

COURT FILE NUMBER

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COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY



AND IN THE MATTER OF THE ~~BANKRUPTCY AND~~  
*INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

COM  
April 30, 2025

APPLICANTS

IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF CLEO ENERGY CORP.

DOCUMENT

**FIFTH REPORT OF ALVAREZ & MARSAL CANADA INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE UNDER THE  
NOTICE OF INTENTION TO MAKE A PROPOSAL**

**April 24, 2025**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF PARTY  
FILING THIS DOCUMENT

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TRUSTEE**

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## INTRODUCTION

1. On December 8, 2024 (the “**Filing Date**”), Cleo Energy Corp. (“**Cleo**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**” or the “**Filing**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”). Alvarez & Marsal Canada Inc. consented to act as Trustee under the Proposal (“**A&M**” or the “**Proposal Trustee**”) (the “**NOI Proceedings**”).
2. Pursuant to section 50.4(8) of the BIA, the initial NOI period during which the Company is required to file a proposal under the NOI Proceedings is from December 8, 2024 to January 7, 2025, or as further extended by order of this Court (the “**Initial NOI Period**”).

### *December 13 Application*

3. On December 13, 2024, Cleo sought and obtained an order (the “**Garnished Funds Order**”), which provided for certain relief, including:
  - a) authorizing and directing RBC to issue an additional bank draft in the amount of \$152,426, payable to the Government of Alberta (the “**Duplicate Draft**”), which the Court will not deposit; and
  - b) ordering that the Duplicate Draft be held by RBC and be deemed to have been returned by the Court or the Government of Alberta to RBC, thereby allowing RBC to return the Duplicate Draft to Cleo’s bank account (the “**Garnished Funds**”).
4. On January 15, 2025, an amended Garnished Fund Order was granted by the Court to provide certain protections as against RBC in cancelling the Duplicate Draft and re-issuing a new bank draft. Cleo received the Garnished Funds on February 4, 2025.

### ***January 6 Application***

5. On January 6, 2024, the Company sought and obtained the following relief from this Honourable Court:
- a) an extension of the Initial NOI Period within which the Company is required to file a proposal to its creditors to February 21, 2025 (the “**Stay Period**”);
  - b) approval of an interim financing facility (the “**Interim Financing Facility**”) provided by uCapital - uLoan Solutions Inc. (“**uCapital**” or the “**Interim Lender**”); and
  - c) approval of the following charges over the assets, undertaking and property of Cleo (the “**Property**”), in the following relative priorities:
    - i. First – a charge in favour of the Proposal Trustee, its legal counsel and Cleo’s legal counsel in respect of their fees and disbursements to a maximum amount of \$700,000 (the “**Administration Charge**”);
    - ii. Second – a charge in favour of the Interim Lender, in the amount of \$900,000 for the Interim Financing Facility to be provided under the Interim Financing Term Sheet (the “**Interim Lender’s Charge**”); and
    - iii. Third – a charge in favour of the Company’s directors and officers, securing the Company’s indemnification obligations to them, to a maximum amount of \$250,000 (the “**D&O Charge**”).

### ***January 10 Application***

6. On January 10, 2025, the Court rendered a decision dismissing the Company’s request for a stay of proceedings during the Stay Period for any claims against Chris Lewis in his capacity as a director and officer of Cleo.

***January 22 Application***

7. On January 22, 2025, the Company sought and obtained the following relief from this Honourable Court:
- a) a sales and solicitation process (“**SSP**”) under which the Property will be marketed and sold (the “**Sales Process Order**”); and
  - b) a stay of Trafigura’s right to effect set-off under the Prepayment Agreement of monthly payments owing by Cleo to Trafigura as against monthly payments by Trafigura to Cleo under the Commercial Agreement and dismissing Trafigura’s cross-application.

