

COURT FILE NO. QB No. 151 of 2022

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

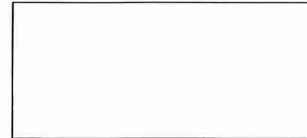
JUDICIAL CENTRE SASKATOON

RESPONDENTS ABBEY RESOURCES CORP.

DOCUMENT FIRST REPORT OF THE RECEIVER, MNP LTD.

DATED MAY 31, 2022

Clerk's Stamp



ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Counsel to the Receiver

McDougall Gauley LLP
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Attention: Ian Sutherland / Craig Frith

Receiver

MNP Ltd.
Suite 1500, 640 5th Avenue SW
Calgary, AB T2P 3G4

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Email: vic.kroeger@mnp.ca / rick.anderson@mnp.ca

Attention: Victor P. Kroeger / Rick Anderson

APPENDICES

Appendix A

Redacted Asset Purchase Agreement between Fuelled Energy Marketing Inc. and MNP Ltd in its capacity as Receiver of Abbey Resources Corp.

INTRODUCTION AND BACKGROUND

- 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. The stay of proceedings remained in place until February 28, 2022. MNP in its capacity as Monitor of Abbey was discharged on March 4, 2022.
- 2 On February 28, 2022, upon the application of the Government of Saskatchewan, Ministry of Energy and Resources, the Rural Municipality of Lacadena, the Rural Municipality of Snipe Lake and Indian Oil & Gas Corporation (the “**Receivership Application**”), the Court granted an Order appointing MNP as Receiver in respect of the assets and undertakings of Abbey.
- 3 This is the first report of the Receiver (the “**First Report**”).
- 4 Information on the Receivership proceedings can be accessed on MNP’s website at <https://mnpdebt.ca/en/corporate/corporate-engagements/abbey-resources> (the “**Receiver’s Website**”).
- 5 All amounts included herein are in Canadian dollars unless otherwise stated.

NOTICE TO READER

- 6 In preparing the First Report and making comments herein, the Receiver 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 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 Receiver’s procedures were intended to disclose defalcations or other irregularities. If the Receiver 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 Receiver’s attention. Accordingly, the Receiver does not express an opinion, nor does it provide any other form of assurance on the financial or other information presented herein. The Receiver may refine or alter its observations as further information is obtained or brought to its attention after the date of the First Report.
- 7 The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the use of the First Report. Any use which any party makes of the First Report or any reliance or decision to be made based on the First Report is the sole responsibility of such party.

PURPOSE OF REPORT

- 8 The purpose of the First Report is to provide this Honourable Court with information in respect of the Receiver's request for the following relief:
- (i) Approving the asset purchase agreement between the Receiver and Fuelled Energy Marketing Inc. ("**Fuelled**") signed on May 30, 2022;
 - (ii) Granting the sale approval and vesting Order (the "**Fuelled SAVO**") for the sale of the Fuelled Separators (defined below); and
 - (iii) Granting a sealing order (the "**Sealing Order**") in relation to the confidential supplement to the First Report (the "**Confidential Supplement**").

SALE OF ASSETS TO FUELLED ENERGY MARKETING INC

- 9 Prior to the Receivership Order being granted, Abbey had engaged Fuelled to initiate a process to sell assets that the Company had identified as surplus (the "**Surplus Assets**"). The Receiver was advised by Fuelled that Abbey engaged Fuelled to sell the Surplus Assets in approximately June of 2018. The Receiver was advised the between June 2018 and August 2021, Fuelled marketed and sold numerous Surplus Assets for Abbey. Fuelled further advised that offers to purchase Surplus Assets were presented to Abbey, during the CCAA proceedings, however, Abbey was not able to transact, aside from a sale of a Jenbacher J312 Natural Gas Engine and a Filter Vessel that was approved during the CCAA proceedings.
- 10 Fuelled approached the Receiver after the Receivership Order was granted as a party had come forward who was interested in acquiring a gas separator that was part of the Surplus Assets. The offer was amended in April 2022 to include three separators from the Surplus Asset listing.
- 11 The Receiver obtained an offer to purchase agreement for the three separators (the "**Fuelled Separators**") from Fuelled, who will purchase the assets (the "**Fuelled APA**"). A copy of the redacted (for commercially sensitive terms) Fuelled APA is attached hereto as "Appendix **A**". The unredacted Fuelled APA is in the Receiver's confidential supplement to the First Report (the "**Confidential Supplement**").
- 12 The Receiver obtained an independent estimate of value of the Fuelled Separators. in order to verify that the value being paid was fair and reasonable from Crusader Joint Venture ("**Crusader**") who had recently purchased similar asset. Crusader is a network of technical experts that supplies and deploys oil and gas equipment both locally in Alberta, Canada and internationally. Crusader is a direct competitor of Fuelled, which was why their estimate of value was sought. A copy of Crusader's email to the Receiver's agent is included in the Confidential Supplement.

