

COURT FILE NO. QB No. 733 of 2021 Clerk's Stamp

COURT COURT OF QUEEN'S BENCH FOR  
SASKATCHEWAN IN BANKRUPTCY  
AND INSOLVENCY

JUDICIAL CENTRE SASKATOON

RESPONDENTS ABBEY RESOURCES CORP.

DOCUMENT AMENDED FIRST REPORT OF THE MONITOR, MNP LTD.

FILED AUGUST 23, 2021

ADDRESS FOR Counsel to the Monitor  
SERVICE AND

CONTACT

INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

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Attention: Victor P. Kroeger / Rick Anderson

## SCHEDULES

Schedule 1                      Signed Statement of Projected Cash Flow for Abbey Resources Corp for the  
Thirteen Period Ending November 13, 2021

## INTRODUCTION

- 1 On August 13, 2021, an Initial Order (the “**Initial Order**”) was granted by the Court of Queen’s Bench for Saskatchewan in Bankruptcy and Insolvency (the “**Court**”) under the *Companies’ Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended* (the “**CCAA**”) in respect of Abbey Resources Corp. (“**Abbey**”). MNP Ltd. (“**MNP**”) was appointed as Monitor (the “**Monitor**”) in the CCAA proceedings. Due to logistical issues with the Court a copy of the issued Initial Order has not yet been provided to the Monitor. To date, the Monitor has been following the terms of the draft Initial Order. Should any of the terms of the Initial Order change, we may have to amend our approach.
- 2 As the issued Initial Order has not yet been released, the Monitor cannot fulfil its duties in accordance with Paragraph 39 of the Initial Order and Section 23(1)(a) of the CCAA within the time frames stated therein . As soon as the Monitor receives the filed Initial Order it will undertake those duties.
- 3 The Initial Order provided for relief including a stay of proceedings (the “**Stay**”) until and including August 23, 2021. Abbey’s most significant creditors include the Ministry of Energy the R.M. of Miry Creek, the RM of Snipe Lake, Carry the Kettle First Nation and the R. M. of Lacadena.
- 4 Pursuant to the Initial Order, a first charge was granted over the assets and property of Abbey in favour of the Monitor, its legal counsel and Abbey’s legal counsel, up to a maximum of \$250,000 as an Administration Charge.
- 5 Prior to the Initial Order being granted, MNP prepared a pre-filing report of the proposed monitor, dated July 15, 2021 (the “**Pre-Filing Report**”).
- 6 The First Report of the Monitor dated August 20, 2021 inadvertently attached the cashflow that did not include the signatures of the representative of the Company nor the Monitor and also did not include the notes to the cashflow. This has necessitated the filing of an amended report of the Monitor (the “**Amended First Report**”) to correct the omission.
- 7 Capitalized terms not otherwise defined herein will have the meanings given to them in the Pre-Filing Report.
- 8 Information on the CCAA proceedings can be accessed on MNP’s website at <https://mnpdebt.ca/en/corporate/corporate-engagements/abbey-resources-corporation> (the “**Monitor’s Website**”).
- 9 All amounts included herein are in Canadian dollars unless otherwise stated.

## NOTICE TO READER

- 10 In preparing this report and making comments herein, the Monitor has relied upon certain unaudited, draft or internal financial information, including Abbey's books and records, and information from other third-party sources (collectively, the "**Information**"). The Monitor 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 Monitor's procedures were intended to disclose defalcations or other irregularities. If the 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 Monitor's attention. Accordingly, the Monitor does not express an opinion, nor does it provide any other form of assurance on the financial or other information presented herein. The Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this report.
- 11 The 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.

## PURPOSE OF REPORT

- 12 The purpose of the Amended First Report is to provide this Honourable Court with information regarding the application by Abbey, scheduled for August 23, 2021 at which, Abbey will be seeking to amend and restate the Initial Order and expand the scope of relief granted in the Initial Order, including as follows:
- a. Extending the Stay until October 7, 2021 (the "**Extension Period Request**").

## MONITORS ACTIVITIES TO DATE

- 13 Other than the Initial Order, publicly available information relating to this proceeding has been posted on the Monitors Website as it becomes available.
- 14 The Monitor is complying with the notice requirements set out in the draft Initial Order and in subsection 23(1)(a) (ii) of the CCAA as more specifically set out below:
- a) Arranged to place notice of the CCAA proceedings published in the Saskatoon Star Phoenix, Regina Leader Post and Calgary Herald on August 21, 2021 and on August 28, 2021;
  - b) Upon receipt of the issued Initial Order, the Monitor will be posting same on the Monitor's Website;



- c) Preparation is being made to mail the notice of the CCAA to every known creditor with a claim;
- d) Upon receipt of the issued Initial Order, it will be filing copies of same, along with the notice with Office of the Superintendent of Bankruptcy as set out in section 23(1)(f) of the CCAA.

