

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 SECOND REPORT OF THE MONITOR, MNP LTD.

FILED OCTOBER 4, 2021

ADDRESS FOR  
SERVICE AND  
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INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

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Attention: Victor P. Kroeger / Rick Anderson

## SCHEDULES

- Schedule 1 Statement of Projected Cash Flow for Abbey Resources Corp for the Thirteen Week Period Ending February 5, 2022.
- Schedule 2 Management Report on Cash Flow Statement dated October 4, 2021.

## INTRODUCTION

- 1 On August 13, 2021, an Initial Order (the “**Initial Order**”) was granted by the Court of Queen’s Bench of 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**” or the “Company”) that granted a stay of proceedings (the “**Stay**”) until August 23, 2021 . MNP Ltd. (“**MNP**”) was appointed as Monitor (the “**Monitor**”) in the CCAA proceedings.
- 2 On August 24, 2021 Abbey obtained a Court Order extending the Stay until and including October 7, 2021 (the “**First Extension Order**”).
- 3 Abbey’s most significant creditors include the Saskatchewan Ministry of Energy, the R.M. of Miry Creek, the RM of Snipe Lake, Carry the Kettle First Nation (the “**CTKFN**”) and the R. M. of Lacadena.
- 4 This is the Monitor’s second report to the Court (the “**Second Report**”).
- 5 Capitalized terms not otherwise defined herein will have the meanings given to them in the Pre-Filing Report dated July 15, 2021, the First Report dated August 20, 2021 and the Amended First Report dated August 23, 2021.
- 6 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**”).
- 7 All amounts included herein are in Canadian dollars unless otherwise stated.

## NOTICE TO READER

- 8 In preparing the Second 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 the Second Report.

9 The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the use of the Second Report. Any use, which any party makes of the Second Report, or any reliance or decision to be made based on the Second Report, is the sole responsibility of such party.

#### **PURPOSE OF REPORT**

10 The purpose of the Second Report is to provide this Honourable Court with information regarding the application by Abbey scheduled for October 7, 2021 (the "**October 7 Hearing**") at which Abbey will be seeking the following relief:

- Approval of the unwinding of the Optimum Transaction;
- Approval of the sale to Steel Reef Infrastructure Corporation;
- Approval of the sale to XTO Energy Inc; and
- Extension of the Stay until January 5, 2022 (the "**Second Extension Request**").

11 This Second Report will therefore provide this Honourable Court with the Monitor's comment on the following:

- a) The various relief being sought at the October 7 Hearing;
- b) Abbey's progress in negotiating with surface lease holders;
- c) Abbey's financial performance in relation to the Forecast as defined in the Amended First Report;
- d) Pipeline integrity issues;
- e) The Twin Eagle transaction.

#### **MONITORS ACTIVITIES TO DATE**

12 Subsequent to the Monitor's First Report and Amended First Report, the Monitor has now completed its reporting requirements as prescribed under Section 23(1)(a)(ii) and Section 23(1)(f) of the CCAA.

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

- a) Attending various meetings and weekly calls with management of Abbey and its legal counsel to discuss Abbey's initial restructuring efforts, discuss various operational matters and obtain updates on Abbey's efforts in negotiating amended surface lease agreements with its landowners;
- b) Installing and refining the Monitor's review processes with management that have included the creation of reporting timeframes for weekly reporting and variance analysis;

- c) Reviewing the supporting documentation of all disbursements greater than \$2,500 that management has made during the Extension Period;
- d) Corresponding with creditors and other stakeholders;
- e) Corresponding with Abbey's consultants regarding surface lease agreements; and
- f) Reviewing insurance policies, contracts and agreements that management has entered into since the Initial Order and the First Extension Order was issued.

