

COURT FILE NUMBER Q.B. 733 of 2021
COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE SASKATOON
APPLICANT ABBEY RESOURCES CORP.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, RSC 1985, c.
C-36 AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ABBEY
RESOURCES CORP.

AFFIDAVIT OF YVONNE NELSON

I, Yvonne Nelson, of the Town of Kyle, in the Province of Saskatchewan, MAKE OATH AND SAY THAT:

1. I am the Administrator for the Rural Municipality of Lacadena No. 228, (the "**RM**") and as such, I have personal knowledge of the matters and facts herein described, except where stated to be in information and belief and, where so stated, I verily believe the same to be true.
2. The Defendant, Abbey Resources Corp. ("**Abbey Resources**"), maintains and operates natural gas wells, natural gas compressor stations, and associated natural gas pipelines within the RM, and has done so since approximately 2016.
3. Of the approximately 2,344 natural gas wells owned by Abbey Resources, as deposed in the Affidavit of James Gettis, sworn July 13, 2021 (the "**Gettis Affidavit**"), approximately 900 are located in the RM.
4. Abbey Resources has historically been in arrears of their obligations to the RM in relation to the payment of their municipal taxes (the "**Debt**").
5. In fact, Abbey Resources has been in arrears of taxes to the RM since December of 2017 and Mr. Gettis, on behalf of Abbey Resources, has continually attempted to negotiate a reduction of his tax responsibilities to the RM.

6. As an example, Abbey Resources wrote to the RM on or about March 12, 2018, in which Mr. Gettis outlined his plan to extend the life of shallow gas developments Abbey Resources owned and operated (the "**2018 Letter**"). A copy of this letter is attached as **Exhibit "A"**.
7. As can be seen in the 2018 Letter, Mr. Gettis has been attempting to reduce his tax obligations to the RM for years. Of note, as early as, and included in the 2018 Letter, Mr. Gettis was threatening to abandon wells if a compromise on taxes could not be reached and stating that Abbey Resources was unable to service these debts.
8. Although I do not intend to include all correspondence from Abbey Resources to the RM, on or about March 23, 2020, the RM received another letter from Abbey Resources and an accompanying "fact sheet" (the "**2020 Letter**"), a copy of which is attached as **Exhibit "B."**
9. As can be seen, the 2020 Letter and accompanying fact sheet, specifically outlines why Abbey Resources is/was incapable of operating without a significant reduction in municipal taxes.
10. Much like the 2020 Letter, and in response to Exhibit "B" as attached to the Gettis Affidavit, I can advise that I, and the members of the RM council have been presented with this information on several occasions over the years and always in the context of justifying why Abbey Resources should not be responsible for the municipal taxes owed by Abbey Resources to the RM.
11. Mr. Gettis has presented these materials to the RM seeking a reduction and/or forgiveness of the Debt. For clarity, Mr. Gettis has repeatedly represented that if the RM would not compromise on the Debt, Abbey Resources would not be able to make a profit, and by extension, would not be able to operate.
12. Mr. Gettis has routinely threatened that he would be required to put Abbey Resources in bankruptcy if the RM would not negotiate on the Debt.
13. As such, the RM and Abbey Resources have been party to a series of agreements, requested by Abbey Resources, whereby Abbey Resources has acknowledged its tax debt owing to the RM and the parties have agreed to repayment terms of that debt.

14. The most recent of such agreements was entered into in May of 2021 and is attached hereto as **Exhibit "C"** (the "**Minutes of Settlement**"). The terms of the Minutes of Settlement include *inter alia* that:
 - (a) Abbey Resources is in arrears to the RM for municipal taxes properly payable in the amount of \$2,000,651.77 as of May 31, 2021;
 - (b) Abbey Resources would commence payments of no less than \$100,000.00 per month commencing on May 28, 2021 until all present and future municipal tax obligations were brought current; and
 - (c) Abbey Resources would provide the RM with certain source documents and disclosure in order to show the RM why Abbey Resources was seeking a compromise of the Debt.

15. Of note, Abbey Resources has failed to provide any source document disclosure in relation to the operations of Abbey Resources and in accordance with the Minutes of Settlement. I can advise that the RM does not trust that Mr. Gettis' financials are accurate and believe that he continues to pay himself and his related companies while failing to pay the Debt.

16. Prior to the Minutes of Settlement, the RM and Abbey Resources were parties to a previous agreement which was executed on November 29 , 2019 (the "**2019 Minutes of Settlement**") which included *inter alia* that:
 - (a) Abbey Resources was in arrears of its municipal tax obligations to the RM, specifically 2018 municipal taxes;
 - (b) Abbey Resources would make a series of payments which included monthly payments of \$100,000 commencing on February 28, 2020 to the RM "for a period of 12 months or, until taxes are brought current; and
 - (c) The RM would waive municipal penalties.

17. Upon Abbey Resources bringing the 2018 tax arrears current under the 2019 Minutes of Settlement (in 2020), there was a disagreement about the terms of the 2019 Minutes of Settlement.

18. Abbey Resources was of the position that the 2019 Minutes of Settlement only related to 2018 municipal tax arrears and not to subsequent tax arrears from 2019 and 2020. The RM was of the opinion that Abbey Resources would be required to pay \$100,000 per month until all tax arrears were brought current. As a result, once the 2018 tax arrears were brought current, Abbey Resources refused to make further payments until a new

agreement was reached with the RM which ended up being the Minutes of Settlement referenced in paragraph 14 above.