15 The Monitor's other activities to date have included the following:

- a) Attending various meetings and calls with management of Abbey and its legal counsel to discuss initial restructuring efforts;
- b) Attending a meeting with field staff to outline how these proceedings currently affect their daily work activities;
- c) Coordination of the Monitor's review processes with management creating timeframes for reporting and variance analysis; and
- d) Reviewing the cash flow projections and underlying assumptions through telephone discussions with management regarding same.

#### **THE STAY**

16 The Monitor has been advised by counsel for the Applicant that the draft Initial Order provides for a stay that expires on August 23, 2021. Abbey's Extension Period Request application will allow Abbey to continue with its efforts to restructure. The Monitor is supportive of the Extension on the fact that the CCAA proceedings have only been ongoing since August 13, 2021. Based on the Monitor's dealings with management up to the granting of the Initial Order and during the time that it has been granted, and the Monitor's review of Abbey's operations the Monitor can advise that:

- a) Abbey is acting in good faith and with due diligence ;
- b) Abbey is cooperating with the Monitor and is providing information requested by the Monitor and other stakeholders in a timely manner and
- c) The Monitor is of the view that Abbey's stakeholders will not be materially prejudiced by the Extension Period Request.

#### **CASH FLOW FORECAST**

17 Attached as "Schedule 1" is Abbey's signed thirteen-week cash flow projection and documented assumptions (the Projection") for the period ending November 13, 2021 (the "Forecast Period"). Based on the Projection, Abbey will have sufficient cash to fund its operations over the Forecast Period, which includes the time requested in the Extension Period Request.

18 A summary of Abbey's Projection related to the Extension Period Request is below:

<b>Summary of cash flow projection of Abbey Resources Corp.</b>	<b>To the week ending October 10, 2021</b>
Opening Balance	\$ 59,555
Total inflows	<u>1,922,167</u>
Total Field Operations & Related	1,140,620
Total Office & Related	214,377
Total Other	179,075
Total Restructuring Costs (Monitor and legal)	294,571
Total outflows	<u>1,828,643</u>
Estimated Closing Balance	<u>\$ 153,079</u>

19 Abbey's major assumptions within the Projections include the following:

- a) Estimated revenue that is based on current production at \$3/GJ;
- b) Transportation costs will be netted against Abbey's Transgas settlement agreement; and
- c) Amounts will be required to pay some (these are undefined) suppliers on Cash on Delivery or prepayment terms.

20 Incorporated into the Total Field Operations & Related expenses, are lease rental payments for renegotiated lease agreements (\$55,163 during this timeframe) and existing lease agreements (\$37,213 during this timeframe). Abbey has advised that payments made under the renegotiated lease agreements that come due in the post Stay period are annual payments. Lease payments made on all un-renegotiated leases are forecast to be paid monthly based on the annual charge commencing from the Initial Order date thereby not increasing the rental obligation to these lease holders. Abbey has advised that they do not have any agreements in place with the un-renegotiated lease holders to pay them on a monthly versus yearly basis. The Monitor does not know what rights the un-renegotiated lease holders have with respect to this payment arrangement made unilaterally by Abbey. The Monitor cannot, at this time, comment on whether this is reasonable,

**CONCLUSION**

21. The Monitor is supportive of the Extension Period Request as it will

- a. Provide time for the Monitor to be in a position to more fully report to the Court on the status of Abbey's restructuring efforts; and
- b. Not materially prejudice the stakeholders in this proceeding.

All of which is respectfully submitted this 23<sup>rd</sup> day of August 2021.

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

Per: \_\_\_\_\_

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

# SCHEDULE 1



ABBEY RESOURCES CORP  
Statement of Weekly Projected Cash Flow  
For the period from August 13, 2021 to November 13, 2021