***February 19 Application***

8. On February 19, 2025, the Company sought and obtained the following relief from this Honourable Court:
- a) an extension of the Stay Period within which the Company is required to file a proposal to its creditors to April 4, 2025;
  - b) an amendment to the Interim Financing Facility (the “**Amended Interim Financing Facility**”), which increases the amount Cleo is authorized to borrow under the Interim Financing Facility from \$750,000 to \$1,000,000;
  - c) an increase to the Interim Lender’s Charge, in favour of uCapital, from \$900,000 to \$1,000,000 (the “**Amended Interim Lender’s Charge**”), together with any interest accrued thereon or costs and expenses incurred thereunder; and
  - d) approval of the Proposal Trustee’s and its counsel’s fees and disbursements up to January 31, 2025.

***March 25 Application***

9. On March 25, 2025, the Company sought and obtained the following relief from this Honourable Court:

- a) an extension of the Stay Period within which the Company is required to file a proposal to its creditors to May 9, 2025;
- b) approving the Asset Purchase Agreement between Cleo and IHH Energy Corp. ("**IHH Energy**") (the "**IHH Energy APA**") and the transaction contemplated therein (the "**IHH Transaction**"), and a corresponding sale approval and vesting order ("**IHH Energy SAVO**");
- c) approving the Asset Purchase Agreement between Cleo and Nuova Strada Ventures Ltd. ("**Nuova Strada**") (the "**Nuova Strada APA**") and the transaction contemplated therein (the "**Nuova Strada Transaction**"), and a corresponding sale approval and vesting order ("**Nuova Strada SAVO**");
- d) approving the Asset Purchase Agreement between Cleo and Surge Energy Inc. ("**Surge Energy**") (the "**Surge Energy APA**") and the transaction contemplated therein (the "**Surge Energy Transaction**"), and a corresponding sale approval and vesting order ("**Surge Energy SAVO**", with the IHH Energy SAVO, Nuova Strada SAVO and Surge Energy SAVO, the "**SAVOs**"); and
- e) the Proposal Trustee's request for the approval of the professional fees and disbursements of the Proposal Trustee up to March 7, 2025 and the Proposal Trustee's counsel up to February 28, 2025.

#### ***April 30 Application***

- 10. The Company has filed an application with this Honourable Court, returnable April 30, 2025 (the "**April 30<sup>th</sup> Application**"). The relief sought by the Company and the Proposal Trustee at the April 30<sup>th</sup> Application includes:
  - a) extending the Stay Period within which the Company is required to file its proposal to its creditors by an additional 30 days from May 9, 2025 to June 8, 2025 (the "**Stay Extension**");

- b) the Company's request for an Order (the "**Sealing Order**") temporarily sealing Confidential Appendix 1 to this Report;
  - c) the Proposal Trustee's request for the approval of the professional fees and disbursements of the Proposal Trustee for the period of March 8, 2025 to April 18, 2025 and the Proposal Trustee's counsel for the period from March 1, 2025 to April 18, 2025;
  - d) the Proposal Trustee's request for the approval of the Proposal Trustee's activities and conduct; and
  - e) such further and other relief as may be sought by the Company and this Honourable Court may deem appropriate in the NOI Proceedings.
11. Capitalized terms not otherwise defined in this Proposal Trustee's Fifth Report (this "**Report**" or the "**Fifth Report**") have the meaning given to them in the Prior Proposal Trustee Reports<sup>1</sup>, the Lewis Affidavits<sup>2</sup> or such other materials filed by Cleo and the Proposal Trustee in these NOI Proceedings. All materials filed on these NOI Proceedings can be found on the Proposal Trustee's website at: <https://www.alvarezandmarsal.com/CLEO>.

## PURPOSE

12. The purpose of the Fifth Report is to provide the Court and the Company's stakeholders with information in respect of the following:
- a) the activities of the Company and the Proposal Trustee since the Fourth Report dated March 19, 2025;

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<sup>1</sup> The First Report of the Proposal Trustee dated January 6, 2025 (the "**First Report**"), the Second Report of the Proposal Trustee dated January 20, 2025 (the "**Second Report**"), the Third Report of the Proposal Trustee dated February 12, 2025 (the "**Third Report**") and the Fourth Report of the Proposal Trustee dated March 19, 2025 (the "**Fourth Report**").