- 13 The Receiver understands that the Surplus Assets, including the Fuelled Separators, have been exposed to the market by Fuelled, on Abbey's behalf, since the summer of 2018.
- 14 The Receiver is of the view that the Fuelled APA, represents the best possible recovery for the Fuelled Separators and is in the best interests of the stakeholders generally and therefore recommends to this Honourable Court that the Fuelled APA be approved.
- 15 The Receiver recommends and requests that the Confidential Supplement be sealed by Court Order until such time as the sale to Fuelled closes or a further Order of the Court is granted such that the purchase price remains confidential and the the market for the Surplus Assets is preserved.

CONCLUSION AND RECOMMENDATION

- 16 Based upon the foregoing, the Receiver respectfully recommends the following relief be granted:
 - a) Approval of the Fuelled APA;
 - b) Granting the Fuelled SAVO generally in the form provided in the First Report; and
 - c) Approval of the Sealing Order relating to the Confidential Supplement.

All of which is respectfully submitted this 31st day of May 2022.

MNP Ltd., in its capacity as Receiver of Abbey Resources Corp
and not in its personal or corporate capacity

Per: _____

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

APPENDIX A

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is dated for reference as of the 18 day of May 2022.

BETWEEN:

Fuelled Energy Marketing Inc. (or nominee)

(the “**Purchaser**”)

AND:

MNP LTD., in its capacity as court appointed receiver of **ABBEY RESOURCES CORP.** and not in its personal or corporate capacity

(the “**Vendor**”)

WHEREAS:

- A. Pursuant the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, an order (the “**Receivership Order**”) was granted by the Court of Queen’s Bench of Saskatchewan (the “**Court**”) on February 28, 2022 in Court File No. 151 of 2022, Judicial Centre of Saskatoon (the “**Proceedings**”) appointing the Vendor as receiver of the assets, undertakings, and properties of Abbey Resources Corp. (“**Abbey**”), including the equipment described in Schedule “A” hereto (the “**Equipment**”).
- B. The Vendor has the authority to sell the Equipment, subject to Court approval.
- C. The Purchaser has offered to purchase, and the Vendor has agreed to sell, the Equipment on the terms set out in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that the parties mutually agree as follows:

1. Purchase and Sale

- 1.1 Subject to the terms and conditions of this Agreement, at the Closing Date (as hereinafter defined), the Vendor shall sell to the Purchaser, and the Purchaser shall purchase from the Vendor, all of the Vendor’s right, title and interest in and to the Equipment.
- 1.2 Provided that the Closing occurs and subject to the terms and conditions of this Agreement, possession, risk, and beneficial ownership of the Equipment shall transfer from the Vendor to the Purchaser at the Closing Date.

2. Purchase Price

- 2.1 The purchase price to be paid for the Equipment shall be [REDACTED] (the “**Purchase Price**”) plus applicable taxes.

3. **Deposit and Payment of Purchase Price**

3.1 The Purchaser, within 5 days of signing this Agreement, shall make a payment of [REDACTED] (the “Deposit”) to the Vendor. The Purchaser and the Vendor agree that, subject to Section 3.3 hereof, the Deposit shall be credited to the Purchase Price as Closing.