**SURFACE LEASE AGREEMENTS**

**General Approach and Progress**

- 14 Abbey advised that landowner lease negotiations were being handled by Millennium Land Ltd. ("Millennium"), Mr Aaron Tait is Millennium's Senior Surface Landman and Project Manager responsible for the Abbey engagement.
- 15 Millennium has provided a continuity schedule as of September 29, 2021 listing total leases, leases that had been amended prior to the Initial Order, leases that had been or have been agreed to be amended post-filing and the leases remaining to be negotiated (the "Continuity Schedule"). As of September 29, 2021, 34% of Abbey's landowner leases have been renegotiated.
- 16 As the Continuity Schedule contains personal information about the landowners and their lease particulars, the Continuity Schedule has not been appended; however, a schedule summarizing the salient information is below

Count of Surface Owner Amounts by Type and Municipality				
Municipality	Count Total	Signed prior to CCAA	Signed and to be signed	To be negotiated
Chesterfield	1			1
Clinworth	96	6	6	84
Lacadena	991	284	89	618
Miry Creek	1070	366	297	407
Miry Creek - IOGC	45		45	
Pittville	1			1
Riverside	82	38	6	38
Riverside - IOGC	2		2	
Snipe Lake	264	114	30	120
Unknown	1		1	
<b>Grand Total</b>	<b>2553</b>	<b>808</b>	<b>476</b>	<b>1269</b>
Less unreconciled amounts	-190	-4		
<b>Totals per 6th Gettis Affidavit</b>	<b>2363</b>	<b>804</b>		

- 17 Millennium advised the Monitor that its approach to dealing with landowners is as follows:



- a) Before contacting a landowner, an original survey plan for the land in question is obtained and uploaded to the AutoCAD software, which is used to create a visual representation of the reduced and only surface area proposed to be leased by Abbey;
  - b) The reduced surface area determination allows the calculation of the proposed amended lease amounts for the negotiation with the landowner;
  - c) The amended lease, drawing, and other schedules are packaged and provided to the landowner; and
  - d) After the landowner has had at least a week to review and digest the information, the landowner is contacted by telephone or in person to negotiate amending the original lease.
- 18 Millennium advised that, in its view, the visual representations of the reduced surface area to which Abbey will have access in exchange for the reduced payment payments are a critical component of having a meaningful discussion with the landowners; however, the process needs to be completed on a lease-by-lease basis and takes time. The particulars of Millennium's progress in the negotiations, which were reported to the Monitor in the course of the meeting, accords with the information detailed in paragraphs 13 – 15 of the Affidavit of Mr. Aaron Tait sworn on September 30, 2021.

#### ***Unamended Surface Lease Payments***

- 19 On September 28, 2021, the Monitor was advised that Abbey had revised how it was going to address unamended surface lease holders during the Stay. In the Monitor's First Report and Amended First Report, note 11 to the original cashflow projections represented payments that Abbey was planning to make to unamended surface lease holders to pay them their monthly lease compensation on a post filing basis. These amounts were reflected as timing differences in Abbey's weekly variance reporting to the Monitor with a catch up slated for Week 7 of the projections. In the updated cash flow projections discussed later in the Second Report, during the week of October 24, 2021, Abbey will be paying out \$123,454 to surface lease holders that have not yet executed an amended surface lease agreement, \$65,806 to crown surface lease holders that do not have amended surface lease agreements and \$176 to CTKFN to catch up its surface lease payments, with additional payments being made during the projection period.
- 20 As outlined in paragraphs 14 – 21 in Jim Gettis' Sixth Affidavit dated October 1, 2021 (the "**Sixth Gettis Affidavit**"), and due to the amount involved, Abbey found itself unable to be able to make this payment and is therefore now proposing to pay the prorated portion of unamended surface lease to those surface lease holders whose leases come due post August 13, 2021 and prorating the annual amount due up to the Second Extension Request.

21 Abbey's position is that any annual lease agreements with anniversary (and payment) dates prior to August 13, 2021 are considered pre-filing claims and are therefore stayed. Under this approach, these surface rights holders will, however, have their pre-filing claims addressed in any forthcoming plan of arrangement, and also be entitled to receive prorated payments at the end of the month of their anniversary date in 2022, unless they sign amended leases in the interim.

**CASH FLOW FORECAST AND VARIANCE ANALYSIS**

22 Attached as "Schedule 1" is Abbey's signed cash flow projection and documented assumptions (the Projection") for the period September 26, 2021 to February 5, 2022 (the "Second Extension Forecast Period"). Management's Report on the Cash Flow Projection is attached as "Schedule 2".