<sup>2</sup> Includes the Affidavits of Chris Lewis sworn on December 11, 2024, December 22, 2024, December 23, 2024, December 24, 2024, January 5, 2024, January 20, 2025, February 10, 2025, March 17, 2025 and April 22, 2025.

- b) an update on the status of the IHH Energy Transaction, the Nuova Strada Transaction and the Surge Energy Transaction;
- c) an update on the SSP and the Company's negotiations with the remaining Qualified Bidders;
- d) the Company's actual cash flow receipts and disbursements as compared to the cash flow forecast appended to the Fourth Report for the period of March 8, 2025 to April 18, 2025;
- e) the Company's updated cash flow forecast through to June 8, 2025 (the "**Updated CF Forecast**");
- f) the Proposal Trustee's request for the approval of the professional fees and disbursements of the Proposal Trustee for the period of March 8, 2025 to April 18, 2025 and Miller Thomson LLP ("**Miller Thomson**" or the "**Proposal Trustee's Counsel**") for the period from March 1, 2025 to April 18, 2025;
- g) the Proposal Trustee's request for approval of the Proposal Trustee's activities and conduct since the filing of the Fourth Report;
- h) the reasons underlying the Company's request for approval of the Sealing Order concerning Confidential Appendix 1; and
- i) the Proposal Trustee's recommendations with respect to the above.

## TERMS OF REFERENCE

13. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information and other information provided by the Company and other third parties. The Proposal Trustee has not performed an audit, review, or other verification of such information. An examination of the financial forecast as outlined in the *Chartered Professional Accountants of Canada Handbook* has not been performed.



14. Future oriented financial information relied upon in this Report is based on the Company's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.
15. All references to dollars are in Canadian currency unless otherwise noted.

#### **LIMITATION IN SCOPE OF REVIEW**

16. The Report has been prepared by the Proposal Trustee pursuant to the rules and regulations set out in the BIA. The BIA provides that the Proposal Trustee shall incur no liability for any act or omission pursuant to its appointment or fulfillment of its duties, save and except for gross negligence or wilful misconduct on its part.
17. This Report is not and should not be construed or interpreted as an endorsement, comment or recommendation to any creditor, prospective investor, or any persons to advance credit and/or goods and services or to continue to provide credit and/or goods and services or to lend monies to the Company during these proceedings and/or at any other time.
18. The Proposal Trustee has not audited or reviewed the assets of the Company, and with respect to such assets, has relied to a significant degree upon information provided by the Company.
19. The Proposal Trustee is specifically not directed or empowered to take possession of the assets of the Company or to manage any of the business and affairs of the Company.

#### **ACTIVITIES OF THE COMPANY AND THE PROPOSAL TRUSTEE**

20. The Proposal Trustee and Management's activities since the filing of the Fourth Report have included, among other things, the following:
  - a) various discussions between Management, the Proposal Trustee, Miller Thomson (independent legal counsel to the Proposal Trustee) and the Company's legal counsel (together with the Proposal Trustee and

Miller Thomson, the “**NOI Professionals**”) relating to matters relevant to the NOI Proceedings;

- b) multiple communication and meetings between Sayer Energy Advisors (“**Sayer**”) pertaining to the SSP;
- c) assisting the Company and Sayer to close the IHH Energy Transaction, Nuova Strada Transaction, and the Surge Energy Transaction;
- d) reviewing the offers received from Qualified Bidders on the Revised Binding Bid Deadline (defined below) and assisting Sayer and the Company with negotiations, as required;
- e) providing an update to the Alberta Energy Regulator (“**AER**”) on the status of the NOI Proceedings, the SSP and negotiations with the Qualified Bidders who presented Qualified Bids on the Revised Binding Bid Deadline;
- f) reviewing and discussing weekly payables with the Company;
- g) continued monitoring of the Company’s actual cash flow results and evaluating the cash flow needs of the Company;
- h) engaging in discussions with TransAlta regarding certain revised prepayment arrangements for power;
- i) assisting Management in preparing the Updated CF Forecast along with assumptions, collectively attached as Appendix “**A**”; and
- j) ongoing monitoring of the Company’s financial affairs and activities by the Proposal Trustee.

