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COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

Jul 17, 2024

IN THE MATTER OF THE *COMPANIES' CREDITORS* COM  
*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

**FIFTH 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.**

**July 12, 2024**

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

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## 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 16, 2024, the Honourable Justice M.J. Lema of the Court of King’s Bench of Alberta (the “**Court**”) heard an application (the “**Supply Application**”) in respect of a dispute between Razor Energy and Conifer Energy Inc. (“**Conifer**”) regarding amongst other things, access to the Judy Creek Conversion Gas Plant (“**JCGP**”) in which Razor Energy holds an ownership interest, which has impacted the assets related to the Swan Hills Beaverhill Lake formation, including the South Swan Hills assets (the “**South Swan Hills Assets**”). The Reasons for Judgment (the “**Lema Decision**”) of Justice Lema were released on February 21, 2024. On February 23, 2024, Conifer filed notice to appeal the Lema Decision.
3. 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 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**”).
4. 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**”).
5. 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.
6. 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.
  7. 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**”). To date, no decision on the January Royalty Amounts has been rendered.
  8. 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.
  9. 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.
  10. This report (this “**Report**”) is being delivered in connection with the Applicants’ application currently scheduled to be heard on July 17, 2024 (the “**July 17 Application**”), seeking from the Court, among other things:

- (a) an Order extending the Stay Period, up to and including October 13, 2024, or such other date as this Honourable Court may order;
- (b) an Order (the "**HWN Approval and Vesting Order**") approving the sale transaction (the "**HWN Transaction**") contemplated by an Asset Purchase and Sale Agreement, dated June 27, 2024 (the "**APA**"), between Razor Energy, as vendor, and HWN Energy Ltd., as purchaser (the "**Purchaser**"), and the sale, transfer, and assignment of the properties, assets, lands, fixtures, improvements, attachments, agreements, and chattels, as identified in the APA (collectively referred to as, the "**Purchased Assets**") and assigning and vesting all of the right, title, and interest, of Razor Energy, in the Purchased Assets, in the Purchaser, free and clear of any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts, reservations of ownership, privileges, interests, assignments, actions, judgements, executions, levies, taxes, linear and non linear municipal taxes, writs of enforcement, charges, or other claims other than the Permitted Encumbrances (as contemplated and defined in the APA). An unredacted copy of the APA is attached to the Eighth Bailey Affidavit marked as **Confidential Exhibit "1"** (the "**HWN Confidential Exhibit**");

- (c) an Order (the "**FutEra Approval and Vesting Order**") (a) authorizing the execution and delivery, by Razor Energy, of the irrevocable Share Transfer Power of Attorney dated effective as of July 17, 2024 (the "**FutEra Transactional Document**"), to be granted by Razor Energy, to and in favour of FutEra Power Corp. ("**FutEra**"); and, (b) approving the transaction (collectively, the "**FutEra Transaction**") contemplated by the FutEra Transactional Document, and the sale, transfer, and assignment of the 210,000 common shares of the equity of FutEra, currently owned by Razor Energy, (collectively, the "**Shares**"), and assigning and vesting all of the right, title, and interest of Razor Energy, in the Shares, to Seibu Investments Ltd. (the "**Share Purchaser**"), free and clear of any and all Encumbrances. An unredacted copy of the FutEra Transactional Document is attached to the Eighth Bailey Affidavit marked as **Confidential Exhibit "2"** (the "**FutEra Confidential Exhibit**", the HWN Confidential Exhibit, the FutEra Confidential Exhibit, and the FutEra Valuation Information Confidential Exhibit (as defined in the Eighth Bailey Affidavit), are collectively referred to as, the "**Confidential Exhibits**"); and
- (d) an Order (the "**Restricted Court Access Order**") sealing the Confidential Exhibits, on the Court file.
11. This Report should be read in conjunction with Affidavit #8 of Doug Bailey sworn on July 10, 2024 (the "**Eighth Bailey Affidavit**") and Supplemental Affidavit to the Eighth Bailey Affidavit sworn on July 11, 2024 (the "**Supplemental Eighth Bailey Affidavit**"), which provides further background information concerning the July 17 Application.
12. Electronic copies of all materials filed by the Razor Entities in connection with the July 17 Application and other materials are available on the Monitor's website at: <http://cfcanada.fticonsulting.com/razor-blade> (the "**Website**").