- 19. I attach a copy of the 2019 Minutes of Settlement to this Affidavit as **Exhibit "D."**
- 20. Due to Abbey Resources' failure to pay taxes as they became due and their failure to agree to the terms of the Minutes of Settlement, Abbey Resources made no tax payments to the RM from December 30, 2020 (under the 2019 Minutes of Settlement) until May of 2021 except for a payment of roughly \$8,857.00 on approximately February 26, 2021 which related to remaining 2018 tax arrears.
- 21. Abbey Resources only agreed to the Minutes of Settlement and to start making tax arrears payments to the RM when the RM was forced to issue a Direction to Pay as referenced in the Gettis Affidavit at paragraph 51 on April 8, 2021 via regular mail.
- 22. Of note, Abbey informed the RM that of the total amount to be paid by Twin Eagle to Abbey Resources in May of 2021, \$303,000 was allocated to the RM. A copy of the correspondence confirming the same is attached as **Exhibit "E."**
- 23. The Current tax arrears owed by Abbey Resources to the RM total \$2,486,739.54.
- 24. I swear this Affidavit for the purpose of assisting the court and for no other reason.


ELECTRONICALLY SWORN before me at)
 the Town of Kyle, in the Province of)
 Saskatchewan, this 26 day of July,)
 2021.)


 Being a Solicitor


 YVONNE NELSON



This is **Exhibit " A "** referred to in the Affidavit of
Yvonne Nelson sworn before me this 26th day of
July, 2021



Being a Solicitor

ABBEY RESOURCES CORP.

Friday, March 12, 2018

To the Rural Municipalities of Riverside, Miry, Lacadena, Snipe Lake and Clinworth.

Regarding: A plan to extend the life of the Milk River Shallow Gas field for another 30 years.

My name is Jim Gettis, President and CEO of Abbey Resources Corp. I am a petroleum engineer, with over 40 years experience operating shallow gas properties. My business career has focused on purchasing non-core properties from major producers. Abbey purchased 600 Milk River shallow gas wells from Husky effective August 1, 2016. Abbey also purchased 1,200 Milk River shallow gas wells from Enerplus on March 1, 2017. To complete the acquisition phase of this project and be in a position to consolidate all of the properties, Abbey purchased 100 Milk River shallow gas wells from Shackleton 2011 GP Inc. effective November 1, 2017. These purchases included a 100% working interest in wells, pipelines, compressor stations and water disposal facilities. The wells are contiguous to each other and form a 100% owned pooled resource to be optimized.

Before Abbey purchased the properties operated by Husky and Enerplus these properties had a combined cash loss of over \$10,000,000 per year for the last 2 years. Enerplus and Husky had made the decision to abandon the entire field, including all wells, pipelines and compressor stations.

Abbey became aware of this financial situation and approached Husky and Enerplus with a plan to extend the life of these particular properties. Abbey presented an offer to purchase these assets "as is where is" which was accepted on various dates as noted in the foregoing paragraph.

The Milk River shallow gas field purchased by Abbey has produced 500 Bcf of gas over the last 15 years, which represents about 4% of the total gas in place. Abbey - using new technology and a frugal operating strategy believes it can extend the life of this valuable asset by another 30 years, and recover an additional 500 Bcf of gas, provided expenses do not exceed revenues. The life of the field will be increased to 30 years or more because production levels will be less than when the first 500 Bcf was produced.

As most of you know, pipelines are not being built to move our gas to tidewater and new export markets. Currently, gas in Western Canada trades at a 50% discount to gas produced in the USA our only export market. Low operating cost shale gas development in Canada has also affected gas prices due to the high production volumes from these wells and additional recoverable volumes which increases gas supply in the market. USA gas from the Marcellus shale is now producing into the Ontario and Quebec market displacing Western Canadian gas that has supplied these same markets for many years. This has resulted in "gas on gas" competition here in Western Canada. Natural gas trades on the various public exchanges as a commodity. Supply increases in Western Canada without a corresponding increase in demand has resulted in a new gas pricing forecast of \$1.60/GJ. The low cost operator will survive. Abbey has a plan to be a low cost shallow gas operator.



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ABBHEY RESOURCES CORP.

Milk River shallow gas is unique in that it produces at low rates from many wells. Production is reliable and declines very slowly over a long period of time.

Over the last two years, Abbey has reduced the annual cash loss of \$10,000,000 incurred by the former operators to produce a small profit of \$110,000 at December 31, 2017. Abbey's small profit has been calculated after all fixed and variable operating expense have been included. Capital and office overhead are in addition to these costs. They were funded using prepaid gas sales to our Saskatchewan Marketing Team ("Twin Eagle"). The small profit was based on a gas commodity price of \$2.41/GJ. Gas prices are projected to average \$1.60/GJ for the next 3 years. Further cost reductions are needed.

The next cost reductions are listed in order of priority (based on the biggest impact to reduce Abbey's per unit operating cost). Most of these costs are regulated fixed costs such as:

1. Surface lease rentals,
2. Rural Municipal property taxes,
3. Saskatchewan Agriculture surface lease rentals,
4. Saskatchewan well levies, and
5. Some remaining conventional costs, such as fluid trucking and contract labor.

Abbey has control over the production volumes and conventional operating costs, however the commodity pricing is dictated by the market.

The second phase of this 5 point plan is number 2, the "**Rural Municipal Taxes**", as they will have the second biggest impact on providing more free cash to develop the property.

Abbey's goal is to work with the rural municipalities in which we operate to identify a municipal tax levy we can each support and budget. The single greatest impact to Abbey's municipal tax liability is the use of tax tools in each municipality. Whether used as a method of increasing the tax liability for resource property, or as a method of reducing other property classes (leaving resource property owners with the full impact of the municipal mill rate), the tax tools each create an excess tax burden that is unsustainable.

Abbey Resources respectfully requests that the municipal mill rate be reviewed and reduced in each municipality and that tax tools be adjusted so as not to penalize the resource sector in each municipality.



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ABBEY RESOURCES CORP.