3.2 At the Closing Date, the Purchase Price will be paid as follows:

- (a) the Deposit shall be credited against the Purchase Price; and
- (b) the balance of Purchase Price plus applicable GST and PST shall be paid by the Purchaser to the Vendor by way of bank draft, solicitor’s trust cheque, or wire transfer, in each case drawn on a Canadian chartered bank.

3.3 Following the Court granting the Vesting Order (as hereinafter defined), if the Closing does not occur for any reason, the full amount of the Deposit shall be forfeited to the Vendor on account of its liquidated damages, and this Agreement shall thereupon terminate and each Party shall be released from all obligations and liabilities under or in connection with this Agreement. In that event, the Equipment may be resold by the Vendor.

4. **Costs and Expenses**

4.1 The Purchaser hereby agrees that, in addition to the Purchase Price, the Purchaser shall be responsible to bear all costs of conveyance and registration of the Equipment, including, without limitation, any costs associated with:

- (a) the collection, safe removal, and transport of the Equipment from its current location;
- (b) any inspections by or registration with any government authority;
- (c) transfer of any of the Equipment into the name of the Purchaser; and
- (d) performing any titles or lien searches.

4.2 The parties hereby agree that all other costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring that expense.

5. **Representations**

5.1 The Vendor represents and warrants that, subject to Court approval of this Agreement, it has the authority pursuant to the Receivership Order to sell the Equipment on the terms and conditions of this Agreement and to apply for the Vesting Order.

5.2 The Purchaser represents and warrants that:

- (a) this Agreement:

- (i) has been duly executed and delivered by the Purchaser;
 - (ii) constitutes a legal, valid, and binding obligation of the Purchaser; and
 - (iii) is enforceable against the Purchaser in accordance with its terms;
- (b) the Purchaser is:
- (i) duly incorporated and organized and validly subsisting and in good standing under the laws which it is incorporated; and
 - (ii) not a non-Canadian person within the meaning of the *Investment Canada Act* (Canada) nor a non-resident for the purposes of the *Income Tax Act* (Canada).

5.3 The Purchaser acknowledges and agrees that:

- (a) the Vendor is entering into this agreement solely in its capacity as the court-appointed receiver of Abbey and not in its personal or corporate capacity;
- (b) the Purchaser is acquiring the Equipment “as is” and “where is”;
- (c) the Vendor makes no representations or warranties as to the title, encumbrances, description, condition, defect (patent or latent), quality, quantity, fitness for use, merchantability, or any other representation or warranty whatsoever as to the Equipment;
- (d) no warranties or conditions, express or implied, pursuant to the *Sale of Goods Act* (Saskatchewan) or similar legislation apply hereto and all of the same are hereby waived by the Purchaser;
- (e) any information provided by the Vendor or its agents to the Purchaser is for information purposes only and shall not be relied upon by the Purchaser as being accurate;
- (f) the Purchaser must rely on its own judgment, inspection and investigation of the Equipment and it has had a full opportunity to conduct any and all due diligence it deems necessary and advisable to fully acquaint itself with the Equipment, its title, fitness and suitability for any particular purpose, location, existence, condition, quality, quantity, merchantability, and any other attributes that it considers relevant;
- (g) all insurance maintained by the Vendor in respect of the Equipment shall be cancelled on the Closing Date and the Purchaser shall be responsible for placing its own insurance thereafter;
- (h) the Purchaser:
 - (i) is solely responsible for the collection, safe removal, and transport of the Equipment from its current location within 30 days of the Closing Date;

- (ii) will conduct any associated removal activities on the applicable well sites in a safe and efficient manner with regard to applicable laws, good industry practices, and operating standards;
 - (iii) will take steps to leave the applicable well sites in a clean and orderly condition acceptable to the Vendor after the completion of such activities; and
 - (iv) will maintain sufficient industry standard insurance while working on the well sites and provide proof of same at the Vendors prior to the Closing Date;
- (i) the Purchaser is solely responsible for all taxes arising out of the transaction contemplated by this Agreement; and
 - (j) except for its express rights under this Agreement, the Purchaser waives all rights and remedies (whether now existing or hereinafter arising and including all common law, tort, contractual, and statutory rights and remedies) against the Vendor and its representatives in respect of the Equipment and the transactions contemplated herein or any representation or statements made or information or data furnished to the Purchaser or its representatives in connection herewith.

