filing Joint Venture</u>	
Conifer	(777)
CNRL	(191)
Paramount	(163)
ResidualCo Funds	\$ 1,340

95. In addition to the cash proceeds of the Subscription Agreement, ResidualCo will obtain the Applicants' interested in certain equipment and vehicles which are identified as Excluded Assets under the Subscription Agreement. Any positive adjustment to the purchase price under the section 2.5 of Subscription Agreement will also be an Excluded Asset (as defined in the Subscription Agreement) and will be payable to ResidualCo. As a result, additional proceeds may be available to distribute to creditors with claims against ResidualCo, in the event that the Monitor is able to monetize these assets.
96. The Monitor notes that the ResidualCo Funds are subject to change based on the closing date of the Transaction. The ResidualCo Funds will also be utilized to satisfy the costs to administer the Summary Claims Process.
97. As described above the Monitor proposes first to pay Requested Post-Filing Amounts from the ResidualCo Funds. Then any remaining funds in ResidualCo will be used to pay the amounts determined through the Summary Claims Process and there will no further distribution to unsecured or other creditors in the CCAA Proceedings. Essentially creditors who provided post-filing services at the request of the Razor Entities for amounts that the Razor Entities agreed to would be paid (to the extend funds are available) prior to initiating a Summary Claims Process.

SUMMARY CLAIMS PROCESS

98. The Monitor is aware that the Applicants are proposing that the Monitor administer the Summary Claims Process after closing the Transaction. The purpose of the Summary Claims Process is to identify and quantify post-filing and priority claims against the ResidualCo Funds as estimated above.
99. The Monitor would have the authority to administer the Summary Claims Process and apply for further orders, advice, assistance and direction from this Honourable Court including any proposed distribution in respect of the ResidualCo Funds.

RELEASES

100. The Subscription Agreement and the RVO contemplate releases in favour of persons and entities that made contributions during these CCAA Proceedings as follows:
- (a) Directors and Officers, the Monitor, and employees, legal counsel, and advisors of Monitor, ResidualCo, and the Razor Entities; and
 - (b) Peters & Co. in its capacity as the Sales Agent.
101. In the view of the Monitor, each of the persons and entities contemplated to benefit from the Releases have contributed meaningfully and were necessary to Razor Energy's restructuring efforts to address its financial difficulties, administer the SISP, advance the contemplated Transaction, and the CCAA Proceedings. The releases are necessary to facilitate the release of the Court-ordered charges without the requirement for a reserve and complete the Transaction.
102. Accordingly, the Monitor is of the view that the proposed Releases are reasonable, not overly broad, and similar in nature to other transactions in restructuring proceedings, and supports the relief requested by the Applicants.

REQUEST TO EXTEND THE STAY OF PROCEEDINGS

103. The Applicants are seeking an extension of the Stay Period up to and including November 30, 2024, to allow Razor Energy, with the assistance of the Monitor to:
- (a) maintain Razor Energy's operations; and
 - (b) subject to approval of this Honourable Court, complete the Transaction.
104. The Monitor has considered the Applicants' request to extend the Stay Period up to and including November 30, 2024, and has the following comments:

- (a) the Eighth Cash Flow Forecast indicates that the Razor Entities will have sufficient, but limited, liquidity for the duration of the proposed extension of the Stay Period necessary to complete the proposed Transaction;
 - (b) the extension of the Stay Period is expected to allow sufficient time for the Applicants to complete the Transaction; and
 - (c) the Applicants and their management have and continue to act in good faith and with due diligence in taking steps to facilitate a restructuring of the business.
105. The Monitor has considered the Applicants' request to extend the Stay Period up to and including June 30, 2025, effective upon the filing of the Monitor's Certificate in respect of the ResidualCo and has the following comments:
- (a) the extension of the Stay Period is expected to allow sufficient time for the Monitor with Enhanced Powers to complete the Summary Claims Process and administer the ResidualCo Funds; and
 - (b) address any other matters pertaining to the ResidualCo and administration of the ResidualCo Funds.

