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| COURT FILE NO. | Q.B. No. 733 of 2021 | Clerk's Stamp |
| COURT | COURT OF QUEEN'S BENCH FOR SASKATCHEWAN IN BANKRUPTCY AND INSOLVENCY | |
| JUDICIAL CENTRE | SASKATOON | |
| APPLICANT | ABBEY RESOURCES CORP. | |
| RESPONDENT | ABBEY RESOURCES CORP. | |
| DOCUMENT | PRE-FILING REPORT OF THE PROPOSED MONITOR MNP LTD. | |
| FILED | JUNE 2021 | |
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | Counsel to the Proposed Monitor McDougall Gauley LLP 500 – 616 Main Street Saskatoon, SK S7H 0J6 Telephone: 306-665-5417/ 306-665-5432 Facsimile: 306-664-4431 Email: isutherland@mcDougallgauley.com/ cfrith@mcDougallgauley.com Attention: Ian Sutherland / Craig Frith Proposed Monitor MNP Ltd. Suite 1500, 640 5th Avenue SW Calgary, AB T2P 3G4 Telephone: 403-298-8479 / 403-537-8424 Email: victor.kroeger@mnp.ca / rick.anderson@mnp.ca Attention: Victor P. Kroeger / Rick Anderson | |

APPENDIX

Appendix A Statement of Projected Cash Flow for Abbey Resources Corp. for the Thirteen
Period Ending October 16, 2021

INTRODUCTION

1. MNP Ltd. (“MNP” or the “Proposed Monitor”) is advised that at a hearing on July 20, 2021 (the “July Hearing”), Abbey Resources Corp (“Abbey” or the “Applicant”) will be making an application to the Court of Queen’s Bench for Saskatchewan in Bankruptcy and Insolvency (the “Court”) for an Order (the “Initial Order”) seeking certain relief under the *Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36*, as amended (the “CCAA”), including a stay of proceedings until July 29, 2021 and appointing MNP as the CCAA Monitor (the “Monitor”) of Abbey. The proceedings to be commenced by the Applicant under the CCAA will be referred to herein as the “CCAA Proceedings”.
2. The purpose of this pre-filing report (the “Report”) is to provide this Honourable Court with information regarding the following:
 - 2.1. MNP’s qualifications to act as Monitor (if appointed); and
 - 2.2. The statement of projected cash flow prepared for the Applicant;

NOTICE TO READER

3. In preparing this report and making comments herein, the Proposed Monitor has relied upon certain unaudited, draft or internal financial information, including the Applicant’s books and records, and information from other third-party sources (collectively, the “Information”). The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada (the “Standards”). Additionally, none of the Proposed Monitor’s procedures were intended to disclose defalcations or other irregularities. If the Proposed Monitor were to perform additional procedures or to undertake an audit examination of the Information in accordance with the Standards, additional matters may come to the Proposed Monitor’s attention. Accordingly, the Proposed Monitor does not express an opinion, nor does it provide any other form of assurance on the financial or other information presented herein. The Proposed Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this report.
4. The Proposed Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the use of this report. Any use, which any party makes of this report, or any reliance or decision to be made based on this report, is the sole responsibility of such party.
5. All amounts included herein are in Canadian dollars unless otherwise stated.

MNP'S QUALIFICATIONS TO ACT AS MONITOR

6. MNP LLP is related to MNP Ltd., which is an independent Canadian professional services firm that provides insolvency and restructuring services. The MNP engagement team includes senior professionals who are Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees.
7. MNP is a Trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act (Canada)*. MNP has not during the preceding two years:
 - 10.1. Acted as a director, an officer or an employee of the Applicant;
 - 10.2. Acted as the auditor, accountant or legal counsel or a partner or an employee of the auditor, accountant or legal counsel of the Applicant;
 - 10.3. Been related to the Applicant or to any director or officer of the Applicant.
8. MNP has consented to act as Monitor of the Applicant should this Honourable Court grant the request of the Applicant for an Initial Order in the CCAA Proceedings.

IDENTIFICATION OF THE APPLICANTS

9. As set out in the affidavit of James Gettis sworn on July 13, 2021 (the "Gettis Affidavit"), the Applicant was incorporated in Alberta on July 14, 2010 and extra provincially registered in Saskatchewan on July 15, 2010.
10. The Applicant operates 2,344 natural gas wells, 7 compressor stations and associated natural gas pipelines in South Western Saskatchewan. The Applicant's head office is in Calgary Alberta.
11. The Applicant has 21 employees of which 17 are employed in the field and 4 in the head office.
12. As further set out in the Gettis Affidavit, the Applicant has experiencing financial difficulty. An extended period of low natural gas prices negatively affected the Applicant's financial results. The Applicant was therefore unable to pay high fixed costs related primarily to municipal property taxes, surface lease payments, mineral lease payments and Saskatchewan Ministry of Environment levies.