23 A summary of the Projection is below:

**Abbey Resources Corp.  
Summary of Cash Flow Projection  
To the week ending February 5, 2022**

Opening Cash Balance at September 25, 2021	\$1,225,542
Total Inflows	<u>4,244,502</u>
Estimated Cash Inflows	<u>5,470,044</u>
Estimated Cash Disbursements	
Total Field Operations & Related	2,935,864
Total Office & Related	421,741
Total Other	323,175
Total Restructuring Costs (Monitor and legal)	<u>600,000</u>
Estimated Total Cash Outflows	<u>4,280,779</u>
<b>Estimated Closing Cash Balance at February 5, 2022</b>	<b><u><u>\$1,189,264</u></u></b>

24 Abbey's major assumptions within the Projection include the following:

- a) Estimated revenue is based on production volumes (10,648 GJ/d) and flat \$3.00 per GJ price till November 30 calendar month as the November revenue relates to October production that is still subject to the Twin Eagle hedge contract. Revenues for production after October 31, 2021 is based on estimated volume of 10,500 GJ/d and based in the AECO strip price as of September 27, 2021;

- b) Gas buyback of prepaid gas volumes is netted from Gas Settlements and ends as at October 31, 2021;
- c) Crown Royalties are current . All other Royalties are paid from August 13, 2021 production month forward with August 2021 being paid on a pro-rata basis;
- d) Monthly Gas Transportation costs are netted from Gas Settlement Statement;
- e) Essential Services for Field Operations includes Surface Lease payments, Production Costs, Chemicals & Treatments, Safety & Environmental, Maintenance & Repairs and Trucking and Labour costs.
- f) A Contingency has been included for miscellaneous operating expenses, specifically \$5,000 per week on total Field Operating costs and \$1,000 per week on Office and Related expenses.
- g) Total Other costs include \$50,000 for Well Head Shelters and \$273,175 for a disposal well to replace an existing inoperable disposal well.

25 Incorporated into the Second Extension Forecast Period's projection of Total Field Operations & Related expenses are lease rental payments for renegotiated lease agreements (\$41,650 during this timeframe), existing lease agreements (\$172,682 during this timeframe), Crown Surface lease rental payments (\$142,306 during this timeframe) and the CTKFN surface lease rental payments (\$7,177 during this timeframe)

26 Management has advised that to date no payments have been made to surface lease holders who have not agreed to amend their surface lease agreements. However, Abbey has calculated the prorated aggregate per diem amount payable to these lease holders, with anniversary dates falling between August 13, 2021, and January 5, 2022, at \$209,894. Abbey has advised it will be making payments totaling \$37,213 to surface lease holders whose anniversary dates that fell due during the period of August 13 to September 30, 2021 during the week of October 24, 2021.

27 In addition to the surface lease agreements, the Monitor has been advised that Abbey has finalized an agreement with the Ministry of Agriculture to reduce rents on an acreage basis. Abbey is waiting on confirmation from the Ministry as to the amounts owing under the leases based on the Ministry's own calculation. Presently, Abbey estimates those amounts coming due between October of 2021 and January 5, 2022, at \$116,806.

28 Abbey continues negotiations on surface leases with IOGC for the well sites located on the CTKFN land, which Abbey anticipates will result in a successful amendment to the lease agreements to reduce the leased acreage, and thereby the lease amounts, similar to the other amended surface lease agreements. Previously, Abbey had received a rent reduction from IOGC and the CTKFN that reduced



the lease charges on a percentage basis, as opposed to an acreage basis. That agreement expired earlier in 2021. Abbey has included projected per diem payments based on its anticipated agreed upon annual rate on the IOGC leases beginning on their anniversary dates in the amount of \$7,177 into the Projection as part of the Field Operating and Related expenses.