## PURPOSE

13. The Monitor has reviewed the application materials filed by the Applicants in support of the July 17 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 May 30, 2024 (the "**Fourth Monitor's Report**");
  - (b) an update on the status of the SISP;
  - (c) the terms of the APA and proposed HWN Transaction;
  - (d) the proposed FutEra Transaction;
  - (e) the budget to actual cash flow results for the six-week period ending July 7, 2024;
  - (f) an overview of the Razor Entities' revised cash flow forecast (the "**Sixth Cash Flow Forecast**") for the fourteen-week period ending October 13, 2024 (the "**Forecast Period**") as well as the key assumptions which the Sixth Cash Flow Forecast are based on; and
  - (g) the Monitor's recommendations with respect to the relief requested at the July 17 Application.

## TERMS OF REFERENCE

14. 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**").



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 July 17 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, 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.
18. 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 Eighth Bailey Affidavit.

## **BACKGROUND**

19. 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.
20. Additional background information on the Razor Entities and the CCAA Proceedings is available on the Monitor's Website.

## **ACTIVITIES OF THE MONITOR**

21. The Monitor's activities since the date of the Fourth Monitor's Report include the following:
  - (a) monitoring the Razor Entities' finances (including cash flows) and operations;
  - (b) participating in discussions with Razor Energy, the Sales Agent and other stakeholders in respect of the SISP, including the Corporate Transaction (defined below), and attending to certain due diligence requests in respect of same;
  - (c) reviewing the APA in connection to the proposed HWN Transaction;
  - (d) reviewing the transaction materials in connection to the proposed FutEra Transaction;
  - (e) consulting with key stakeholders including, the Alberta Energy Regulator ("AER") and Orphan Well Association ("OWA") with respect to the SISP;
  - (f) assisting the Razor Entities in preparing the Sixth Cash Flow Forecast;
  - (g) responding to inquiries from suppliers and creditors who contacted the Monitor in connection with these CCAA Proceedings; and

- (h) preparing this Report.

## SALE AND INVESTMENT SOLICITATION PROCESS

22. A summary of the SISP undertaken by the Applicants is included in the Second Monitor’s Report dated March 18, 2024. The Monitor has provided updates on the SISP in its Third Report dated April 25, 2024 and its Fourth Report dated May 30, 2024. As at the date of this Report, the following additional activities have been undertaken, among other things, regarding the SISP:

- (a) reviewing the terms of the APA, negotiated and finalized by Razor Energy for the sale of the Purchased Assets, subject to approval by this Court;
- (b) continuing to support negotiations with key stakeholders including Canadian Natural Resources Limited (“**CNRL**”), Paramount Resources Ltd. (“**Paramount**”), AER and OWA, various municipalities, and the prospective purchaser, concerning a letter of intent (the “**LOI**”) received as a result of the SISP that contemplates a corporate transaction (the “**Corporate Transaction**”) wherein the prospective purchaser would acquire all of Razor Energy’s issued and outstanding shares, by way of a reverse vesting order, which would enable the Razor Energy to continue its operations, as a private company and as a going concern, with the corresponding resumption and payment, of Razor Energy’s post-closing obligations to creditors and counterparties, together with the continuation and assumption of all abandonment and reclamation obligations;
- (c) assisting with due diligence pertaining to the Corporate Transaction, including discussions with Razor Energy and its counsel regarding the matters related to key stakeholders and their information requests; and
- (d) reviewing the terms of the FutEra Transaction.

## HWN TRANSACTION

23. The HWN Transaction contemplates an asset sale for certain minor and non-operated assets which have been carved out of the Corporate Transaction. The Purchaser is the current operator of the Purchased Assets to be sold pursuant to the APA, and Razor Energy is the sole joint venture partner with respect to the Purchased Assets. As a result, the Purchaser is the logical buyer for the Purchased Assets.
24. The material terms of the APA include, among other things:
- (a) that the Purchased Assets consist of Razor Energy's interests in certain specified, non-operated petroleum and natural gas assets located in the Kaybob area, as more particularly described in Schedule "A" to the APA;
  - (b) a fixed purchase price, in a specific amount (the "**Purchase Price**"), to be paid in cash, subject to certain adjustments set out in the APA;
  - (c) a deposit paid by the Purchaser to Razor Energy's counsel, in escrow, in the amount of ten percent of the Purchase Price;
  - (d) the HWN Transaction is on an "as is, where is" basis; and
  - (e) the HWN Transaction is scheduled to close five (5) business days following the date on which all conditions are satisfied or waived.
25. The APA is conditional on, among other things, Court approval.