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	8/15/2021	8/22/2021	8/29/2021	9/5/2021	9/12/2021	9/19/2021	9/26/2021	10/3/2021	10/10/2021	10/17/2021	10/24/2021	10/31/2021	11/7/2021	Total
1	\$ 59,585	\$ 51,836	\$ 426,549	\$ 339,291	\$ 295,293	\$ 278,293	\$ 865,320	\$ 274,077	\$ 196,489	\$ 153,079	\$ 146,964	\$ 281,729	\$ 101,371	\$ 59,585
2		1,087,105				944,474					954,719			2,986,299
3		(95,939)				(87,137)					(87,137)			(110,213)
4					(3,000)	(37,161)			(3,000)		(64,000)			(107,161)
5				3,413				3,413					3,413	10,238
	\$ -	\$ 1,051,166	\$ -	\$ 3,413	\$ (3,000)	\$ 870,176	\$ -	\$ 3,413	\$ (3,000)	\$ -	\$ 853,582	\$ -	\$ 3,413	\$ 2,779,162
6		87,150				87,150					87,150			261,450
7		60,000	60,000			60,000		60,000			60,000	60,000		360,000
8		245,000		15,000		245,000	245,000	15,000			245,000	15,000		780,000
9	1,718	7,000	402		8,000	115	7,402		8,000	115	7,000	402		40,159
10		27,338				27,825					35,975			91,138
11		7,319				29,894					47,618			84,831
12			18,154			18,154					18,154			54,462
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
	\$ 6,718	\$ 438,807	\$ 83,556	\$ 20,000	\$ 13,000	\$ 209,994	\$ 275,556	\$ 80,000	\$ 13,000	\$ 5,115	\$ 487,743	\$ 98,556	\$ 5,000	\$ 1,737,094
14		26,410		26,410		26,410			26,410		26,410			158,461
15		45,165				45,165					45,165			135,495
16			2,647				2,647					2,647		7,942
17		2,000				2,000					2,000			6,000
18	2												55	167
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
	\$ 1,002	\$ 74,575	\$ 3,702	\$ 27,410	\$ 1,000	\$ 48,165	\$ 30,112	\$ 1,000	\$ 27,410	\$ 1,000	\$ 74,575	\$ 3,702	\$ 27,410	\$ 321,064
20		25,000				25,000					25,000			75,000
21		25,000				25,000	129,075				25,000	78,100		207,175
	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000	\$ 129,075	\$ -	\$ -	\$ -	\$ 25,000	\$ 78,100	\$ -	\$ 282,175
22		138,071				156,500					131,500			426,071
	\$ -	\$ 138,071	\$ -	\$ -	\$ -	\$ 156,500	\$ -	\$ -	\$ -	\$ -	\$ 131,500	\$ -	\$ -	\$ 426,071
	\$ 7,720	\$ 676,453	\$ 87,258	\$ 47,410	\$ 14,000	\$ 283,149	\$ 591,243	\$ 81,000	\$ 40,410	\$ 6,115	\$ 718,818	\$ 180,358	\$ 32,410	\$ 2,766,344
	\$ 51,836	\$ 426,549	\$ 339,291	\$ 295,293	\$ 278,293	\$ 865,320	\$ 274,077	\$ 196,489	\$ 153,079	\$ 146,964	\$ 281,729	\$ 101,371	\$ 72,373	\$ 72,373

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

Per: Victor P. Koberger  
Senior Vice President

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

ABBHEY RESOURCES CORP  
Statement of Weekly Projected Cash Flow  
For the period from August 13, 2021 to November 13, 2021

General Notes & Assumptions

Amounts are represented in Canadian dollars

Specific Notes & Assumptions

- 1 Opening cash balance for August 13, 2021
- 2 Estimated revenue based on production volumes (10,648 GJ/d) and flat \$3.00 per GJ price
- 3 Prepaid Gas Volume buyback (netted from Gas Settlement Statement) - This ends November 1, 2021 Production Month
- 4 Crown Royalties are current and are auto-debit, all other Royalties will be paid from August 13, 2021 production month forward (August 2021 will be a pro-rated month)
- 5 Monthly Shop and Yard Rental to third party
- 6 Monthly Gas Transportation on Transgas (netted from Gas Settlement Statement)
- 7 Field Contract Operators paid on an hourly rate, estimated 2 week period per pay 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 Annual Surface/Mineral Lease Rentals for the executed lease agreements based on area utilized (August 1, 2021 forward)
- 11 Monthly Surface/Mineral Lease Rentals for lease agreements that are not based on area utilized (Prorated starting August 13, 2021 per stay period)
- 12 Operating Insurance and Field Vehicle Lease (Auto-debit to the account)
- 13 Contingency for Miscellaneous Operating Expenses
- 14 Salary and Wages for Field Employees (Payroll service utilized - 2 week pay period)
- 15 Calgary Staff - Administration / Management
- 16 Life Insurance and Health Benefits (Auto-debit to the account)
- 17 Calgary Office Rent (monthly rent paid when invoiced)
- 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)

Abhey Resources Corp



Per: Jim Gettis

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

Per: Victor A. Kraeger  
Senior Vice President