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29 Abbey's financial performance from the date of the Initial Filing to date are summarized below:

Variance Analysis for the 6 Week Period ended September 25, 2021

	Forecast Total	Actual Total	Variance to Sept.25, 2021	Permanent or Timing
<b>Opening Cash Balance at August 13, 2021</b>	<b>\$ 59,555</b>	<b>\$ 59,555</b>		<b>P/T</b>
<b>Cash inflows</b>				
Operated Revenue (Less Marketing Fees)	2,031,579	2,122,789	\$ 91,210	P
Gas Buy Back (Prepaid Gas Volumes)	(73,076)	(77,987)	(4,911)	P
Royalties	(40,161)	-	40,161	T
Shop and Yard Rental to third party	3,413	-	(3,413)	P
<b>Total inflows</b>	<b>1,921,754</b>	<b>2,044,802</b>	<b>123,048</b>	
<b>Cash outflows</b>				
Transportation	174,300	155,080	(19,220)	P
Field Operators	180,000	163,859	(16,141)	P
Field Operating costs - COD payment	260,000	155,549	(104,451)	T
Field Operating costs - auto debit	17,235	8,344	(8,891)	T
Lease Rentals (Freehold Surface) - amended executed lease prior to August 13, 2021	55,163	27,825	(27,338)	T
Lease Rentals (Freehold Surface) - amended lease still to be executed	37,213	-	(37,213)	T
Lease Rentals (Crown Surface)	-	-	-	
Lease Rentals (CTK Surface)	-	-	-	
Insurance / Vehicle Lease	18,154	3,154	(15,000)	T
Contingency	30,000	-	(30,000)	P
<b>Total Field Operations &amp; Related</b>	<b>772,065</b>	<b>513,812</b>	<b>(258,253)</b>	
Payroll (Field Staff)	52,820	52,435	(385)	P
Contract Fees (Calgary Staff)	90,330	89,720	(610)	P
Life Insurance and Health Benefits	2,647	2,647	-	
Calgary Office Rent	4,000	-	(4,000)	T
Office Supplies, Postage, Bank Service Charge, etc.	57	67	10	P
Contingency	6,000	596	(5,404)	P
<b>Total Office &amp; Related</b>	<b>155,854</b>	<b>145,465</b>	<b>(10,390)</b>	
Well Head Shelters	50,000	-	(50,000)	T
Disposal Well (Drill,Complete,Tie-in)	-	-	-	
<b>Total Other</b>	<b>50,000</b>	<b>-</b>	<b>(50,000)</b>	
Restructuring Costs (Trustee and Legal)	138,071	219,539	81,468	T
<b>Total Restructuring Costs</b>	<b>138,071</b>	<b>219,539</b>	<b>81,468</b>	
<b>Total outflows</b>	<b>1,115,990</b>	<b>878,815</b>	<b>(237,174)</b>	
<b>Net Cash Flow</b>	<b>805,765</b>	<b>1,165,987</b>	<b>360,222</b>	
<b>Closing Cash Balance at September 25, 2021</b>	<b>\$ 865,320</b>	<b>\$ 1,225,542</b>		

30 Revenue was reported \$91,210 higher than projected. This is due to Abbey recording as revenue, the \$200,000 payment of funds held by Miller Thomson LLP in accordance with the Court Order granted on August 23, 2021 relating to June and July revenue. Abbey's actual production revenue was under budget by \$108,790.

31 Operating expenses have been lower than projected, due to the following variances:

- Total Field Operations & Related expense reported a total positive variance of \$258,253 as a result of these expenses being lower than originally forecasted. This variance arises from a \$129,483 favorable variance in Abbey's Field Operating costs, which includes \$16,141 in Field Operators, a \$19,220 favorable variance in transportation costs, a temporary \$15,000 favorable variance in Insurance costs due to Abbey's revised payment schedule with its insurance company and lastly a \$64,551 favorable variance as a result, in part, of the non-payment of surface lease, as discussed above;
- Total Office & Related expense reported a total positive variance of \$10,390 from various expenses as a result from actual expenses being lower than originally forecasted;
- Total Restructuring Costs expense reported a negative variance of \$81,468 indicating Abbey incurred more costs than was projected during this period, in part, due to the various protracted Court applications in the initial phase of these proceedings.