**The Monitor's Comments on the HWN Transaction**

26. The proposed HWN Transaction provides funding needed to advance the Corporate Transaction which represents a more substantial component of the Razor Entities' business operations.
27. The Sales Agent has completed an assessment of the financial capacity of the Purchaser, to fund the APA, and is satisfied that the Purchaser has sufficient capital to close the HWN Transaction.
28. The potential Corporate Transaction placed minimal value on the Purchased Assets contemplated in the APA and the HWN Transaction is anticipated to increase overall recoveries without impacting the ability to advance the Corporate Transaction.
29. The SISP was a broad process which fully canvassed the market for potential purchasers and, accordingly, the Monitor is satisfied that the Company's assets were adequately exposed to the market. The SISP was fair and transparent and provided all participants with equal access to information and the opportunity to submit an offer or proposal with respect to the Purchases Assets.
30. The HWN Transaction is the only transaction that is being proposed or advanced in respect of the Purchased Assets and, therefore, provides the highest and best recovery available in the circumstances.
31. For the reasons outlined above, the Monitor is of the view that the HWN Transaction offers fair value in the circumstances. From an economic standpoint, the Monitor recommends that this Honourable Court approve the HWN Transaction.

## **FUTERA TRANSACTION**

32. FutEra is incorporated as a special purpose vehicle to house power generation assets and liabilities in connection with a geothermal power project. Razor Energy holds 210,000 common shares of FutEra which represents an approximately 1.81% equity interest in FutEra as at July 5, 2024.
33. The two other shareholders of FutEra consist of the Share Purchaser holding 97.72%, which is a wholly-owned subsidiary of AIMCO, and Doug Bailey holding 0.471% which relates to the exercise of employee options in July 2023.
34. The Shares are subject to the terms of the Unanimous Shareholder Agreement between the shareholders of FutEra, made effective June 16, 2023 the (“**FutEra USA**”). The terms of the FutEra USA include, among other things, a right of first refusal clause affecting the Shares.

### **The Monitor’s Comments on the FutEra Transaction**

35. The Shares were not directly marketed by the Sales Agent as part of the SISP. Therefore, the Monitor completed additional analysis to determine if the value being offered to Razor Energy for the Shares pursuant to the proposed FutEra Transaction is reasonable.

36. The Monitor is aware that FutEra completed a recent equity raise in January 2024, which was completed at a valuation consistent with the value being offered to Razor Energy for the Shares (considering dilution of the shares from the completed equity raise). At the time of the equity raise in January 2024, FutEra management prepared an internal valuation (“**Internal Valuation**”) to support the equity raise. The Internal Valuation was reviewed by an independent third party valuator who prepared a report (“**Valuator Review Report**”) to the board of directors of FutEra in respect of the Internal Valuation. The Monitor notes that the Valuator Review Report was not a complete independent valuation opining on the value of FutEra; rather, it was a review of the methodology and approach used to prepare the Internal Valuation. The Valuator Review Report agreed with the overall methodology adopted by FutEra management to complete the Internal Valuation, but noted that certain risk adjustments were likely necessary.
37. The Monitor obtained and reviewed a copy of the Internal Valuation and the Valuator Review Report and agrees with the conclusions in the Valuator Review Report. The Monitor notes that the FutEra Transaction is beneficial to Razor Energy’s estate and its stakeholders as the value being offered pursuant to the proposed FutEra Transaction for the Shares is consistent with the Internal Valuation completed in conjunction with the January 2024.

38. Although the January 2024 equity raise was relatively current the Monitor requested additional financial information to determine if there has been any fundamental change to FutEra's business or financial results since January 2024 that would materially change its value. The Monitor received and reviewed additional information from FutEra which included: unaudited Q1 financial statements, monthly financial information for May 2024, the FutEra unanimous shareholder agreement dated June 16, 2023 (the "FutEra USA"), and updated discounted cash flow and share price valuation, in the same format as the January Internal Valuation, with corresponding assumptions. In the Monitor's review of these documents, it determined that there has not been any fundamental change to FutEra's business or financial results since January 2024 that would materially change its value and, accordingly, is of the view that using the January 2024 equity raise value to price the Shares in the proposed FutEra Transaction is reasonable.
39. Razor Energy has discussed the sale of the Shares with the prospective purchaser under the Corporate Transaction. The Monitor understands that the Corporate Transaction prospective purchaser has no objection to the sale of the Shares and, therefore, they can be sold without impact on the advancement of the Corporate Transaction. The purchase price for the Shares will represent a dollar-for-dollar positive adjustment in the consideration contemplated to be received for the Corporate Transaction. The prospective purchaser under the Corporate Transaction is supportive of the FutEra Transaction.
40. FutEra is a privately held entity and the market for potentially interested parties is limited due to the Shares being subject to the terms of the FutEra USA, which includes a right of first refusal.
41. The FutEra Transaction provides funding to advance the Corporate Transaction.
42. For the reasons outlined above, the Monitor is of the view that the FutEra Transaction offers fair value in the circumstances. From an economic standpoint, the Monitor recommends that this Honourable Court approve the FutEra Transaction.