Abbey needs your help to continue producing this commercial resource property as a going concern based on \$1.60/GJ natural gas prices for the next three years. The details of Abbey's proposal and the requested abatement for each RM are attached to this letter. A summary of the results and the impact on each RM is listed below:

Summary of Tax Abatement for 2017 Based on Municipal levy only

RM	Municipal Levy 2017	Proposed Levy 2017	Abatement 2017	Proposed Levy 2018
RM of Riverside 168	\$27,298	\$24,499	\$2,800	\$24,499
RM of Lacadena	\$945,478	\$270,689	\$674,789	\$270,689
RM of Miry Creek	\$375,341	\$300,273	\$75,068	\$300,273
Rm of Snipe Lake	\$282,573	\$52,006	\$230,567	\$52,006
RM of Clinworth	\$34,018	\$23,813	\$10,205	\$23,813
Total	\$1,664,709	\$671,279	\$993,430	\$671,279

1. Assessment values are taken from SAMA electronic documents as provided in December 2017
2. We are aware Miry Creek uses mill rate factors to the benefit of other property classes, we ask for consideration with respect to the use of the mill rate factor tool, increasing other property classes to reduce the burden of the full mill rate on the resource sector
3. Abbey is prepared to pay the education taxes as assessed by each RM.
4. Assumes no interest and no penalty is payable.
5. Education taxes for 2017 will be paid as assessed.

The decision to be made at this time is:

1. Municipalities can choose to continue with existing property taxes until the field is abandoned. (Enerplus has already abandoned the Cabri, Whitebear and the Sceptre fields, many of the RM's will no longer have a revenue base from these assets)

Or Choice 2.

2. The Municipalities can reduce property tax revenue and extend the life of the remaining wells in the Abbey field for another 30 years.

Thoughts to consider:

1. The value of Property tax revenues for the next 30 years is significantly more valuable than the existing property tax revenues over the next couple of years.
2. It is not in anyone's best interest to abandon the field recently purchased by Abbey. The company has a proposal for future power generation, and production growth, provided we have sufficient time and capital to bridge this \$1.60/GJ commodity price cycle.



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ABBEY RESOURCES CORP.

Abbey will contact you next week to set up a meeting date that would coincide with the next council meeting. Abbey needs to discuss how we can work together to make this work. Abbey is aware the RM's have budgeted operating costs in 2018 that depend on tax revenue assessed in 2017. Abbey will work with you where we can.

Abbey has not paid the 2017 property tax levy as you know.

The proposed meeting agenda includes:

1. 2017 outstanding property taxes:
 - a. Payment plan,
 - b. Waiver of penalties related to outstanding taxes.

2. Saskatchewan Municipal Tax Policy:
 - a. SK Municipalities Act Section 274(1)
Subject to subsection (11), with respect to any year, if a council considers it equitable to do so in any of the circumstances set out in subsection (2), it may, generally or with respect to a particular taxable property, do one or more of the following, with or without conditions: (a) cancel or reduce tax arrears; (b) cancel or refund all or any part of a tax; (c) defer the collection of a tax.

 - b. 274(11) The Lieutenant Governor in Council may make regulations respecting: (a) limits to the compromises and abatements that may be provided by a council pursuant to this section; and (b) the reporting that must be done by the council of the compromises and abatements that are provided by a council pursuant to this section.

3. 2018 Property tax plan that works for each RM and Abbey's ability to pay.

Sincerely,




Jim Gettis, P Eng., President and CEO,
Abbey Resources Corp.



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This is **Exhibit " B "** referred to in the Affidavit of
Yvonne Nelson sworn before me this 26th day of
July, 2021



Being a Solicitor

ABBEY RESOURCES CORP.

March 23, 2020

Rural Municipality

Attention: Reeve, Council and MLA

**RE: Discussion Meeting Request
Abbey Resources Corp. ("Abbey")**

Please find a fact sheet that sets out the basis for discussions to formulate a go forward plan with the RM's. The discussions will involve an equitable tax levy going forward and payment of arrears. I have also attached a recent letter sent to Minister Lori Carr with Government relations, prepared by the Saskatchewan Chamber of Commerce suggesting various changes to be made to ensure property taxation is fair and encourages development of resources that are aligned with the Saskatchewan government's growth plan for 2020 to 2030.

Abbey would like to convene a meeting at Millennium's offices in Swift Current, SK in the coming months, to discuss how we can proceed with changes suggested in the fact sheet designed to grow the shallow gas industry and ensure its ability to pay future property taxes. The intention is to invite the Reeve, the Administrator and the MLA currently representing each RM to the meeting.

No firm date for the meeting has been set due to the current restrictions on public gatherings as a direct result of the COVID19 pandemic.

In the meantime written comments should be sent to jim.gettis@abbeyr.ca for Abbey's review. These comments will be discussed at the meeting in Swift Current.

We look forward to open and productive discussions to find a way forward that is mutually beneficial.

Stay Safe and Stay Healthy.

Should you have any questions or comments please contact me directly at 403-650-7511.

Yours truly,
Abbey Resources Corp.



Jim Gettis, P Eng
President.



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jim.gettis@abbeyr.ca



FACT SHEET:

The Goal is to Breakeven at \$1.50/GJ. In 2019 Abbey had a direct operating loss exceeding \$3,000,000. Annual fixed cost reductions such as lease rentals (\$1,000,000), property tax reductions (\$1,000,000) and government fee reductions (\$1,000,000) are necessary. These reductions are based on sound business principles.

- Gas prices have remained historically low since 2009 and the forecast is similar for the next 5 years.
- Natural Gas prices averaged \$1.48 per gigajoule in 2018 and 2019.(See chart for 2019)
- Government of Saskatchewan has the same levies and fees for Oil as it does for Natural Gas. Oil is worth 5 times an equivalent amount of gas based on heat value. Oil has the ability to pay higher fixed costs compared to gas.
- Prior to purchasing the field, the operating costs for Husky and Enerplus were \$3.93/gj and \$2.86/gj respectively. (The field was scheduled for abandonment).
- Abbey has reduced operating expenses to \$2.14/gj by implementing permanent direct operating cost reductions of \$10,000,000 per year.
- Average revenue for Abbey before operating expenses is \$10.11/well/day.
- Each well has an average annual gross income of \$3690 before any rentals/property taxes/royalties or operating expenses (including wages).
- Inconsistency in Municipal Taxes and Mill Rates for the same services provided in each RM. (See Chart Below).