32 Other key variances relate to Abbey's projected and not incurred expenses include a \$50,000 Well Head Shelters expense, a Contingency amount on the projected cash flow of \$5,000 per week on Total Field Operating costs, and \$1,000 per week on Total Office and Related expenses. These expenses were projected, but not incurred.

33 At the end of the week ending September 19, 2021, Abbey's cash balance is actually \$1,225,542 versus the projected balance of \$865,320, which is a favorable variance of \$360,222.

#### **THE OPTIMUM TRANSACTION**

34 As outlined in the third affidavit of Jim Gettis dated July 28, 2021, Abbey and its related company, Optimum PSI, had entered into an agreement that closed on November 1, 2020 (the "**Optimum Transaction**"), whereby certain Abbey assets were sold to Optimum PSI for \$5,206,063 payable by annual lease payments of \$1,735,354 for 3 years.

35 Abbey advises that since the closing of the Optimum Agreement there have been no additions to, deletions from or exclusions to the list of assets covered by the Optimum Transaction.

36 Abbey had previously advised this Honourable Court that the Optimum Transaction would be unwound so that the assets Abbey conveyed to Optimum would be returned to Abbey. Abbey is now seeking Court approval to unwind the Optimum Transaction and the Monitor is in agreement with the same as this will return the Optimum transaction assets back to Abbey.

## OTHER MATTERS

### SALE OF TWO SURPLUS ASSETS

- 37 Management had, prior to the Initial Order, received offers to purchase 2 pieces of surplus equipment (the "**Surplus Equipment**"), namely, a:
- a) Jenbacher J312 Natural Gas Engine located in Miry Bay for \$65,000 (exclusive of sales taxes) to Steel Reef Infrastructure Corporation; and
  - b) 24"x10' Filter Vessel 720 PSI located in Lancer for \$17,000 (exclusive of sales taxes) to XTO Energy Inc.
- 38 The sale of these pieces of equipment are discussed in paragraphs 29 to 38 of the Sixth Gettis Affidavit.
- 39 The Monitor has reviewed the updated appraisal provided by Fuelled Appraisals ("**Fuelled**") dated September 9, 2021, and attached to the Sixth Gettis Affidavit, and confirmed with Fuelled that the appraised values for the assets have not varied from the date of the initial appraisal on June 3, 2020 to September 24, 2021. The Monitor is therefore in a position to advise this Honourable Court that the transactions for the Surplus Equipment negotiated by Abbey and the purchasers appear to be fair and reasonable.
- 40 Abbey is proposing that the net proceeds (i.e., the purchase prices less Fuelled's 15% commissions) of the sales be held in trust by the Monitor until further order of the Court.

### PIPELINE INTEGRITY

- 41 The Ministry of Energy and Resources ("**MER**") issued a letter to Abbey on September 3, 2021 concerning Abbey's pipeline infrastructure and ongoing leak events. The specific directive in the MER's letter references CSA Z662 of the Saskatchewan Pipelines Code that requires operators to carry out additional pressure tests and to conduct special electronic surveys of the pipeline or portion of the pipeline. The MER's deadline for Abbey to comply with its concerns is December 6, 2021.
- 42 Abbey has proposed a solution that includes running interior plastic tubing through the faulty steel pipeline segments. Management has advised that this is a practical, industry standard solution to remedy this issue and the associated costs are incorporated into the Field Operations Costs in the projection for the Second Extension Forecast Period. Abbey is running 2 pilot projects to do this as a demonstration to the MER to obtain the MER's approval for this process. Abbey has further advised that it will be filing its integrity report to the MER by the December 6 deadline. The integrity report will include the particulars of the program and associated costs to complete the relining required over the next three years.

## TWIN EAGLE CONTRACT

43 Abbey has negotiated a new gas purchase contract with Twin Eagle Resource Management ("**Twin Eagle**" and the "**Twin Eagle Contract**") as Abbey's current hedging arrangement with Twin Eagle expires on October 31, 2021. The Monitor, together with its third-party oil & gas industry consultant, reviewed the Twin Eagle Contract and the Monitor can advise that based on the oil & gas industry consultant's advice, the commercial terms of the contract are fair and reasonable in the current market.