## USE OF PROCEEDS

43. The Monitor understands that Razor Entities intend to use the proceeds from the FutEra Transaction and the HWN Transaction to fund ongoing operations and restructuring efforts. The Razor Entities do not have access to interim financing and, therefore, these funds are necessary to continue ongoing operations as the Razor Entities continue to progress the Corporate Transaction. Without access to these funds the Razor Entities would likely have to cease operations which would prevent the Corporate Transaction from advancing and likely result in a bankruptcy of the Razor Entities. Accordingly, the Monitor supports the intended use of proceeds.

## BUDGET TO ACTUAL RESULTS

44. The Razor Entities, in consultation with the Monitor, prepared the cash flow statement (the “**Fifth Cash Flow Statement**”) which was appended to the Fourth Monitor’s Report.
45. Actual cash flows as compared to those contained in the Fifth Cash Flow Statement for the six-week period of May 27, 2024, to July 7, 2024, are summarized below.

<b>The Razor Entities</b>			
For the 6 week period of May 27, 2024 to July 7, 2024			
<b>Budget to Actual Results</b>			
(C\$ 000s)	Actual	Budget	Variance
<b>Receipts</b>			
Net production revenue	\$ 2,015	\$ 2,053	\$ (38)
Other receipts	141	190	(49)
<b>Total - Receipts</b>	<b>2,155</b>	<b>2,243</b>	<b>(87)</b>
<b>Disbursements</b>			
Operating expenses	(1,811)	(2,365)	554
Transportation and processing costs	(38)	(150)	112
Lease rentals	(40)	(37)	(3)
Insurance	(372)	(382)	9
Payroll	(516)	(595)	79
Professional & sales agent fees	(230)	(413)	183
G&A expense	(283)	(263)	(20)
<b>Total - Disbursements</b>	<b>(3,291)</b>	<b>(4,205)</b>	<b>914</b>
<b>Net cash flow</b>	<b>(1,136)</b>	<b>(1,962)</b>	<b>827</b>
<b>Opening cash balance</b>	<b>2,730</b>	<b>2,730</b>	<b>-</b>
<b>Ending cash balance</b>	<b>\$ 1,594</b>	<b>\$ 768</b>	<b>\$ 827</b>

46. The variances in actual receipts and disbursements are primarily due to the following:
- (a) Net production revenue – negative variance of approximately \$38,000 due to slightly lower than anticipated pricing;
  - (b) Other receipts – negative variance of approximately \$49,000 due to lower than anticipated miscellaneous other receipts such as third-party road use fees;
  - (c) Operating expenses – positive variance of approximately \$554,000 primarily due to timing variances expected to reverse in future periods related to payments to suppliers;

- (d) Transportation and processing costs – positive variance of approximately \$112,000 a portion of which is timing related to payment of processing costs;
- (e) Lease rentals – substantially in line with forecast and relates to payment of crown rentals only;
- (f) Insurance – substantially in line with forecast;
- (g) Payroll – positive variance of \$79,000 related to reduction in corporate headcount;
- (h) Professional & Sales Agent fees – positive variance of \$183,000 due partially to timing of receipt and payment of invoices, and expected to reverse in future periods. Overall, professional fees are substantially in line with forecast; and
- (i) G&A expense – negative variance of \$20,000 due to the retention of contractors resulting from reduction in corporate headcount.

47. The cash balance at the end of the period is approximately \$1.6 million which is higher than previously forecast by approximately \$827,000 and is primarily driven by timing variances related to operating expenses and professional fees over the period.