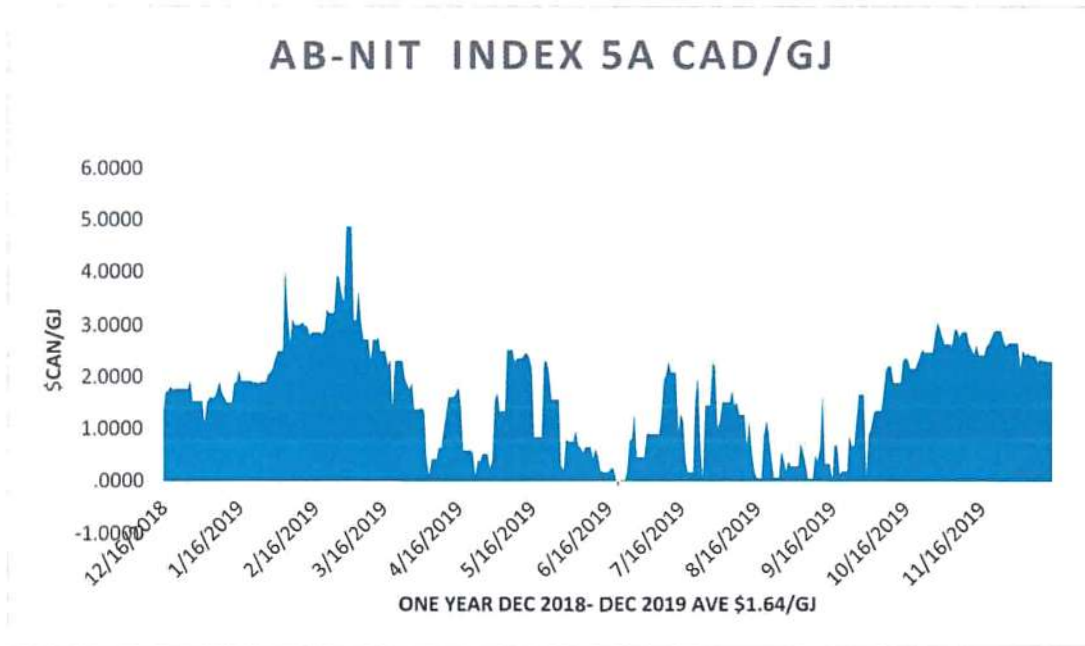
FURTHER COST REDUCTION PLAN MOVING FORWARD:

- Reduce the size of each Private Surface Lease based on actual use, thereby reducing the annual rental to the area required to operate. This does not preclude Abbey from end of life reclamation responsibilities.
- Develop a repayment plan with Landowners for the 2019 rental arrears.
- Applications have been made to the Ministry of Agriculture, for leases on crown lands, to reduce the lease sizes and rentals based on actual areas being used.
- Work with Municipalities to standardize Mill Rates for the future and develop a repayment plan for 2018 & 2019 taxes in arrears. (See proposals for RM's)
- Proposals have been made to the Government of Saskatchewan to decouple natural Gas from Oil and adjust levies and fees to correlate with the difference in commodity pricing.
- Discussions have been initiated with other Natural Gas Producers in the Province to make a joint proposal to the Government of Saskatchewan.

Consequences if all cost reductions are not achieved in 2020:

- Abbey Resources will not be financially capable of operating.
- All wells and facilities will be turned over to the Government of Saskatchewan Orphan Well Fund.
- Landowners will receive no compensation for Surface Leases from the Orphan Well Fund.
- Rural Municipalities will receive no property taxes from the orphan well fund.
- All employees, consultants and services providers of Abbey Resources Corp. will be terminated.

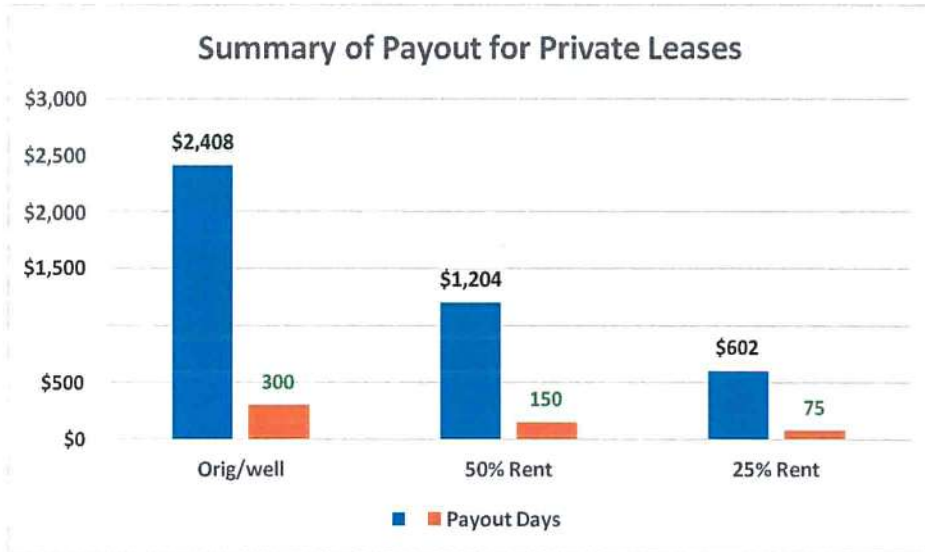
Addendum Information: Gas Pricing, Private lease rental payouts, Crown lease payouts, Summary of property taxes payable.



Natural gas averaged \$1.64 Cdn at AECO last year. (Adjusted for heating value Abbey received \$1.56/gj)
 The price exceeded the \$1.50/GJ bench mark, because of severe cold in February 2019 and lack of gas in storage.
 There is a lot of information on the price of natural gas. Abbey uses the price it receives as our bench mark to remain profitable. Our goal is to breakeven at \$1.50/gj. If prices increase the free cash flow will be put back into the property to abandon wells and increase production using new technology. This technology is exclusive to Abbey. These new tools have the ability to double existing production from 15,000 gj/d to 30,000 gj/day and extend the life of the field for another 30 years.
 Everybody wins!!