CASH FLOW FORECAST

13. Attached as "Appendix A" is an unsigned copy of the statement of projected cash flow of the Applicant (the "Forecast") for the thirteen-week period ending October 16, 2021 (the "Forecast Period").

14. A summary of the Forecast is included below:

ABBAY RESOURCES CORP
Statement of Weekly Projected Cash Flow
For the period from July 18, 2021 to October 16, 2021
Summary

| | |
|---|---------------------|
| Opening Balance | \$ 33,000 |
| Cash inflows | |
| Operated Revenue (Less Marketing Fees) | 2,973,000 |
| Gas Buy Back (Prepaid Gas Volumes) | (110,000) |
| Royalties | -201,000 |
| Shop and Yard Rental to third party | 24,000 |
| Total inflows | \$ 2,685,000 |
| Cash outflows | |
| Transportation | 261,000 |
| Field Operators | 360,000 |
| Field Operating costs - COD payment | 765,000 |
| Field Operating costs - auto debit | 47,000 |
| Lease Rentals (Surface & Mineral) - new lease | 91,000 |
| Lease Rentals (Surface & Mineral) - existing lease | 45,000 |
| Insurance / Vehicle Lease | 43,000 |
| Contingency | 65,000 |
| Total Field Operations & Related | \$ 1,677,000 |
| Payroll (Field Staff) | 158,000 |
| Contract Fees (Calgary Staff) | 135,000 |
| Life Insurance and Health Benefits | 8,000 |
| Calgary Office Rent | 6,000 |
| Office Supplies, Postage, Bank Service Charge, etc. | 0 |
| Contingency | 13,000 |
| Total Office & Related | \$ 321,000 |
| Well Head Shelters | 50,000 |
| Disposal Well (Drill, Complete, Tie-in) | 207,000 |
| Total Other | \$ 257,000 |
| Restructuring Costs (Trustee and Legal) | 450,000 |
| Total Other | \$ 450,000 |
| Total outflows | \$ 2,705,000 |
| Estimated Closing Balance | \$ 13,000 |

PROPOSED MONITOR'S REPORT ON CASH FLOW STATEMENT

15. The Proposed Monitor reports as follows with respect to the Forecast:

- 15.1. The Forecast has been prepared by the Applicant for the purposes described in the notes contained therein (the "Notes") using the probable and hypothetical assumptions set out in the Notes.
- 15.2. The Proposed Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied to it by the Applicant. Since hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Forecast. We have also reviewed the support provided by the Applicant for the probable assumptions and the preparation and presentation of the Forecast.
- 15.3. Based on our review, nothing has come to the attention of the Proposed Monitor that causes it to believe in all material respects the hypothetical assumptions are not consistent with the purpose of the Forecast.
- 15.4. Since the 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 Proposed Monitor expresses no assurance as to whether the Forecast will be achieved. The Proposed Monitor further express no opinion or other form of assurance with respect to the accuracy of any financial information reported with respect to the Forecast or relied upon by it in reporting on the Forecast.
- 15.5. The Forecast has been prepared solely for the purposes described in the Notes and readers are cautioned that they may not be appropriate for other purposes.
- 15.6. Unless circumstances materially change, no Interim Financing is anticipated to be required during the Forecast Period.

ADMINISTRATION CHARGE

16. The Proposed Monitor understands that the Hearing will include an application for an administration charge in the amount of 250,000.
17. The Monitor supports the Administration Charge pursuant to Section 11.52 of the CCAA on the basis that it provides certainty for the professionals involved that they will be paid such that they can effectively participate in the CCAA proceedings.

CONCLUSION

18. This prefiling report has been prepared to provide this Honourable Court with information regarding MNP's qualifications to act as Monitor and the Forecasts in conjunction with the Applicant's application on July 20, 2021 seeking an Initial Order under the CCAA.