## **CASH FLOW FORECAST**

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

<b>The Razor Entities</b>	
For the 14 week period of July 8, 2024 to October 13, 2024	
<b>Cash Flow Forecast</b>	<b>14 Week</b>
(C\$ 000s)	Total
<b>Receipts</b>	
Net production revenue	\$ 5,709
Other receipts	1,460
<b>Total - Receipts</b>	<b>7,169</b>
<b>Disbursements</b>	
Operating expenses	(5,685)
Transportation and processing costs	(288)
Lease rentals	(156)
Insurance	(50)
Payroll	(1,050)
Professional & sales agent fees	(510)
G&A expense	(814)
<b>Total - Disbursements</b>	<b>(8,552)</b>
<b>Net cash flow</b>	<b>(1,383)</b>
<b>Opening cash balance</b>	<b>1,594</b>
<b>Ending cash balance</b>	<b>\$ 211</b>

49. The Sixth Cash Flow Forecast projects a negative net cashflow of approximately \$1.4 million over the Forecast Period, which includes the following assumptions:
- (a) 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;
  - (b) Other receipts consist of the proceeds from the HWN Transaction, 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;

- (c) Operating expenses based on critical payments to suppliers to maintain the operation of oil and natural gas wells. Payments to the AER and OWA for annual administration fees and orphan fund levy are not included within the Forecast Period. Razor Energy does not dispute the amounts;
  - (d) Transportation and processing costs associated with the transportation of petroleum and natural gas production from well head to market. This does not include payments to Conifer related to the JCGP as Razor Energy is disputing these charges given Conifer has not processed gas from the South Swan Hills Assets;
  - (e) Lease rentals are based on the annual budget and exclude freehold rentals;
  - (f) Insurance is based on current premium installments;
  - (g) Payroll is based on payroll registers and includes costs related to employees including payroll, benefits, and payroll remittances;
  - (h) Professional & Sales Agent fees are costs and disbursements of the Monitor, the Monitor's Counsel, the Razor Entities' legal counsel, and the Sales Agent, including payment of arrears for prior periods; and
  - (i) G&A expense includes overhead costs such as rent and other similar expenses, in addition to corporate contractors and the margin call expense on hedging contracts.
50. 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. These amounts relate to properties where Razor is a non-operated working interest partner and Razor Energy has disputed certain of these charges. The Sixth Cash Flow Forecast does not contemplate payment of these amounts.

### *The Monitor's Comments on the Cash Flow Forecast*

51. 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 Sixth Cash Flow Forecast has been prepared by management of the Razor Entities, for the purpose described in the notes to the Sixth Cash Flow Forecast, using probable and hypothetical assumptions set out therein;
- (b) the Monitor's review of the Sixth 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 Sixth 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 Sixth 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 Sixth 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 Sixth Cash Flow Forecast, given the hypothetical assumptions;or

- (iii) the Sixth Cash Flow Forecast does not reflect the probable and hypothetical assumptions;
- (d) since the Sixth 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 Sixth 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 Sixth Cash Flow Forecast has been prepared solely for the purpose described in the notes to the Sixth Cash Flow Forecast and readers are cautioned that it may not be appropriate for other purposes.

## **REQUEST TO EXTEND THE STAY OF PROCEEDINGS**

52. The Monitor has considered the Applicants' request to extend the Stay Period up to and including October 13, 2024, and has the following comments:
- (a) while certain creditors have not and may not be paid, during the proposed extension of the Stay Period, for certain post-filing obligations, the proposed extension of the Stay Period will allow the Razor Entities to advance the Corporate Transaction, which, if successful would preserve the most value to all stakeholders and avoid licensed assets being turned over to the OWA;
  - (b) if the proposed extension of the Stay Period is not granted, parties may exercise self-help remedies which would erode any potential value that could have been preserved by the Corporate Transaction and would be detrimental to the stakeholders of the Razor Entities;

- (c) the additional time will allow for Razor Energy to close the proposed HWN Transaction and FutEra Transaction which will provide additional funds to advance the Corporate Transaction;
- (d) the Sixth Cash Flow Forecast indicates that the Razor Entities will have sufficient liquidity to continue to fund critical operations and the cost of these CCAA Proceedings for the duration of the proposed extension of the Stay Period; and
- (e) 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.

## **RECOMMENDATIONS**

- 53. Other stakeholders including the secured creditor of Razor Energy, Arena Investors, LP, are supportive of the completion of the HWN Transaction and FutEra Transaction.
- 54. 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 and respectfully recommends that this Honourable Court grant the following relief:
  - (a) an extension of the Stay Period, up to and including October 13, 2024;
  - (b) the HWN Approval and Vesting Order;
  - (c) the FutEra Approval and Vesting Order; and
  - (d) the Restricted Court Access Order.