## THE STAY

44 With the Second Extension Request that is being heard on October 7, 2021, Abbey is requesting that the Stay be extended until January 5, 2022.

45 Abbey's Second Extension Request will allow Abbey to continue with its efforts to restructure as further set out herein.

46 The Monitor is supportive of Abbey's request for the Second Extension Request for the following reasons:

- a) This will allow Abbey to continue to renegotiate land leases;
- b) The Projection indicates that Abbey should be able to meet its projected obligations during the Second Extension Request; and
- c) Should Abbey be forced into liquidation there is no assurance that any creditor will receive any payment.

47 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 Second Extension Request.

## CONCLUSION

For reasons given in this Second Report, the Monitor is supportive of the following:

- a) The unwinding of the Optimum transaction;
- b) The sale of the Jenbacher J312 Natural Gas Engine for \$65,000 plus tax to Steel Reef Infrastructure Corporation;
- c) The sale of the 30"x11' Filter Vessel 275 PSIG for net proceeds of \$17,000 plus tax to XTO Energy Inc.; and
- d) The Extension Period Request to January 5, 2022.

All of which is respectfully submitted this 4<sup>th</sup> day of October 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 February 5, 2021

Court No.: 783 of 2021  
Estate No.: 23-093247

FORECAST

Notes	week 7	week 8	week 9	week 10	week 11	week 12	week 13	week 14	week 15	week 16	week 17	week 18	week 19	week 20	week 21	week 22	week 23	week 24	week 25	Total
1	\$ 1,225,542	\$ 735,252	\$ 537,864	\$ 494,254	\$ 488,139	\$ 431,580	\$ 428,929	\$ 286,118	\$ 269,118	\$ 685,651	\$ 327,896	\$ 199,896	\$ 173,970	\$ 1,102,899	\$ 748,456	\$ 617,302	\$ 594,492	\$ 575,492	\$ 1,648,637	\$ 59,855
2		3,413	(3,000)				3,413	(3,000)	944,474				1,289,610						1,450,103	6,670,485
3									(37,137)										(101,507)	(147,530)
4									(64,000)										(5,000)	(373,941)
5																				17,063
<b>Opening Balance</b>																				\$ 6,166,256
<b>Cash inflows</b>																				
Operated Revenue (Less Marketing Fees)									87,150											87,150
Field Operators									65,000											65,000
Field Operating costs - COD payment									245,000											245,000
Field Operating costs - auto debit									7,402											7,402
Lease Rentals (Freehold Surface) - amended executed lease prior to August 13, 2021									115											115
Lease Rentals (Freehold Surface) - amended lease still to be executed									9,000											9,000
Lease Rentals (Crown Surface)									128,454											128,454
Lease Rentals (CTK Surface)									65,806											65,806
Insurance / Vehicle Lease									176											176
Contingency									38,428											38,428
<b>Total Field Operations &amp; Related</b>									5,000											5,000
Payroll (Field Staff)									26,410											26,410
Contract Fees (Culinary Staff)									45,165											45,165
Life Insurance and Health Benefits									2,647											2,647
Culinary Office Rent									2,000											2,000
Office Supplies, Postage, Bank Service Charge, etc.									55											55
Contingency									55											55
<b>Total Office &amp; Related</b>									38,428											38,428
Well Head Shelters									5,000											5,000
Disposal Well (Drill, Complete, Tie-in)									5,000											5,000
<b>Total Other</b>									10,000											10,000
Restructuring Costs (Trustee and Legal)									120,000											120,000
<b>Total outflows</b>									120,000											120,000
<b>True-up of Cash Balances due to actuals</b>																				
<b>Closing Balance</b>																				\$ 1,189,264

Purpose: The Statement of Projected Cash Flow has been prepared by the Company's management pursuant to Section 10 (2) (3) 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: Jim Gettis  
President

Per: Vice P. Koger  
Senior Vice President

Maintain its capacity as Monitor under the Companies' Creditors Arrangement Act for Abbey Resources Corp pursuant to its personal capacity



ABBEY RESOURCES CORP  
Statement of Weekly Projected Cash Flow  
For the period from August 13, 2021 to February 5, 2021