6. **Indemnity**

- 6.1 The Purchaser shall indemnify and save harmless the Vendor for, from, and against all losses, costs, damages, and expenses directly or indirectly suffered by it resulting from:
- (a) any breach or non-performance of any covenant of the Purchaser contained in this Agreement;
 - (b) any representation or warranty provided by the Purchaser and set forth in this Agreement that is not true and correct in all material respects as at the Closing Date;
 - (c) any operations or activities of the Purchaser in relation to any of the Equipment, including, without limitation, the removal of the Equipment from its current location and any resulting damage to non-purchased assets of Abbey Resources Corp.; and
 - (d) any and all taxes which may be payable as a result of the transaction contemplated by this Agreement.

7. **Conditions Precedent to the Completion of the Transaction**

- 7.1 The obligations of the Vendor and the Purchaser to conclude the transactions contemplated hereunder are subject to the following conditions being fulfilled or performed:
- (a) the Court granting an order in the Proceedings, approving this Agreement and the transactions contemplated hereby and, subject to payment of the Purchase Price, vesting title to the Equipment in the Purchaser free and clear of any and all security

interests (whether contractual, statutory, or otherwise), hypothecs, caveats, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (the “**Vesting Order**”);

- (b) no injunction or other order being issued to enjoin, restrict or prohibit the sale of the Equipment; and
- (c) the Closing not being otherwise prohibited by the applicable laws in Saskatchewan.

The foregoing conditions are for the mutual benefit of the Vendor and the Purchaser and may be asserted by the Vendor or the Purchaser regardless of the circumstances and may be waived only with the Agreement of both the Vendor and the Purchaser.

7.2 The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed:

- (a) the Purchaser shall have completed an inspection of the Equipment and advised the Vendor in writing that this condition is waived or fulfilled within 10 days of executing this Agreement;
- (b) all representations and warranties of the Vendor contained in this Agreement shall be true as of the Closing Date with the same effect as though made on and as of that date; and
- (c) the Vendor shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

7.3 The obligation of the Vendor to complete the transactions contemplated hereunder is subject to the following conditions being fulfilled or performed:

- (a) all representation and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects as at the Closing Date with the same force and effect as if made as of such time; and
- (b) the Purchaser have performed each of its covenants and obligations contained in this Agreement on or before the Closing Date.

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing.

7.4 If any condition set out in Section 7 is not satisfied or performed by the time specified therefore, the party for whose benefit the condition is inserted may waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part.

8. **Closing**

8.1 Subject to the conditions set out in this Agreement, the completion of the purchase and sale of the Equipment will be within 10 days of the Court granting the Vesting Order (the “Closing Date”), or as otherwise agreed upon in writing by the parties to this Agreement.

9. **Deliverables of the Vendor At Closing**

9.1 At the Closing Date, the Vendor shall deliver or cause to be delivered to the Purchaser:

- (a) a completed Bill of Sale executed by the Vendor;
- (b) a receipt for the amount of the Purchase Price; and
- (c) a copy of the Vesting Order.

10. **Deliverables of the Purchaser at the Closing**

10.1 At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor:

- (a) a bank draft, solicitor’s trust cheque, or wire transfer, in each case drawn on a Canadian Chartered Bank, payable to the Vendor for the Purchase Price, less the Deposit;
- (b) a completed bill of sale executed by the Purchaser;
- (c) payment or evidence of payment of applicable federal or provincial taxes as applicable.

11. **Maintenance of the Equipment and Risk**

11.1 The Vendor shall maintain the Equipment and keep the Equipment in substantially the same condition as at the date of this Agreement up to the Closing Date. From and after the Closing Date, the Purchaser shall bear all responsibility to maintain, an risk of loss in respect of, the Equipment.