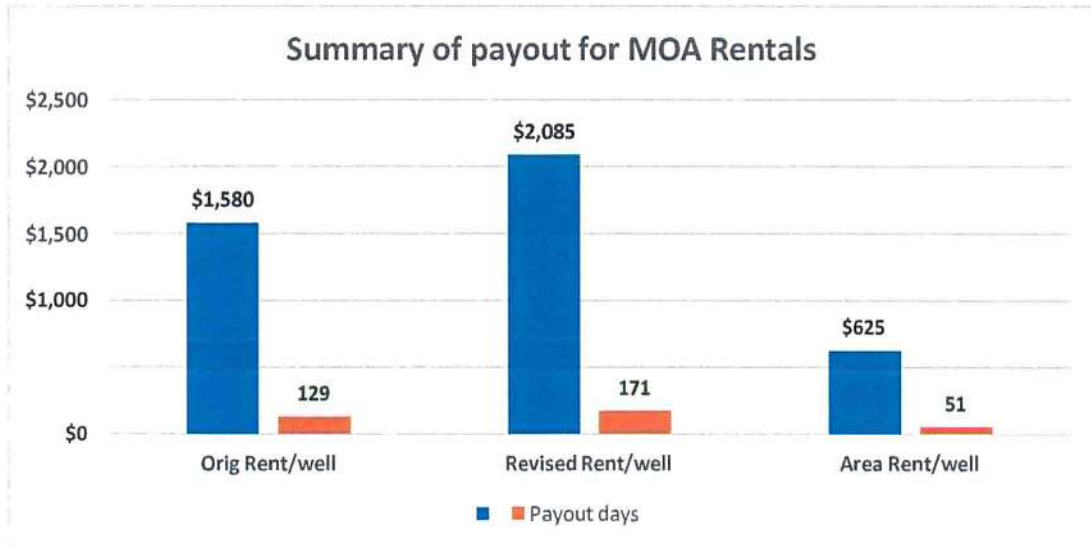
Private Surface Lease rentals.



1. There are 1826 wells on Private Lands.
2. Gas Prices averaged \$1.51/gj from Private lands
3. Total revenue from all wells was \$5,341,893 (no deductions for royalties or operating costs).
4. Total gross revenue was \$8.01/well/day.



Crown Land Surface Lease rentals.



1. There are 537 wells on MOA Lands.
2. Gas Prices averaged \$1.51/gj from MOA Lands
3. Total revenue from all wells was \$2,392,728 (no deductions for royalties or operating costs).
4. Total gross revenue was \$12.2/well/day.



Rural Municipality Tax Chart:

RM	Year	SAMA Assessment	Mill Rate	Municipal Levy	MRF	Total MRF Levy	Tax Tool Impact	Levy Tax tools	Effective Mill Rate	School Mill Rate	School Levy	Total Tax
Riverside	2017	\$3,499,800	6.5	\$22,749	1.20	\$27,298	\$4,550	\$27,299	7.80	9.68	\$33,878	\$61,177
	2018	\$4,170,400	6.5	\$27,108	1.20	\$32,529	\$5,422	\$32,530	7.80	9.68	\$40,369	\$72,899
	2019	\$4,041,100	6.5	\$26,267	1.20	\$31,521	\$5,253	\$31,521	7.80	9.68	\$39,118	\$70,638
Lacadena	2017	\$38,669,800	13	\$502,707	1.20	\$603,249	\$442,770	\$945,477	24.45	9.68	\$374,324	\$1,319,801
	2018	\$39,459,175	13	\$512,969	1.25	\$641,212	\$128,242	\$641,211	16.25	9.68	\$381,965	\$1,023,176
	2019	\$36,496,800	13	\$474,458	1.25	\$593,073	\$118,615	\$593,073	16.25	9.68	\$353,289	\$946,362
Miry Creek	2017	\$53,620,200	7	\$375,341	1.00	\$375,341	\$0	\$375,341	7.00	9.68	\$519,044	\$894,385
	2018	\$41,905,250	7	\$293,337	1.00	\$293,337	\$0	\$293,337	7.00	9.68	\$405,643	\$698,980
	2019	\$41,269,950	7	\$288,890	1.00	\$288,890	\$0	\$288,890	7.00	9.68	\$399,493	\$688,383
Snipe Lake	2017	\$7,429,400	12	\$89,153	2.92	\$260,059	\$193,420	\$282,573	38.03	9.68	\$71,917	\$354,489
	2018	\$9,604,000	12	\$115,248	2.00	\$230,496	\$150,317	\$265,565	27.65	9.68	\$92,967	\$358,532
	2019	\$9,770,200	12	\$117,242	2.00	\$234,485	\$153,003	\$270,246	27.66	9.68	\$94,576	\$364,821
Clinworth	2017	\$3,401,800	10	\$34,018	1.00	\$34,018	\$0	\$34,018	10.00	9.68	\$32,929	\$66,947
	2018	\$2,906,200	10	\$29,062	1.00	\$29,062	\$0	\$29,062	10.00	9.68	\$28,132	\$57,194
	2019	\$2,909,400	10	\$29,094	1.00	\$29,094	\$0	\$29,094	10.00	9.68	\$28,163	\$57,257
Total	2017	\$106,621,000		\$1,023,968	1.27	\$1,299,965	\$640,740	\$1,664,708	15.61	9.68	\$1,032,091	\$2,696,800
	2018	\$98,045,025		\$977,724	1.25	\$1,226,635	\$283,981	\$1,261,705	12.87	9.68	\$949,076	\$2,210,780
	2019	\$94,487,450		\$935,952	1.26	\$1,177,062	\$276,871	\$1,212,823	12.84	9.68	\$914,639	\$2,127,462

Total revenue for 2019 was approximately \$8,000,000. The Property tax levy for 2019 is slightly more than \$2,000,000. Payout for property taxes alone is over 3 months. (Taxes take 25% of Abbey's revenue right off the top)

Property taxes are a tax on Capital. Abbey has an assessed value in excess of \$94,000,000 for 2019. This assessed value results in a tax levy that Abbey is unable to pay at a commodity price of \$1.50/gj.