General Notes & Assumptions

Amounts are represented in Canadian dollars

Specific Notes & Assumptions

- 1 Opening cash balance, August 13, 2021.
- 2 Estimated revenue based on sales volumes (10,648 GJ/d) and flat \$3.00 per GJ price till November 30, 2021, calendar month (October 2021, production month), then Estimated sales volume based on 10,500 GJ/d and Aeco Strip price posted on September 27, 2021. (see attached Price Schedule A)
- 3 Prepaid Gas Volume buyback (netted from Gas Settlement Statement) - This ends October 31, 2021. Production Month
- 4 Crown Royalties are current and are auto-debit, all other Royalties will be paid starting August 13, 2021.
- 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, Sockpover, Saiktel, Shaw, Xplornet)
- 10 Annual Surface Lease Rentals for the executed lease agreements based on area utilized (amendment executed before August 13, 2021)
- 11 Annual Surface Lease Rentals (amendment still to be executed by freehold surface rights owner; payments prorated from surface lease anniversary date to expiry of stay period)
- 24 Annual Crown lease rentals (payments based on annual \$306,000, average monthly estimate of \$25,500, subject to forthcoming confirmation from the Crown)
- 25 Annual Carry the Kettle lease rentals (payments prorated from surface lease anniversary date to expiry of stay period)
- 12 Field Vehicle Lease (Auto-debit to the account), Annual Corporate Insurance was agreed to be paid over 3 months (Week 7, Week 12, Week 16) Forecast has been updated to reflect the agreement
- 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)
- 23 True-up of actuals to estimates on cash balance projections. Cash opening and closing balance are reflective of actual cash available.

Abbey Resources Corp



Per: Jim Gettis

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



Per: Victor P. Krueger  
Senior Vice President

## SCHEDULE 2

<b>COURT FILE NO.</b>	<b>QB No. 733 of 2021</b>	<b>Clerk's Stamp</b>
<b>COURT</b>	<b>COURT OF QUEEN'S BENCH FOR SASKATCHEWAN IN BANKRUPTCY AND INSOLVENCY</b>	
<b>JUDICIAL CENTRE</b>	<b>SASKATOON</b>	
<b>RESPONDENTS</b>	<b>ABBEY RESOURCES CORP.</b>	
<b>DOCUMENT</b>	<b>MANAGEMENT REPORT ON CASH FLOW STATEMENT</b>	
<b>ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT</b>	<b>DLA Piper (Canada) LLP Suite 2700, Stantec Tower 10220 103rd Avenue Edmonton, AB T5J 0K4 Attention: Jerritt Pawlyk/ Kevin Hoy Phone: 780-429-6835 Fax: 780-670-4329 Email: <a href="mailto:jerritt.pawlyk@dlapiper.com">jerritt.pawlyk@dlapiper.com</a> File No: 107373-00001 / JUP</b>	

**MANAGEMENT REPORT ON CASH FLOW STATEMENT PURSUANT TO  
PARAGRAPH 10(2)(B) OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, C-36, as amended**

1. The Management of the Respondent has developed the assumptions and prepared the attached statement of projected cash flow for the 19 week period (the "Forecast Period") ending February 5, 2022 (the Forecast).
2. The Forecasts have been prepared for the purpose of determining the liquidity requirements for the Respondent during the forecast period.
3. The hypothetical assumptions are reasonable and consistent with the purpose of the projections described in the notes of the Forecast, and the probable assumptions are suitably supported and consistent with the plans of the Respondent and provide a reasonable basis for the Forecast.
4. Since the Forecast is based on future events, actual results will vary from the information presented and variations may be material.
5. The Forecast has been prepared solely for the purposes described in the notes to the Forecast. Consequently, readers are cautioned that the Forecast may not be suitable for other purposes.
6. The respondent confirms that the Forecast and the underlying assumptions are the responsibility of the Respondent and that all material information relevant to the Forecast and to the underlying assumptions has been made available to MNP Ltd. in its capacity as the Monitor for the Applicant.

Dated at Calgary, Alberta, this 4<sup>th</sup> day of October, 2021

Abbey Resources Corp.

Per:



Jim Gettis