



January 7, 2025

**Via E-Mail**

Justice Lema  
c/o Corbyn Burik - Commercial Coordinator  
Court of King's Bench of Alberta  
601 - 5th Street SW  
Calgary, AB T2P 5P7

**Sam Gabor**  
Direct +1 403 298 1946  
sam.gabor@gowlingwlg.com  
File no. G10010664

Your Lordship:

**Re: In the Matter of the Notice of Intention to Make a Proposal of Cleo Energy Corp. ("Cleo") –  
Court File No.: B301-163430 before the Honourable Justice Lema on January 6, 2025 at  
2:00 p.m. (MT)**

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We are counsel to Cleo. We refer to the form of order as pronounced by your Lordship on January 6, 2025 attached in our email to the Commercial Coordinator which we submit for your review. The changes which have been made are as follows:

1. Para 9(b) – We have deleted the words "Definitive Documents" and replaced it with the words "Interim Financing Agreement" in accordance with that defined term at paragraph 4 of the order. Definitive Documents is not a defined term in the order so we have revised it with the correct defined term.
2. Paragraph 12 – The directors and officers charge has been revised from \$200,000 to \$250,000 in accordance with our client's application materials and the court's order.
3. Para 14 – We have deleted the words "*provided, however, that the relative priority of the BIA Charges and is subject to further order of the Court*". Upon our review of the order tonight while revising it, it was determined that this language was inadvertently included in the draft form of order and originated from a precedent document used for the drafting of the order. Please see paragraph 10 of the enclosed order of Justice Feasby from Mantle Materials Group, Ltd. dated August 15, 2023 (as **Attachment 1**) where the language originated from and which acted as our precedent. The language under that order was "*provided, however, that the relative priority of the Charges and the Travelers' Security Interests is subject to further order of the Court.*"

The prior language was required in the Mantle case as a subsequent priority dispute needed to be determined as between a PMSI holder, Travelers Capital Corp., and the DIP Lender following the granting of the BIA charges. The language needs to be deleted in this case to ensure that the relative priorities under your order as between the administration charge, interim financing charge and D&O charge are certain and there is no confusion as to priority between those charges, which could occur if the language were to remain; the inadvertent included language contradicts the next sentence which expressly sets out the priorities between the three charges. Deletion of the language is consistent with paragraph 1(i) of the amended application.



4. Paragraph 21 – The stay language in favour of Mr. Lewis has been deleted and replaced with language confirming that issue of the statutory directors stay and guarantee stay in favour of Mr. Lewis is adjourned to Friday, January 10, 2025 before your Lordship.

5. Paragraph 22 – Language has been inserted confirming that the issue of monthly set-off as between Trafigura and Cleo is adjourned to January 10, 2025 before your Lordship.

We have cc'd the Service List to this letter. Please feel free to contact the writer if you have any questions.

Sincerely,

Gowling WLG (Canada) LLP

Signed by:

*Sam Gabor*

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Sam Gabor

SG

c.c. via Titan File – the Service List

c.c. via email – Tom Cumming



**ATTACHMENT 1**

Clerk's Stamp

COURT FILE NO. 25-2965622

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

AND IN THE MATTER OF THE NOTICE OF INTENTION TO  
MAKE A PROPOSAL OF MANTLE MATERIALS GROUP, LTD.

DOCUMENT **ORDER (Stay Extension, Administration Charge, Interim  
Financing, Interim Financing Charge, D&O Charge and Other  
Relief)**

ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF PARTY FILING  
THIS DOCUMENT **Gowling WLG (Canada) LLP**  
1600, 421 – 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 4K9

Attn: **Tom Cumming / Sam Gabor / Stephen Kroeger**

Phone: 403.298.1938 / 403.298.1018

Fax: 403.263.9193

Email: tom.cumming@gowlingwlg.com /  
sam.gabor@gowlingwlg.com /  
stephen.kroeger@gowlingwlg.com

File No.: A1171561

**DATE ON WHICH ORDER WAS PRONOUNCED:** August 15, 2023

**LOCATION WHERE ORDER WAS PRONOUNCED:** Calgary, Alberta

**JUSTICE WHO MADE THIS ORDER:** The Honourable Justice Feasby in  
Commercial Chambers

**UPON THE APPLICATION** of Mantle Materials Group, Ltd. (“**Mantle**” or, the  
“**Applicant**”) filed August 8, 2023; **AND UPON** reading the Affidavit of Byron Levkulich,  
sworn August 7, 2023, the Supplemental Affidavit of Byron Levkulich, sworn August 11,  
2023 (the “**August 11 Affidavit**”), the Second Supplemental Affidavit of Byron Levkulich  
sworn, August 14, 2023, the Affidavit of Cory Pichota, sworn August 8, 2023, the Affidavit  
of Warren Miller of Travelers Capital Corp. (“**Travelers**”), sworn August 4, 2023, the  
Affidavit of Heather Dent, sworn August 11, 2023, and the Affidavits of Service of Samah  
Zeineddine, sworn August 8 and 15, 2023; **AND UPON** reading the Report of FTI Consulting  
Canada Inc. in its capacity as proposal trustee of the Applicant (in such capacity, the  
“**Proposal Trustee**”), dated August 4, 2023, and the Supplemental Report of the Proposal