## UPDATE ON THE SSP<sup>3</sup>

### *Surge, IHH and Nuova Strada Transactions*

21. On March 31, 2025, the Company completed the Surge Transaction following the satisfaction of all material conditions precedent to closing, as outlined in the Surge APA, and the payment of the purchase price to the Proposal Trustee. This Honourable Court previously granted the Surge SAVO, authorizing the sale of the purchased assets to Surge.
22. On April 1, 2025, the Company completed the IHH Transaction following the satisfaction of all material conditions precedent to closing, as outlined in the IHH APA, and the payment of the purchase price to the Proposal Trustee. This Honourable Court previously granted the IHH SAVO, authorizing the sale of the purchased assets to IHH.
23. On April 4, 2025, the Company completed the Nuova Strada Transaction following the satisfaction of all material conditions precedent to closing, as outlined in the Nuova Strada APA, and the payment of the purchase price to the Proposal Trustee. This Honourable Court previously granted the Nuova Strada SAVO, authorizing the sale of the purchased assets to Nuova Strada.
24. As of the date of this Report, the Proposal Trustee has distributed the majority of the funds received from the Surge, IHH, and Nuova Strada transactions (the “**Transaction Funds**”) to pay outstanding professional fees secured by the Administration Charge, including those of the Proposal Trustee up to March 28, 2025, the Proposal Trustee’s Counsel up to March 31, 2025, and the Company’s counsel up to March 31, 2025, in accordance with the SAVOs granted on March 25, 2025. The remaining Transaction Funds will be used to pay the ongoing fees and costs of the NOI Professionals secured by the Administration Charge.

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<sup>3</sup> Capitalized terms used in this section and not otherwise defined shall have meanings ascribed to them in the SSP and the Sales Process Order.

### ***SSP Negotiations***

25. As discussed in the Fourth Report, the Proposal Trustee sent an email to the remaining Qualified Bidders extending the Bid Submission Date to March 27, 2025 (the “**Revised Binding Bid Deadline**”). Multiple Qualified Bids were received by the Revised Binding Bid Deadline and are included in the SSP Bid Summary prepared by Sayer and attached as Confidential Appendix 1 to this Report.
26. The Company, with the assistance of the Proposal Trustee and Sayer, is in the process of negotiating final purchase agreements with certain Qualified Bidders who submitted Qualified Bids by the Revised Binding Bid Deadline. Further updates on the status of these transactions will be provided in anticipated future applications to this Honourable Court for approval of such transactions.

### **ACTUAL CASH FLOW RESULTS COMPARED TO FORECAST**

27. The Company’s actual cash receipts and disbursements as compared to the cash flow forecast appended to the Fourth Report (the “**Prior CF Forecast**”) during the period of March 8, 2025 to April 18, 2025 (the “**Reporting Period**”) is summarized below:

Cleo Energy Corp.				
6 Week Cash Flow Ending April 18, 2025				
\$CAD 000's	Notes	Forecast	Actuals	Variance
<b>Cash Receipts</b>				
Sales (production settlement)	<i>a</i>	775	725	(50)
Other receipts	<i>b</i>	15	51	36
<b>Total cash receipts</b>		<b>790</b>	<b>776</b>	<b>(14)</b>
<b>Cash Disbursements</b>				
Payroll and benefits		263	264	(1)
Source Deductions	<i>c</i>	199	175	24
Operating and transportation	<i>d</i>	144	169	(25)
Mineral & Surface Leases	<i>e</i>	90	51	39
Utilities	<i>f</i>	275	135	140
Royalties		-	1	(1)
General and administrative		85	87	(2)
Professional fees	<i>g</i>	95	-	95
Sales Agent Fees		-	6	(6)
Interim Financing Facility Interest		35	30	5
Bank Fees		-	1	(1)
<b>Total cash disbursements</b>		<b>1,186</b>	<b>913</b>	<b>273</b>
<b>Net Cash Flow</b>		<b>(395)</b>	<b>(143)</b>	<b>287</b>
<b>Net Change in Cash</b>				
Beginning of period		429	429	-
Net cash flow		(395)	(143)	252
Interim Financing		-	-	-
<b>Ending of period</b>		<b>34</b>	<b>286</b>	<b>252</b>

During the Reporting Period, the primary variances include:

- a permanent negative variance relating to production receipts due to a variance in actual commodity prices and production as compared to the Prior CF Forecast;
- a permanent positive variance in other receipts relating to revenue from a crypto-currency mining arrangement that occurred prior to expectations;
- a temporary positive timing variance driven by the Company paying post-Filing source deductions over a longer timeframe than the Prior CF Forecast initially contemplated;

- d) a permanent negative variance attributable to higher than forecast operational expenditures to improve production;
- e) a temporary positive variance due to delays in payment of certain royalties;
- f) a temporary positive variance as a result of utilities pre-payments and actuals being less than the Prior CF Forecast; and
- g) a temporary positive timing variance driven by delayed payments of fees to professionals as compared to the Prior CF Forecast.

#### **UPDATED CASH FLOW FORECAST**

- 28. Management, with the assistance of the Proposal Trustee, has prepared the Updated CF Forecast for the 7-week period from April 19, 2025 to June 8, 2025 (the “**Forecast Period**”). The notes to the Updated CF Forecast are an integral part of, and should be read in conjunction with, the Updated CF Forecast. The Updated CF Forecast and notes are included in Appendix “A”.
- 29. A summary of the Updated CF Forecast is below:

Cleo Energy Corp.		
7-Week Cash Flow Forecast ending June 8, 2025		
<i>\$CAD 000's</i>	<i>Notes</i>	<i>Forecast</i>
<b>Cash Receipts</b>		
Sales (production settlement)	<i>a</i>	1,724
Other receipts		-
<b>Total cash receipts</b>		<b>1,724</b>
<b>Cash Disbursements</b>		
Payroll and benefits		344
Source Deductions		196
Operating and transportation		224
Mineral & Surface Leases		110
Utilities	<i>b</i>	285
General and administrative		151
Professional fees		335
Sales Agent Fees		-
Interim Financing Facility Interest	<i>c</i>	60
<b>Total cash disbursements</b>		<b>1,705</b>
<b>Net Cash Flow</b>		<b>19</b>
<b>Net Change in Cash</b>		
Beginning of period		286
Net cash flow		19
Interim Financing	<i>c</i>	-
<b>Ending of period</b>		<b>304</b>

30. The following notes and assumptions are an integral part of the Updated CF Forecast:

- a) pricing is based on the forward strip for WTI as of March 28, 2025. The differentials (discount to WTI) are the actual for April and a projection from the Company's marketer (both light and heavy differentials are handled this way). The forward exchange rate is used to convert to Canadian Dollars as at the last business day of each month. Proceeds from production are generally received on the 25th day of the following month (or the following business day). Receipts are shown net of any working partner interest and take-in-kind royalties and include collection of 5% GST.
- b) utilities primarily consist of payments to TransAlta for the Company's monthly power consumption. The Company has agreed to make pre-

payment installments to TransAlta for the following month's estimated power usage on the 25<sup>th</sup> of each month, when the Company collects its production revenues.