Solutions to be agreed upon (based on the principles of fair and equitable taxation) are:

1. Apply a percentage of value (POV) of 45% to the assessed value similar to Non arable Agriculture
2. Reduce Education property Tax (EPT) from 9.68 mills to 6.27 mills similar to Commercial. Agriculture pays an EPT of 1.43 mills.
3. Establish a fixed mill rate levy of 4.0 applicable to shallow gas assets in a particular RM. (No Tax tools or Mill Rate Factors)
4. Include end of life and full life cycle depreciation in the SAMA calculations of assessed value

A combination of points 1-4 is needed to reduce the total property tax payable by Abbey from \$2,000,000 to \$800,000 per year. This would reduce the payout to slightly more than one month, which is a reasonable business principle when considered in conjunction with the marginal effective tax rate, (METR) the company must pay.

This is **Exhibit " C "** referred to in the Affidavit of
Yvonne Nelson sworn before me this 26th day of
July, 2021

A handwritten signature in blue ink, consisting of several overlapping loops and a horizontal stroke, positioned above a solid horizontal line.

Being a Solicitor

MINUTES OF SETTLEMENT

WHEREAS the R.M. of Lacadena No. 228 (the “**RM**”) is a Rural Municipality in the Province of Saskatchewan and Abbey Resources Corp. (“**Abbey Resources**”) is an extra-provincial corporation with a registered office located in Calgary, Alberta.

AND WHEREAS Abbey Resources is in arrears to the RM for Municipal taxes properly payable in the amount of \$2,000,651.77 as of May 31, 2021 (the “**Current Arrears**”). Further, these Minutes of Settlement are intended to encompass all future obligations of Abbey Resources to the RM (the “**Future Obligations**”) (the Current Arrears and the Future Obligations shall be collectively referred to as the “**Arrears**”).

AND WHEREAS notwithstanding the amount owing of the Arrears, the RM and Abbey Resources have agreed to settle the Arrears on the terms and conditions hereinafter set forth.

NOW THEREFORE these Minutes of Settlement (the “**Minutes**”) witnesseth that in consideration of the mutual covenants and agreements contained herein and subject to the terms and conditions hereinafter set out, the RM and the Abbey Resources agree as follows:

A. THE SETTLEMENT OBLIGATIONS

1. ABBEY RESOURCES acknowledge that they are liable to the RM for the Arrears, which specifically includes all future obligations of Abbey Resources to the RM. Notwithstanding the specific amount owing, which may change from time to time, the parties agree to settle this matter as follows:

- (a) ABBEY RESOURCES shall pay the amount of:
 - (i) Commencing May 28, 2021, payments of \$100,000 (one-hundred thousand), per month, payable by no later than the last day of each month Arrears (including future taxes) are brought current;
 - (ii) Abbey Resources will immediately direct Twin Eagle to pay a further amount of \$53,418.18 to the RM as the balance of the \$100,000 payment for April 28, 2021 no later than May 28, 2021 (the “**April Payment**”) The RM receiving the April Payment shall act as a true condition precedent to these Minutes.

(collectively referred to as the “**Payment Period**”)

- (b) The payments shall be made payable to the RM.

- (c) Abbey Resources shall provide 30 days written notice to the RM of its intention to remove assets from any of the land within the RM. A permit to remove the equipment will not be unreasonably withheld or cause interference with Abbey Resources' contracts with third parties unless Abbey Resources is in default of the Agreement. Should Abbey Resources provide less than 30 days' notice there will be a charge of \$1,000 (one-thousand) per municipal development permit.
- (d) Abbey Resources shall provide the RM, , a direction to pay which would direct Twin Eagle to make payment of Abbey Resources obligations under this agreement directly to the RM (the "**Direction to Pay**").
- (e) During the term of the existence of Arrears and payments being made in terms of these Minutes of Settlement, Abbey Resources shall cooperate with the RM to provide all source documents related to Abbey Resources' "cash flow statement" or any other disclosure as requested by the RM from time to time. Abbey Resources shall provide such document disclosure as requested by the RM within five (5) business days of request.

B. INDEPENDENT LEGAL ADVICE

- 2. All Parties hereby acknowledge and agree they have received, or alternatively elected not to seek, independent legal advice with respect to the terms of the Minutes of Settlement, and are signing these Minutes of Settlement voluntarily, being fully cognizant of the effects of accepting the terms by their signatures.

C. JURISDICTION

- 3. The within Minutes of Settlement shall be construed in accordance with the laws of the Province of Saskatchewan.

D. ENDURING POWER

- 4. The within Minutes of Settlement and the obligations arising herein shall be binding upon and enure to the benefit of all Parties hereto and their respective servants, agents, officers, directors, managers, employees, insurers, associate and subsidiary legal entities, legal successors, assigns, heirs, dependents, executors, administrators and beneficiaries.

E. SUPPORTING DOCUMENTATION

5. All Parties agree that they will sign such further documentation, releases, and/or assurances as may be necessary to give full and complete effect to these Minutes of Settlement.

F. COUNTERPART

6. All Parties agree that the within Minutes of Settlement may be executed in counterpart.

G. ACKNOWLEDGMENT

7. By endorsing these Minutes of Settlement, all Parties agree and declare that each has freely understood the terms of the same, and confirm that they are endorsing these Minutes of Settlement freely, voluntarily, and without duress.
8. These Minutes of Settlement constitute and contain the entire and only settlement agreement between the Parties, and supersedes and cancels any and all pre-existing agreements and understandings relating to the settlement of these matters sued on in this action. No representation, inducement, promise, understanding, document, condition, or warranty not set forth or specifically referred to herein has been made or relied upon by either Party.
9. The Parties acknowledge and agree that the Recitals to these Minutes of Settlement are incorporated into and form part of these Minutes of Settlement.
10. The Parties acknowledge and agree that any amendment to the terms of these Minutes of Settlement must be in writing and signed by all Parties.