All of which is respectfully submitted this 13th day of July, 2021

MNP Ltd., in its capacity as Proposed Monitor of Abbey Resources Corp and not in its personal capacity



Per: _____
Victor P. Kroeger, CIRP, LIT, CPA, CA, CFE
Senior Vice President

Appendix A

ABBEY RESOURCES CORP
Statement of Weekly Projected Cash Flow
For the period from July 18,2021 to October 16, 2021

Court No.:
Estate No.:

| | Notes | 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 | Total |
|---|----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Week of | | 18/07/2021 | 25/07/2021 | 01/08/2021 | 08/08/2021 | 15/08/2021 | 22/08/2021 | 29/08/2021 | 05/09/2021 | 12/09/2021 | 19/09/2021 | 26/09/2021 | 03/10/2021 | 10/10/2021 | Total |
| Opening Balance | 1 | \$ 32,783 | \$ 26,668 | \$ 281,743 | \$ 183,251 | \$ 149,841 | \$ 133,726 | \$ 322,889 | \$ 113,679 | \$ 66,269 | \$ 49,269 | \$ 640,366 | \$ 215,321 | \$ 56,221 | \$ 32,783 |
| Cash inflows | | | | | | | | | | | | | | | |
| Operated Revenue (Less Marketing Fees) | 2 | | 1,001,340 | | | | 985,584 | | | | 985,584 | | | | 2,972,508 |
| Gas Buy Back (Prepaid Gas Volumes) | 3 | | (35,939) | | | | (37,137) | | | | (37,137) | | | | (110,213) |
| Royalties | 4 | | (64,210) | | | (3,000) | (64,000) | | | (3,000) | (64,000) | | | (3,000) | -201,210 |
| Shop and Yard Rental to third party | 5 | | 17,394 | | | | | 3,413 | | | | 3,413 | | | 24,219 |
| Total inflows | | \$ - | \$ 918,585 | \$ - | \$ - | \$ (3,000) | \$ 884,447 | \$ 3,413 | \$ - | \$ (3,000) | \$ 884,447 | \$ 3,413 | \$ - | \$ (3,000) | \$ 2,685,304 |
| Cash outflows | | | | | | | | | | | | | | | |
| Transportation | 6 | | 87,150 | | | | 87,150 | | | | 87,150 | | | | 261,450 |
| Field Operators | 7 | | 60,000 | 60,000 | | | 60,000 | 60,000 | | | 60,000 | | 60,000 | | 360,000 |
| Field Operating costs - COD payment | 8 | | 240,000 | 15,000 | | | 240,000 | | 15,000 | | | 240,000 | 15,000 | | 765,000 |
| Field Operating costs - auto debit | 9 | 115 | 7,000 | 402 | 1,000 | 7,115 | 7,000 | 402 | | 8,000 | 115 | 7,402 | | 8,000 | 46,550 |
| Lease Rentals (Surface & Mineral) - new lease | 10 | | 27,338 | | | | 27,825 | | | | 35,975 | | | | 91,138 |
| Lease Rentals (Surface & Mineral) - existing lease | 11 | | 392 | | | | 12,234 | | | | 31,946 | | | | 44,571 |
| Insurance / Vehicle Lease | 12 | | | 14,443 | | | | 14,443 | | | | 14,443 | | | 43,328 |
| Contingency | 13 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 65,000 |
| Total Field Operations & Related | | \$ 5,115 | \$ 426,879 | \$ 94,844 | \$ 6,000 | \$ 12,115 | \$ 439,209 | \$ 79,844 | \$ 20,000 | \$ 13,000 | \$ 220,186 | \$ 266,844 | \$ 80,000 | \$ 13,000 | \$ 1,677,038 |
| Payroll (Field Staff) | 14 | | 26,410 | | 26,410 | | 26,410 | | 26,410 | | 26,410 | | 26,410 | 26,410 | 158,461 |
| Contract Fees (Calgary Staff) | 15 | | 45,165 | | | | 45,165 | | | | 45,165 | | | | 135,495 |
| Life Insurance and Health Benefits | 16 | | | 2,647 | | | | 2,647 | | | | 2,647 | | | 7,942 |
| Calgary Office Rent | 17 | | 2,000 | | | | 2,000 | | | | 2,000 | | | | 6,000 |
| Office Supplies, Postage, Bank Service Charge, etc. | 18 | | 55 | | | | | 55 | | | 55 | | | | 165 |
| Contingency | 19 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 13,000 |
| Total Office & Related | | \$ 1,000 | \$ 74,630 | \$ 3,647 | \$ 27,410 | \$ 1,000 | \$ 74,575 | \$ 3,702 | \$ 27,410 | \$ 1,000 | \$ 48,165 | \$ 30,112 | \$ 1,000 | \$ 27,410 | \$ 321,063 |
| Well Head Shelters | 20 | | | | | | 25,000 | | | | 25,000 | | | | 50,000 |
| Disposal Well (Drill,Complete,Tie-in) | 21 | | | | | | | 129,075 | | | | | 78,100 | | 207,175 |
| Total Other | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 25,000 | \$ 129,075 | \$ - | \$ - | \$ 25,000 | \$ - | \$ 78,100 | \$ - | \$ 257,175 |
| Restructuring Costs (Trustee and Legal) | 22 | | 162,000 | | | | 156,500 | | | | | 131,500 | | | 450,000 |
| Total Other | | \$ - | \$ 162,000 | \$ - | \$ - | \$ - | \$ 156,500 | \$ - | \$ - | \$ - | \$ - | \$ 131,500 | \$ - | \$ - | \$ 450,000 |
| Total outflows | | \$ 6,115 | \$ 663,510 | \$ 98,492 | \$ 33,410 | \$ 13,115 | \$ 695,284 | \$ 212,622 | \$ 47,410 | \$ 14,000 | \$ 293,351 | \$ 428,457 | \$ 159,100 | \$ 40,410 | \$ 2,705,275 |
| Estimated Closing Balance | | \$ 26,668 | \$ 281,743 | \$ 183,251 | \$ 149,841 | \$ 133,726 | \$ 322,889 | \$ 113,679 | \$ 66,269 | \$ 49,269 | \$ 640,366 | \$ 215,321 | \$ 56,221 | \$ 12,811 | \$ 12,811 |