- c) the Updated CF Forecast assumes interest will be paid to the Interim Lender on a monthly basis, based on the terms of the Interim Financing Term Sheet.

31. The Company forecasts that over the course of the proposed Stay Extension that the Company will experience a surplus of approximately \$19,000 without any further SSP sales proceeds and with extremely lean operational and capital spending and the payment of professional fees.

#### **APPROVAL OF PROFESSIONAL FEES AND EXPENSES**

32. The Proposal Trustee seeks approval from this Honourable Court of the professional fees and disbursements of the Proposal Trustee for the period of March 8, 2025 to April 18, 2025 (the "**Proposal Trustee Interim Taxation Period**") and Miller Thomson for the period from March 3, 2025 to April 18, 2025 (the "**Miller Thomson Interim Taxation Period**").
33. The total fees and expenses of the Proposal Trustee during the Proposal Trustee Interim Taxation Period are \$58,226 (exclusive of GST), a summary of which is included below:

Cleo Energy Corp. Summary of the Proposal Trustee's Statements of Account For the period Mar 8, 2025 to Apr 18, 2025						
Invoice	Period	Fees	Disbursements	Subtotal	GST	Total
<b>Alvarez &amp; Marsal Canada</b>						
7	Mar 8, 2025 to Mar 28, 2025	45,710	-	45,710	2,286	47,996
8	April 1, 2025 to April 18, 2025	12,516	-	12,516	626	13,142
<b>Total</b>		<b>58,226</b>	<b>-</b>	<b>58,226</b>	<b>2,911</b>	<b>61,137</b>

34. The total fees and expenses of the Proposal Trustee's Counsel during the Miller Thomson Taxation Period are \$43,167 (exclusive of GST), a summary of which is included below:



Cleo Energy Corp. Summary of the Proposal Trustee's Counsel's Statements of Account For the period Mar 3, 2025 to Apr 18, 2025						
Invoice	Period	Fees	Disbursements	Subtotal	GST	Total
<b>Miller Thomson LLP</b>						
4110992	Mar 3, 2025 to Mar 31, 2025	34,503	100	34,602	1,730	36,332
4120427	April 1, 2025 to April 18, 2025	8,565	-	8,565	428	8,993
<b>Total</b>		<b>43,067</b>	<b>100</b>	<b>43,167</b>	<b>2,158</b>	<b>45,325</b>

35. The Proposal Trustee and Miller Thomson invoices (the “**Invoices**”) outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the Invoices will be made available to the Court upon request (if necessary).
36. In the Proposal Trustee’s respectful view, its fees and those of Miller Thomson are fair and reasonable under the circumstances, and the Proposal Trustee therefore respectfully requests the Court’s approval of these accounts.

## SEALING ORDER

37. The Company is seeking a Sealing Order temporarily sealing Confidential Appendix 1, which includes a summary of Qualified Bids received by the Revised Binding Bid Deadline, as well as copies of each Qualified Bid received, on the Court record.
38. Confidential Appendix 1 includes sensitive market information. The sealing of this type of sensitive market information is the common practice in insolvency proceedings to avoid negative impacts to the SSP. Cleo and Sayer, with the oversight of the Proposal Trustee, are continuing to negotiate sales of its remaining properties, and if Confidential Appendix 1 were made publicly available, such negotiations and realizations would be negatively impacted. This poses a serious risk to an important public interest, namely maintaining the integrity of the public interest, and the Sealing Order is necessary to prevent this risk. The Proposal Trustee does not believe that any stakeholder will be prejudiced if the information

is sealed or any public interest that will be served if the terms of Confidential Appendix 1 is disclosed in full.

39. As such, the Proposal Trustee is respectfully of the view that it is appropriate for this Honourable Court to seal Confidential Appendix 1 until (a) the Proposal Trustee files a certificate terminating the SSP; or (b) further order of the Court, in accordance with the proposed form of Sealing Order.