H. ADDRESS FOR SERVICE

11. The Parties agree that legal notice is hereby constituted by faxing, mailing by registered mail, and/or emailing related documentation to the following addresses:

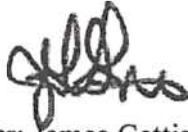
The R.M. of Lacadena, No. 228
c/o Miller Thomson
Suite 300, 15 - 23rd Street East
Saskatoon, Saskatchewan S7K 0H6
Fax: (306) 652-1586

Attention: Dustin Gillanders
Email: d.gillanders@millerthomson.com

Abbey Resources Corp.
c/o Anderson & Company
51-1st Avenue NW
Swift Current, SK S9H 0M5
Fax: (306) 778-3364
Attention: Jean Jordaan
Email: jjordaan@andlaw.ca

CONSENTED TO at the City of Swift Current, in the Province of Saskatchewan, this 12th day of May 2021.

ABBEY RESOURCES CORP.



Per: James Gettis, President

CONSENTED TO at the City of Saskatoon, in the Province of Saskatchewan, this 13 day of May 2021.

RURAL MUNICIPALITY OF LACADENA No. 228

Per: Bradley A Sander

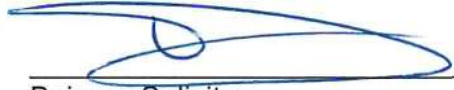
This document was prepared by:

MILLER THOMSON LLP

Barristers & Solicitors
#300, 15 – 23rd Street East
Saskatoon, SK S7K 0B3

Lawyer in Charge of file: Dustin Gillanders
Direct Line: (306) 667 5616
Facsimile: (306) 652-1586
E-Mail: d.gillanders@millerthomson.com

This is **Exhibit " D "** referred to in the Affidavit of
Yvonne Nelson sworn before me this 26th day of
July, 2021



Being a Solicitor

MINUTES OF SETTLEMENT

WHEREAS the R.M. of Lacadena No. 228 (the “**RM**”) is a Rural Municipality in the Province of Saskatchewan and Abbey Resources Corp. (“**Abbey Resources**”) is an extra-provincial corporation with a registered office located in Calgary, Alberta and is in arrears to the RM for 2018 Municipal taxes properly payable (the “**Arrears**”).

AND WHEREAS notwithstanding the amount owing of the Arrears, the RM and Abbey Resources have agreed to settle the Arrears on the terms and conditions hereinafter set forth.

NOW THEREFORE these Minutes of Settlement (the “**Minutes**”) witnesseth that in consideration of the mutual covenants and agreements contained herein and subject to the terms and conditions hereinafter set out, the RM and the Abbey Resources agree as follows:

A. THE SETTLEMENT OBLIGATIONS

1. **ABBEY RESOURCES** acknowledge that they are liable to the RM for the Arrears. Notwithstanding this amount owing, the parties agree to settle this matter as follows:

- (a) **ABBEY RESOURCES** shall pay the amount of:
 - (i) \$75,000 payable on December 2, 2019;
 - (ii) \$75,000 payable on or before January 31, 2020;
 - (iii) Commencing February 28, 2020, payments of \$100,000 (one-hundred thousand), per month, payable on the last day of each month, for a period of twelve months or, until taxes are brought current;

(collectively referred to as the “**Payment Period**”)
- (b) The payments shall be made payable to the RM.
- (c) Upon execution of these Minutes, the RM will waive municipal penalties effective October 1, 2019 until the Arrears are paid.
- (d) Abbey Resources shall provide 30 days written notice to the RM of its intention to remove assets from any of the land within the RM. A permit to remove the equipment will not be unreasonably withheld or cause interference with Abbey Resources’

contracts with third parties unless Abbey Resources is in default of the Agreement. Should Abbey Resources provide less than 30 days notice there will be a charge of \$1,000 (one-thousand) per municipal development permit.

- (e) Upon execution of these Minutes, the RM agrees to sign the overweight permit for the removal of the compressor and cooler from LSD 02-03-23-16 W3.
- (f) Abbey Resources shall provide to Robertson Stromberg LLP, or any other solicitor as indicated by the RM from time to time, a direction to pay which would direct Twin Eagle to make payment of Abbey Resources obligations under this agreement directly to the RM (the "Direction to Pay"). The Direction to Pay shall be held in trust by the RM's solicitor and shall not be released until Abbey Resources is in default of its obligations hereunder. In the event that Abbey Resources defaults on the terms of these Minutes of Settlement, Abbey Resources shall have five (5) business days to remedy such default after receiving written notice from the RM.

B. INDEPENDENT LEGAL ADVICE

- 2. All Parties hereby acknowledge and agree they have received, or alternatively elected not to seek, independent legal advice with respect to the terms of the Minutes of Settlement, and are signing these Minutes of Settlement voluntarily, being fully cognizant of the effects of accepting the terms by their signatures.

C. JURISDICTION

- 3. The within Minutes of Settlement shall be construed in accordance with the laws of the Province of Saskatchewan.

D. ENDURING POWER

- 4. The within Minutes of Settlement and the obligations arising herein shall be binding upon and enure to the benefit of all Parties hereto and their respective servants, agents, officers, directors, managers, employees, insurers, associate and subsidiary legal entities, legal successors, assigns, heirs, dependents, executors, administrators and beneficiaries.

E. SUPPORTING DOCUMENTATION

5. All Parties agree that they will sign such further documentation, releases, and/or assurances as may be necessary to give full and complete effect to these Minutes of Settlement.