All of which is respectfully submitted this 12th day of July 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: Deryck Helkaa, CPA, CA, CIRP, LIT  
Title: Senior Managing Director  
FTI Consulting Canada Inc.



Name: Dustin Olver, CPA, CA, CIRP, LIT  
Title: Senior Managing Director  
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## **Appendix “A” – Cash Flow Forecast for the period ending October 13, 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 July 8, 2024 to October 13, 2024

Cash Flow Forecast		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Total
(C\$ 000s)	Week Ending	14-Jul	21-Jul	28-Jul	4-Aug	11-Aug	18-Aug	25-Aug	1-Sep	8-Sep	15-Sep	22-Sep	29-Sep	6-Oct	13-Oct	
<b>Receipts</b>																
Net production revenue	1	\$ -	\$ -	\$ 2,061	\$ -	\$ -	\$ -	\$ 1,820	\$ -	\$ -	\$ -	\$ -	\$ 1,828	\$ -	\$ -	\$ 5,709
Other receipts	2	15	15	1,115	65	15	15	15	65	15	15	15	15	65	15	1,460
<b>Total - Receipts</b>		<b>15</b>	<b>15</b>	<b>3,176</b>	<b>65</b>	<b>15</b>	<b>15</b>	<b>1,835</b>	<b>65</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>1,843</b>	<b>65</b>	<b>15</b>	<b>7,169</b>
<b>Disbursements</b>																
Operating expenses	3	(223)	(313)	(870)	(1,058)	(196)	(196)	(186)	(868)	(196)	(186)	(196)	(567)	(368)	(263)	(5,685)
Transportation and processing costs	4	(63)	-	-	(75)	-	-	-	(75)	-	-	-	(75)	-	-	(288)
Lease rentals	5	-	(53)	-	-	-	(51)	-	-	-	(51)	-	-	-	-	(156)
Insurance	6	(27)	-	-	-	-	(11)	-	-	-	(11)	-	-	-	-	(50)
Payroll	7	(150)	-	(150)	-	-	(150)	-	(150)	-	(150)	-	(150)	-	(150)	(1,050)
Professional & sales agent fees	8	(60)	-	(150)	-	-	-	-	(150)	-	-	-	-	(150)	-	(510)
G&A expense	9	(50)	(50)	(50)	(104)	(50)	(50)	(50)	(85)	(50)	(50)	(50)	(50)	(75)	(50)	(814)
<b>Total - Disbursements</b>		<b>(573)</b>	<b>(416)</b>	<b>(1,220)</b>	<b>(1,237)</b>	<b>(246)</b>	<b>(458)</b>	<b>(236)</b>	<b>(1,328)</b>	<b>(246)</b>	<b>(448)</b>	<b>(246)</b>	<b>(842)</b>	<b>(593)</b>	<b>(463)</b>	<b>(8,552)</b>
<b>Net cash flow</b>		<b>(558)</b>	<b>(401)</b>	<b>1,956</b>	<b>(1,172)</b>	<b>(231)</b>	<b>(443)</b>	<b>1,599</b>	<b>(1,263)</b>	<b>(231)</b>	<b>(433)</b>	<b>(231)</b>	<b>1,001</b>	<b>(528)</b>	<b>(448)</b>	<b>(1,383)</b>
<b>Opening cash balance</b>		<b>1,594</b>	<b>1,036</b>	<b>635</b>	<b>2,591</b>	<b>1,419</b>	<b>1,188</b>	<b>745</b>	<b>2,344</b>	<b>1,081</b>	<b>850</b>	<b>417</b>	<b>186</b>	<b>1,187</b>	<b>659</b>	<b>1,594</b>
<b>Ending cash balance</b>		<b>\$ 1,036</b>	<b>\$ 635</b>	<b>\$ 2,591</b>	<b>\$ 1,419</b>	<b>\$ 1,188</b>	<b>\$ 745</b>	<b>\$ 2,344</b>	<b>\$ 1,081</b>	<b>\$ 850</b>	<b>\$ 417</b>	<b>\$ 186</b>	<b>\$ 1,187</b>	<b>\$ 659</b>	<b>\$ 211</b>	<b>\$ 211</b>



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 July 8, 2024 to October 13, 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 the proceeds from the HWN Transaction, 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 recent payroll registers.
- 8 Professional fees include estimates for the Monitor, the Monitor's legal counsel, Razor Entities' legal counsel, and Sales Agent.
- 9 G&A expense includes overhead costs based on the annual budget, corporate contractors, and margin call expense on hedging contracts.