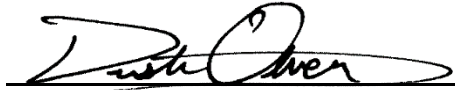
CONCLUSIONS

106. Based on the foregoing, the Monitor is of the view that the relief being sought by the Applicants is reasonable and justified in the circumstances 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 Transaction contemplated by the Subscription Agreement is the only transaction being proposed or advanced in respect of Razor Energy's business or property and provides the highest and best recovery in the context of these insolvency and restructuring proceedings.

All of which is respectfully submitted this 6th day of November 2024.

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



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

Eighth Report of FTI Consulting Canada Inc.,
In its capacity as Monitor of Razor Energy Corp., Razor Holdings GP Corp., and Blade Energy Services Corp.

Appendix “A” – Eighth Cash Flow Forecast for the period ending December 1, 2024

Razor Energy Corp., Razor Royalties Limited Partnership, Razor Holdings GP Corp., and Blade Energy Services Corp. (the "Razor Entities")
 Projected Cash Flow Forecast for the Period of October 28, 2024 to December 1, 2024

Cash Flow Forecast		Week 1	Week 2	Week 3	Week 4	Week 5	Total
(C\$ 000s)	Week Ending	3-Nov	10-Nov	17-Nov	24-Nov	1-Dec	
Receipts							
Net production revenue	1	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500
Other receipts	2	65	15	15	15	65	175
Total - Receipts		65	15	15	15	1,565	1,675
Disbursements							
Operating expenses	3	(640)	(185)	(185)	(175)	(735)	(1,920)
Transportation and processing costs	4	(50)	-	-	-	(50)	(100)
Lease rentals	5	-	-	(61)	-	-	(61)
Insurance	6	-	-	-	-	(108)	(108)
Payroll	7	(140)	-	(140)	-	(140)	(420)
Professional fees	8	(206)	(100)	-	-	-	(306)
G&A expense	9	(70)	(30)	(30)	(30)	(70)	(230)
Total - Disbursements		(1,106)	(315)	(416)	(205)	(1,104)	(3,146)
Net cash flow		(1,041)	(300)	(401)	(190)	461	(1,471)
Opening cash balance		1,639	598	298	(104)	(294)	1,639
Ending cash balance		\$ 598	\$ 298	\$ (104)	\$ (294)	\$ 167	\$ 167



RAZOR ENTITIES

Per: Doug Bailey, President and CEO

Notes:

Management of the Razor Entities has prepared this Projected Cash Flow Forecast solely for the purposes of determining the liquidity requirements of the Razor Entities during the period of October 28, 2024 to December 1, 2024. This Projected Cash Flow Forecast is based on probable and hypothetical assumptions detailed in the notes below. Consequently, actual results will likely vary from actual performance and such variances may be material.

- 1 Net production revenue relates to the sale of Razor Energy Corp's petroleum and natural gas production and is based on forecast production volumes and third-party pricing. Further, it assumes no operated production can be sent to the Judy Creek Gas Plant and no additional net revenue received from non-operated production. Crown royalties for oil production are paid in kind.
- 2 Other receipts consist of third-party road use fees, partner joint interest billings, the SHGPC payments, etc.
- 3 Operating expenses are based on the annual operating budget and relates to the costs associated with the operation of oil and natural gas wells.
- 4 Transportation and processing costs relate to transporting petroleum and natural gas production from well head to market and is based on projected production volumes and transportation rates.
- 5 Lease rentals are based on annual budget (excluding freehold).
- 6 Insurance is based on current policy premiums.
- 7 Payroll is based on the most recent payroll registers.
- 8 Professional fees include estimates for the Monitor, the Monitor's legal counsel, the Razor Entities' legal counsel.
- 9 G&A expense includes overhead costs based on the annual budget.