#### **APPLICATION TO EXTEND THE TIME TO FILE A PROPOSAL**

40. Unless it is extended, the Stay Period will expire on May 9, 2025, and the Company is seeking an extension of the period in which it is required to file a proposal to June 8, 2025, pursuant to section 50.4 (9) of the BIA.
41. The Proposal Trustee considered the Stay Extension request of the Company and the circumstances currently facing the Company and is supportive of a 30 day Stay Extension from May 9, 2025 to June 8, 2025.
42. The Stay Extension should serve to provide the Company with the time required to, among other things: (i) maintain its repair and maintenance program and continue to stabilize its daily production, while maintaining the required cash flows to facilitate adequate operational compliance; (ii) continue working with Sayer and Proposal Trustee in the marketing of its properties and advancing the SSP; (iii) complete one or more transactions with Qualified Bidders; (iv) enter into additional APA's with Successful Bidders and move forward with completing the SSP.
43. The Proposal Trustee considered the following factors regarding the Stay Extension:
- a) the Company is acting in good faith and with due diligence;
  - b) the Company would likely be able to make a viable proposal if the Stay Period were to be extended; and
  - c) no creditor in these proceedings will be materially prejudiced if the extension were to be granted.

44. It is the Proposal Trustee's respectful view that, to date, Management has been acting in good faith and with due diligence in this matter. The Company has been made aware of the good faith and acting with due diligence obligations pursuant to section 50.4(9) of the BIA.
45. The Proposal Trustee is of the view that an extension to June 8, 2025 is appropriate and necessary for the Company to advance efforts to achieve a successful restructuring, and that no stakeholder or creditor is likely to be materially prejudiced if an extension is granted.
46. Without an extension to the stay of proceedings, the Company will not be able to complete the SSP and restructure its affairs.

#### **PROPOSAL TRUSTEE'S RECOMMENDATION**

47. The Proposal Trustee respectfully recommends that this Honourable Court approve and grant the following:
- a) extending the Stay Period within which the Company is required to file a proposal to its creditors by an additional 30 days from May 9, 2025 to June 8, 2025;
  - b) the professional fees and costs of the Proposal Trustee during the Proposal Trustee Interim Taxation Period and its counsel during the Miller Thomson Interim Taxation Period;
  - c) the conduct and activities of the Proposal Trustee;
  - d) the Sealing Order; and
  - e) such further and other relief sought by the Company or Proposal Trustee in connection with the April 30<sup>th</sup> Application.

All of which is respectfully submitted this 24<sup>th</sup> day of April, 2025

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as Proposal Trustee of the Company  
and not in its personal or corporate capacity**



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Orest Konowalchuk, CPA, CA, CIRP, LIT  
Senior Vice-President



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David Williams, CPA, CIRP, LIT  
Manager

## **APPENDIX A**

Cleo Energy Corp.		Forecast							
7-Week Cash Flow Forecast ending June 8, 2025	Notes	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	7-week Total
\$CAD 000's	week ended	25-Apr-25	2-May-25	9-May-25	16-May-25	23-May-25	30-May-25	8-Jun-25	Total
<b>Cash Receipts</b>									
Sales (production settlement)	1	858	-	-	-	-	866	-	1,724
<b>Total cash receipts</b>		<b>858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>866</b>	<b>-</b>	<b>1,724</b>
<b>Cash Disbursements</b>									
Payroll and benefits	2	16	100	-	85	-	100	43	344
Source Deductions	3	42	21	38	-	-	38	57	196
Operating and transportation	4	55	20	25	20	25	54	25	224
Mineral & Surface Leases	5	11	10	40	-	-	50	-	110
Utilities	6	194	-	-	-	-	90	-	285
General and administrative	7	76	-	-	-	-	75	-	151
Professional fees	8	-	125	-	-	-	210	-	335
Interim Financing Facility Interest	9	-	30	-	-	-	30	-	60
<b>Total cash disbursements</b>		<b>394</b>	<b>306</b>	<b>103</b>	<b>105</b>	<b>25</b>	<b>647</b>	<b>125</b>	<b>1,705</b>
<b>Net Cash Flow</b>		<b>463</b>	<b>(306)</b>	<b>(103)</b>	<b>(105)</b>	<b>(25)</b>	<b>218</b>	<b>(125)</b>	<b>19</b>
<b>Net Change in Cash</b>									
Beginning of period		286	749	443	341	236	211	429	286
Net cash flow		463	(306)	(103)	(105)	(25)	218	(125)	19
Interim Financing		-	-	-	-	-	-	-	-
<b>Ending of period</b>		<b>749</b>	<b>443</b>	<b>341</b>	<b>236</b>	<b>211</b>	<b>429</b>	<b>304</b>	<b>304</b>
 Chris Lewis Director		21-Apr-25 Date		 Orest Konowalchuk, CPA, CA , CIRP, LIT Senior Vice President					