11.2 Prior to the Closing Date, the Vendor shall hold all insurance policies or proceeds thereof in trust for the parties as their interests may appear and, in the event of damage or theft respecting the Equipment, the Purchaser shall be obliged to complete this Agreement and be entitled to the proceeds of insurance referenced to such damage.

12. **General**

- 12.1 Time is expressly declared to be of the essence of this Agreement and each of the terms and conditions of this Agreement.
- 12.2 This Agreement constitutes the entire agreement between the parties and, except as stated, contains all of the covenants, representations and warranties of the parties. There are no verbal statements, covenants, representations, warranties, undertakings or agreements between the parties. This Agreement may not be amended or modified in any respect, except by written instrument executed by the parties.
- 12.3 The parties shall execute and deliver such further documents and instruments and do all such acts and things as may be reasonably necessary or requisite to carry out the full intent and meaning of this Agreement and to effect the transactions contemplated by this Agreement.
- 12.4 This Agreement shall be governed by the laws of the Province of Saskatchewan and the laws of Canada applicable therein.
- 12.5 The parties agree that the Court of Queen's Bench of Saskatchewan in the Judicial Centre of Saskatoon will have exclusive jurisdiction to determine all disputes and claims arising between the parties.
- 12.6 This Agreement may be executed in counterpart and delivered by facsimile, email of a pdf copy or other electronic means of transmission, and all such executed counterparts shall be considered originals for all purposes and, taken together, will constitute execution of this Agreement.
- 12.7 Any notice required or permitted to be given to any of the parties to this Agreement may be given in writing by prepaid registered post, personally delivered or electronic mail to the parties as follows:
- (a) To the Vendor at:
- MNP Ltd.
1500, 640 - 5th Avenue SW, Calgary, AB T2P 3G4
Attention: Victor Kroeger/Rick Anderson
Telephone: 403-298-8479/403-537-8424
Email: vic.kroeger@mnp.ca / Rick.Anderson@mnp.ca
- (b) To the Purchaser at:
- Fuelled Energy Marketing Inc.
320, 150-9th Ave SW, Calgary, AB T2P 3H9
Attention: Ajay Singh / Raj Singh
Telephone: 403-861-4344 / 403-991-7258
Email: ajay.singh@fuelled.com / raj.singh@fuelled.com
- 12.8 Any such notice shall be deemed to have been given or made on the date on which it was delivered or emailed (except that, in the case of email given on a day that is not a business

day, on the next business day after receipt of transmission), and on the second day following the date on which it was mailed by prepaid registered post. Any party may change its address for notices from time to time by written notice in accordance with this Section.

- 12.9 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.
- 12.10 If any provision of this Agreement or any document delivered in connection with the Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted.

EXECUTED as of the 18 day of May, 2022.

[PURCHASER]

Per:



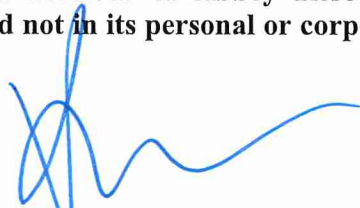
Name: Ajay J. Singh

Position: VP Business Development

I have authority to bind the Corporation

MNP Ltd., in its capacity as court-appointed receiver of Abbey Resources Corp. and not in its personal or corporate capacity

Per:



Name:

Victor P. Kroeger

Position:

Senior Vice President

I have authority to bind the Corporation

SCHEDULE "A" – EQUIPMENT

1. **60" x 20' 720 PSI Separator Package w/ Filter | Matador Gas Plant 14-24-21-18W3**
<https://www.fuelled.com/listings/60-720-psi-sweet-separator-w-filter-11971>
2. **48" x 16' 720 PSI Horizontal Separator Package | Miry Creek 11-24-21-19W3**
<https://www.fuelled.com/listings/48-x-16-720psi-separator-rt1-125-ca-10796>
3. **40" x 10' 720 PSI Sweet Hz Separator Package | Lancer Gas Plant 12-26-21-20W3**
<https://www.fuelled.com/listings/36-x-10-est-horizontal-sep-720psi-10761>