Trustee, dated August 11, 2023; **AND UPON** hearing submissions by counsel for the Applicant, the Proposal Trustee, Travelers, the Minister of Environment and Protected Areas any other counsel or other interested parties present,

**IT IS HEREBY ORDERED THAT:**

**SERVICE**

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today, and no other than those persons served is entitled to service of the notice of application.

**EXTENSION OF TIME TO FILE A PROPOSAL**

2. The time within which Mantle is required to file a proposal to its creditors with the Official Receiver, under section 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) is hereby extended to September 27, 2023 (as extended from time to time, the “**Stay Period**”).

**ADMINISTRATION CHARGE**

3. Legal counsel to Mantle, the Proposal Trustee and McCarthy Tétrault, legal counsel to the Proposal Trustee, as security for their respective professional fees and disbursements incurred in preparing for and during these proposal proceedings, and both before and after the granting of this Order, shall be entitled to the benefit of, and are hereby granted, a security and charge (the “**Administration Charge**”) on all of Mantle’s present and after-acquired assets, property and undertakings (the “**Property**”), which charge shall not exceed \$425,000.

**INTERIM FINANCING**

4. Mantle is hereby authorized and empowered to obtain and borrow under an interim financing facility (the “**Interim Financing Facility**”) pursuant to the interim financing facility commitment letter dated August 10, 2023 (the “**Interim Financing Commitment Letter**”) between Mantle as borrower and RLF Canada Lender Limited (the “**Interim Lender**”) as lender, provided that borrowings under the Interim Financing Facility shall not exceed the principal amount of \$2,200,000 unless permitted by further order of this Court and agreed to by the Interim Lender.

5. The Interim Financing Facility shall be on the terms and subject to the conditions set forth in the Interim Financing Commitment Letter attached as Exhibit “H” to the August 11 Affidavit, as such Interim Financing Commitment Letter may be amended in accordance with its terms.
6. The Interim Lender shall be entitled to the benefit of and are hereby granted a security and charge on the Property (the “**Interim Lender’s Charge**”) as security for the payment and performance of the indebtedness, liabilities and obligations of Mantle to the Interim Lender under the Interim Financing Commitment Letter and the Interim Financing Facility created thereby in the principal amount of \$2,200,000 together with any interest accrued thereon or costs and expenses incurred thereunder.

#### **D&O INDEMNIFICATION AND CHARGE**

7. Mantle shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers after the Filing Date, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director or officer’s gross negligence or wilful misconduct.
8. Each of the directors and officers of Mantle shall be entitled to the benefit of and are hereby granted a charge (the “**D&O Charge**”) on all of the Property, which shall not exceed an aggregate amount of \$150,000, as security for the indemnity provided in this Order.

#### **PRIORITY OF CHARGES**

9. The filing, registration or perfection of the Administration Charge, the Interim Lender’s Charge and the Directors Charge (collectively, the “**Charges**”) shall not be required, and the Charges shall be enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
10. The Charges shall constitute a security and charge on the Property and, with the exception of the security interests in favour of Travelers registered in the Alberta Property Registry as base registration number 21100725361 (the “**Travelers’ Security Interests**”), such Charges shall rank in priority to all other security interests, trusts, liens, charges, deemed trusts, encumbrances and claims of secured creditors, statutory or otherwise in favour of any person, including liens and trusts created by federal and provincial legislation (collectively, the “**Encumbrances**”), provided, however, that the relative priority of the

Charges and the Travelers' Security Interests is subject to further order of the Court. The ranking as between the Charges shall be as follows:

- (a) first, the Administration Charge;
  - (b) second, the Interim Lender's Charge; and
  - (c) third, the D&O Charge.
11. Except as otherwise provided herein, or as may be approved by this Honourable Court, Mantle shall not grant any Encumbrances over the Property that rank in priority to, or *pari passu* with, any of the Charges, unless Mantle obtains the prior written consent of the beneficiaries of the Charges (the "**Chargees**") or further order of this Court.
12. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by:
- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
  - (b) any application(s) for bankruptcy order(s) issued pursuant to the *BIA*, or any bankruptcy order made pursuant to such applications;
  - (c) the filing of any assignments for the general benefit of creditors made pursuant to the *BIA*;
  - (d) the provisions of any federal or provincial statutes; or
  - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") that binds Mantle, and notwithstanding any provision to the contrary in any Agreement:
    - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, shall create or be deemed to constitute a new breach by Mantle of any Agreement to which they, or any one of them, is a party;
    - (ii) none of the Chargees shall have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the

creation of the Charges, or the execution, delivery or performance of the Interim Financing Facility; and

- (iii) the payments made by Mantle pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

### **RESTATEMENT OF STAY AND CONTINUATION OF SERVICES**

13. In accordance with section 69(1) of the *BIA*, during the period between July 14, 2023 (the “**Filing Date**”) and the date on which the Stay Period expires:
  - (i) no creditor has any remedy against Mantle or against any of the Property or shall commence or continue any action, execution or other proceedings for the recovery of a claim provable in bankruptcy; and
  - (ii) no provision of a security agreement between Mantle and a secured creditor that provides, in substance, that on Mantle’s insolvency, the default by Mantle of an obligation under the security agreement, or the filing by Mantle of the NOI, Mantle ceases to have rights to use or deal with Property secured under the security agreement as it would otherwise have, has any force or effect.
14. In accordance with section 65.1(1) of the *BIA* but subject to section 65.1(4) of the *BIA*, no person may terminate or amend any agreement with Mantle or claim an accelerated payment, or a forfeiture of the term, under any agreement with Mantle by reason only that Mantle is insolvent or a NOI has been filed with respect to Mantle.
15. During the Stay Period, all persons having oral or written agreements with Mantle or statutory or regulatory mandates for the supply of goods and/or services are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by Mantle, provided in each case that the normal prices or charges for such goods or services received after the date of this Order are paid by Mantle in accordance with normal payment practices of Mantle or other practices as may be agreed upon by the supplier or service provider and each of Mantle and the Proposal Trustee, or as may be ordered by this Honourable Court.



16. Mantle shall be entitled, but not required, to pay amounts owing to any supplier for goods or services actually supplied to Mantle prior to July 14, 2023 if, in the opinion of Mantle, any such payment is necessary to maintain the uninterrupted operations of the business (such payments being “**Emergency Payments**”), provided that the Proposal Trustee approves such payment and such payment is contemplated by the cash flow projections filed by the Proposal Trustee in these proceedings under section 50(6) of the *BIA*.
17. In the event that the payment of an Emergency Payment which was made prior to the date of this Order has been funded by an advance under the Interim Financing Facility, Mantle shall be entitled to repay such advance(s) to the Interim Lender from any amounts received by Mantle subsequent to the Filing Date.
18. Any Person (as such term is defined in the *BIA*) that has collected, realized, seized or taken possession of any money or other Property subsequent to the Filing Date without the consent of the Proposal Trustee or leave of this Honourable Court shall promptly deliver or surrender to Mantle such money or other Property.

#### **ALLOCATION**

19. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the Administration Charge, the Interim Lender's Charge, and the D&O Charge amongst the various assets comprising the Property.

#### **GENERAL**

20. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.
21. The approval as to form and content of the parties to this Order may be signed in counterpart and by facsimile or other electronic means.



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J.C.K.B.A.

Approved as to form and content this 17th day  
of August, 2023 by Legal Counsel for FTI  
Consulting Canada Inc., in its capacity as  
Proposal Trustee for the Applicant



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Pantelis Kyriakakis  
McCarthy Tétrault LLP

Approved as to form and content this \_\_\_\_ day  
of August, 2023 by Legal Counsel for the  
Applicant

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Tom Cumming  
Gowling WLG (Canada) LLP

Approved as to form and content this \_\_\_\_ day  
of August, 2023 by Legal Counsel for Alberta  
Environment and Protected Areas (AEP)

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Doug Nishimura  
Field Law

Approved as to form and content this \_\_\_\_ day  
of August, 2023 by Legal Counsel for Travelers  
Capital Corp.

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Alexis Teasdale  
Lawson Lundell LLP

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of August, 2023 by Legal Counsel for FTI  
Consulting Canada Inc., in its capacity as  
Proposal Trustee for the Applicant

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Pantelis Kyriakakis  
McCarthy Tétrault LLP


Approved as to form and content this 17<sup>th</sup> day  
of August, 2023 by Legal Counsel for Alberta  
Environment and Protected Areas (AEP)



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Doug Nishimura  
Field Law

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of August, 2023 by Legal Counsel for the  
Applicant

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Alexis Teasdale  
Lawson Lundell LLP