F. COUNTERPART

6. All Parties agree that the within Minutes of Settlement may be executed in counterpart.

G. ACKNOWLEDGMENT

7. By endorsing these Minutes of Settlement, all Parties agree and declare that each has freely understood the terms of the same, and confirm that they are endorsing these Minutes of Settlement freely, voluntarily, and without duress.
8. These Minutes of Settlement constitute and contain the entire and only settlement agreement between the Parties, and supersedes and cancels any and all pre-existing agreements and understandings relating to the settlement of these matters sued on in this action. No representation, inducement, promise, understanding, document, condition, or warranty not set forth or specifically referred to herein has been made or relied upon by either Party.
9. The Parties acknowledge and agree that the Recitals to these Minutes of Settlement are incorporated into and form part of these Minutes of Settlement.
10. The Parties acknowledge and agree that any amendment to the terms of these Minutes of Settlement must be in writing and signed by all Parties.

H. ADDRESS FOR SERVICE

11. The Parties agree that legal notice is hereby constituted by faxing, mailing by registered mail, and/or emailing related documentation to the following addresses:

The R.M. of Lacadena, No. 228
c/o Robertson Stromberg LLP
Suite 600, 105 – 21st Street East
Saskatoon, SK S7K 0B3
Fax: (306) 652-2445

Attention: Dustin Gillanders
Email: d.gillanders@rslaw.com

Abbey Resources Corp.
c/o Anderson & Company
51-1st Avenue NW
Swift Current, SK S9H 0M5
Fax: (306) 778-3364
Attention: Jean Jordaan
Email: jjordaan@andlaw.ca

CONSENTED TO at the City of Swift Current, in the Province of Saskatchewan, this 29th day of November, 2019.

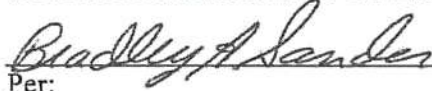
ABBEY RESOURCES CORP.



Per: James G Gettis, P. Eng, President

CONSENTED TO at the City of Saskatoon, in the Province of Saskatchewan, this ____ day of November, 2019.

RURAL MUNICIPALITY OF LACADENA No. 228



Per:

This document was prepared by:

ROBERTSON STROMBERG LLP

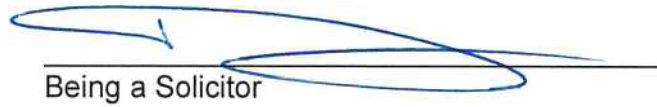
Barristers & Solicitors

#600, 105 – 21st Street East

Saskatoon, SK S7K 0B3

Lawyer in Charge of file:	Dustin Gillanders
Direct Line:	(306) 933-1347
Facsimile:	(306) 652-2445
E-Mail:	d.gillanders@rslaw.com

This is **Exhibit “ E ”** referred to in the Affidavit of
Yvonne Nelson sworn before me this 26th day of
July, 2021



Being a Solicitor



ABBHEY RESOURCES CORP.

**Revenue Statement
RM of Lacadena**

For the month of March 2021 - Payment on April 26, 2021

AREA	Total
Gas Sales	303,356.96
Royalties	10,461.75
Subtotal	292,895.21
Transporation & Marketing	25,833.54
Production Costs	9,483.42
Chemicals & Treatments	10,430.15
Contractor Costs	30,884.48
Lease Rentals	114,597.09
Taxes & Fees	
Property Tax - RM of Lacadena	-
Admin & Orphan Levy	11,384.00
PST & Carbon Tax	1,867.31
Maintenance	
Road & Lease Maintenance	300.00
Well / Pipeline Maintenance	33,385.40
Facility Maintenance	8,148.00
Environmental Damage / Remediation	-
Total Cost To Get Production To Market	246,313.39
Total Revenue	46,581.82
Capital	
Abandonment	-
Pipeline & Gathering Systems	-
Plant & Battery Equipment	-
Total Revenue after Capital	46,581.82
Producing Wells	468
Producing Wells %	52%

**DIRECTION TO PAY FOR TWIN EAGLES
FOR THE MONTH OF MARCH 2021
FOR THE LACADENA NORTH AND LACADENA SOUTH WELLS**

AMOUNT \$ 46,581.82

From: rm228@sasktel.net <rm228@sasktel.net>
Sent: Monday, July 26, 2021 3:52 PM
To: Gillanders, Dustin <dgillanders@millertthomson.com>
Subject: [**EXT**] FW: Abbey and RM of Lacadena Direction to Pay

From: Claire Knechtel <Claire.Knechtel@twineagle.com>
Sent: April 22, 2021 3:25 PM
To: Jim Gettis <JIM.GETTIS@ABBEYR.CA>; Twyla Paget-Turcotte <twyla.pagetturcotte@abbeyr.ca>; RM 228 <rm228@sasktel.net>
Cc: Vaughan Torrie <Vaughan.Torrie@twineagle.com>; Tom Godbold <tom.godbold@twineagle.com>
Subject: Abbey and RM of Lacadena Direction to Pay

Hi All

Twin Eagle has received and acknowledges a Direction of Pay issued from the RM of Lacadena in regards to moneys owed to Abbey Resources for the sales of gas in March 2021. The RM of Lacadena is requesting an amount of \$303,356.96 to be paid, while Abbey has agreed to \$46,581.82. The disputed amount of \$256,775.14 will be held by Twin Eagle pending resolution. Twin Eagle will pay the RM of Lacadena \$46,581.82 on April 27th and wait for clear direction from both parties in regards to the correct amount owed to the RM of Lacadena.

Please give me a call with any questions.

\$ 303,356.96	RM of Lacadena Requested	\$
\$ 46,581.82	Abbey agreed to	\$
\$ 256,775.14	disputed amount withheld by Twin	

Thank you,

Claire Knechtel
Commercial Manager

TWIN EAGLE™
1750-111 5th Avenue SW
CALGARY, AB T2P 3Y6
(403) 399-6593 mobile
(403) 984-5352 office
twineagle.com

[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veuillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.