In the Matter of the Notice of Intention  
to make a Proposal of  
CLEO Energy Corp.

**Notes to the Consolidated Statement of Cash Flow for the 7-  
week period ending June 8, 2025**

**Purpose and General Assumptions of the Cash Flow Statement**

CLEO Energy Corp. (“**CLEO**” or the “**Company**”) has prepared this Cash Flow Statement and the accompanying Notes to the Cash Flow Statement (collectively the “**Cash Flow Statement**”) in support of the proposal proceedings that has been filed under the Bankruptcy and Insolvency Act (“**BIA**”) on December 8th, 2024.

The Company has prepared the Cash Flow Statement based on probable and hypothetical assumptions that reflect the Company’s planned course of action for the period from April 19, 2025 to June 8, 2025 (the “**Cash Flow Period**”). Management is of the opinion that, as at the date of filing the Cash Flow Statement, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Company and that the assumptions used proved a reasonable basis for and are consistent with the purpose of the Cash Flow Statement.

The information contained in the Cash Flow Statement is subject to changing assumptions and/or receipt of new or additional information; actual results may vary. This Cash Flow Statement should not be used for any other purpose, and creditors are cautioned that the information provided in the Cash Flow Statement could vary based on changing future circumstances.

The projected cash flow statement is prepared in Canadian dollars.

**Hypothetical and Probable Assumptions of the Cash Flow Statement**

1. Pricing is based on the forward strip for WTI as of March 31, 2025. The differentials (discount to WTI) are the actuals for April and a projection from our Marketer. Both Light and Heavy differentials are handled this way. The crude is received at delivery terminals where the crude is equalized to the stream quality using density and sulfur as the main differentiators. The crude quality is very consistent, so the equalization is static over a long period of time. Lastly, the forward exchange rate is used to covert to Canadian dollars. Proceeds from production are generally received on the 25th day of the following month (or the following business day). Receipts are shown net of any working partner interest and take-in-kind royalties and include collection of 5% GST.
2. Payroll and benefits include wages and benefits for thirteen (13) full time employees and six (6) independent contractors. The employees and independent contractors are paid on a semi-monthly basis.
3. Source deductions relate to CPP, EI, and Income Tax.
4. Operating and transportation expenses include payments for contract operators, consultants, and other operating costs such as trucking, chemicals, and related services. These expenses were estimated based on historical data.

5. Mineral and Surface Lease payments relate to Crown and Freehold lease payments required under existing arrangements.
6. Utilities consist of payments to TransAlta for the Company's monthly power consumption. The Company has negotiated a schedule of pre-payments of varying amounts to TransAlta on a periodic basis.
7. General and administrative costs include payments for the Company's software subscriptions, monthly rent for its Calgary-based head office, bank fees, and insurance coverage, which was bound in August 2024, and is paid monthly.
8. Professional fees include the fees and costs of counsel to CLEO, counsel to the Proposal Trustee, and the Proposal Trustee.
9. Interest costs on the interim financing facility.