Purpose:

The Statement of Projected Cash Flow has been prepared by the Company's management pursuant to Section 10 (2)(a) of the Companies' Creditors Arrangement Act (the "CCAA"). It is being filed specifically for the purposes contemplated in that section and readers are cautioned that it may not be appropriate for other purposes.

In addition, the Statement of Projected Cash Flow has been prepared based on assumptions regarding future events, therefore actual results may vary from the estimates presented herein and these variances may be material.

Abbey Resources Corp

MNP Ltd. in its capacity as Proposed Monitor under the Companies' Creditor Arrangement Act
for Abbey Resources Corp. and not in its personal capacity

Per: Jim Gettis
President

Per: Victor P. Kroeger
Senior Vice President

ABBEY RESOURCES CORP
Statement of Weekly Projected Cash Flow
For the period from July 18,2021 to October 16, 2021

Court No.:
Estate No.:

General Notes & Assumptions

Amounts are represented in Canadian dollars

Specific Notes & Assumptions

- 1 Estimated opening cash balance for July 18, 2021
- 2 Estimated revenue based on current production volumes and flat \$3.00 per GJ price
- 3 Prepaid Gas Volume buyback (netted from Gas Settlement Statement)
- 4 May 2021 production month forward paid in full
- 5 Shop and Yard Rental to third party (January 2021 to July 2021)
- 6 Gas Transportation on Transgas (netted from Gas Settlement Statement)
- 7 Field Contract Operators paid on an hourly rate, estimated 2 week period
- 8 Essential Services for Field Operations includes Production Costs, Chemicals & Treatments, Safety & Environmental, Maintenance & Repairs and Trucking and Labour costs
- 9 Operating Expenses that are Auto-debit to the account (Intercom, Saskpower, Sasktel, Shaw, Xplornet)
- 10 Surface/ Mineral Lease Rentals for the executed lease agreements based on area utilized
- 11 Surface/ Mineral Lease Rentals for lease agreements that are not based on area utilized
- 12 Operating Insurance and Field Vehicle Lease
- 13 Contingency for Miscellaneous Operating Expenses
- 14 Salary and Wages for Field Employees
- 15 Calgary Staff - Administration / Management
- 16 Life Insurance and Health Benefits
- 17 Calgary Office Rent
- 18 Calgary Office Expense (Supplies, Postage, Courier, Bank Service Charge)
- 19 Contingency for Miscellaneous Calgary Office Expenses
- 20 Well Head Shelters
- 21 Disposal well (drill, complete, tie-in), existing disposal well no longer viable
- 22 Restructuring costs for Trustee and Legal (MNP, DLA Piper, Anderson and Company)

Abbey Resources Corp

MNP Ltd. in its capacity as Proposed Monitor under the Companies' Creditor Arrangement Act
for Abbey Resources Corp. and not in its personal capacity

Per: Jim Gettis

Per: Victor P. Kroeger
Senior Vice President