

COURT FILE NO. B301-163430
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



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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 CLEO ENERGY CORP.

APPLICANT CLEO ENERGY CORP.

DOCUMENT **ORDER (Sale Approval and Vesting – IHH Energy Corp.)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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File No.: G10010664

DATE ON WHICH ORDER WAS PRONOUNCED: March 25, 2025

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

JUSTICE WHO MADE THIS ORDER: The Honourable Justice M.H. Bourque
in Commercial Chambers

UPON THE APPLICATION of Cleo Energy Corp. (“**Cleo**”) filed March 17, 2025 for an order approving the sale transaction (the “**Transaction**”) contemplated by a purchase and sale agreement dated as of March 14, 2025 (the “**Sale Agreement**”) between CLEO and IHH Energy Corp. (the “**Purchaser**”) and vesting all of CLEO’s right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”);

AND UPON having read the Affidavit of Chris Lewis sworn March 17, 2025 (the “**Affidavit**”), the Affidavit of Service of Sherry Langley, sworn March 21, 2025, the Affidavit of Kym Mesley, sworn March 25, 2025, and the Fourth Report of Alvarez & Marsal Canada Inc. in its capacity as proposal trustee of Cleo (in such capacity, the “**Proposal Trustee**”) dated March 19, 2025 and the confidential appendices thereto; **AND UPON** hearing submissions by counsel for Cleo, the Proposal Trustee, counsel for the Proposal Trustee and any other counsel or other interested parties present,

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTION

2. The Transaction is hereby approved and the execution of the Sale Agreement by CLEO is hereby authorized and approved, with such minor amendments as CLEO may deem necessary. CLEO is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser.

VESTING OF PROPERTY

3. Upon delivery of the Proposal Trustee's certificate to the Purchaser substantially in the form set out in **Schedule "A"** hereto (the "**Proposal Trustee's Certificate**"), all of CLEO's right, title and interest in and to the Purchased Assets listed in **Schedule "B"** hereto shall vest absolutely in the name of the Purchaser, free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "**Claims**") including, without limiting the generality of the foregoing:
 - (a) the Administration Charge ("**Administration Charge**"), Interim Lender's Charge ("**Interim Lender's Charge**") and D&O Charge created pursuant to, and having the meanings given to them in, the Order (Stay Extension, Administration Charge, Interim Financing, Interim Financing Charge, D&O Charge and Other Relief) of the Honourable Justice M.J. Lema in these proceedings pronounced January 6, 2025, as amended by his Order (Stay Extension, Interim Financing, Interim Financing Charge and Other Relief) pronounced February 19, 2025;

- (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (c) any liens or claims of lien under the *Builders' Lien Act* (Alberta); and
- (d) those Claims listed in **Schedule "C"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in **Schedule "D"** (collectively, "**Permitted Encumbrances**"))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

4. Upon delivery of the Proposal Trustee's Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities and or regulatory bodies including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of the Proposal Trustee's Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a) Alberta Energy ("**Energy Ministry**") shall and is hereby authorized, requested and directed to forthwith:
 - (i) cancel and discharge those Claims including builders' liens, security notices, assignments under section 426 (formerly section 177) of the *Bank Act* (Canada) and other Encumbrances (but excluding Permitted Encumbrances) registered (whether before or after the date of this Order) against the estate or interest of CLEO in and to any of the Purchased Assets located in the Province of Alberta; and
 - (ii) transfer all Crown leases listed in Schedule "B" to this Order standing in the name of CLEO to the Purchaser free and clear of all Claims including Encumbrances but excluding Permitted Encumbrances;

- (b) the Registrar of the Alberta Personal Property Registry (the “**PPR Registrar**”) shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of CLEO in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.
5. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and the Proposal Trustee’s Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.
 6. No authorization, approval or other action by and no notice to or filing with any Governmental Authority exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement, other than any required approval by the Energy Regulator referenced in paragraph 3 above.
 7. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Proposal Trustee) shall stand in the place and stead of the Purchased Assets from and after delivery of the Proposal Trustee’s Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Proposal Trustee shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Proposal Trustee may apply any part of such net proceeds to pay amounts owing as secured by the Administration Charge and repay any amounts CLEO has borrowed as secured by the Interim Lender’s Charge.

8. Except as expressly provided for by section 5 of the *Alberta Employment Standards Code*, the Purchaser shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against Cleo.
9. Upon completion of the Transaction, CLEO and all persons who claim by, through or under CLEO in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other *indicia* of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser.
10. The Purchaser shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by CLEO, or any person claiming by, through or against CLEO.
11. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against CLEO.

MISCELLANEOUS MATTERS

12. Notwithstanding:
 - (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the “*BIA*”), in respect of Cleo, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of CLEO; and
 - (d) the provisions of any federal or provincial statute:

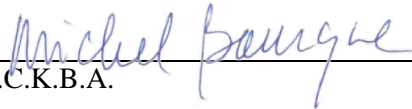
the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of CLEO and shall not be void or voidable

by creditors of CLEO, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the *BIA* or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

13. CLEO, the Proposal Trustee, the Purchaser and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
14. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Proposal Trustee, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

GENERAL

15. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier to the service list (the “**Service List**”) in the proceedings. Service is deemed to be effected the next business day following transmission or delivery of this Order.
16. This Order shall be posted on the Proposal Trustee’s website for these proceedings at: <https://www.alvarezandmarsal.com/CLEO>.


 J.C.K.B.A.

SCHEDULE "A"

Clerk's Stamp

PROPOSAL TRUSTEE'S CERTIFICATE

COURT FILE NO. B301-163430

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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 CLEO ENERGY CORP.

APPLICANT CLEO ENERGY CORP.

DOCUMENT **PROPOSAL TRUSTEE'S CERTIFICATE**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Miller Thomson LLP
525-8th Avenue SW, 43rd Floor
Calgary, AB, Canada T2P 1G1
Attn: James W. Reid
Phone: 403-298-2418
Email: jwreid@millerthomson.com
File No.: 0289127.0002

RECITALS:

A. Cleo Energy Corp. ("**CLEO**") filed a notice of intention to make a proposal under Division I of Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**") on December 8, 2024 and Alvarez & Marsal Canada Inc. in its capacity as proposal trustee of CLEO (in such capacity, the "**Proposal Trustee**").

B. Pursuant to an Order of the Honourable Justice M.H. Bourque of the Court of King's Bench of Alberta (the "**Court**") dated March 25, 2025, the Court approved the agreement of purchase and sale made as of March 14, 2025 (the "**Sale Agreement**") between CLEO and IHH Energy Corp. (the "**Purchaser**") and provided for the vesting in the Purchaser of CLEO's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 3.2 to 3.4 of the Sale Agreement have been satisfied or waived by the Proposal Trustee and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser has paid and the Proposal Trustee has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 3.2 to 3.4 of the Sale Agreement have been satisfied or waived by the Proposal Trustee and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.

This Certificate was delivered by the Proposal Trustee at [Time] on [Date].

Alvarez & Marsal Canada Inc. in its capacity as
proposal trustee, and not in its personal capacity
By:

Name:
Title:

SCHEDULE "B"

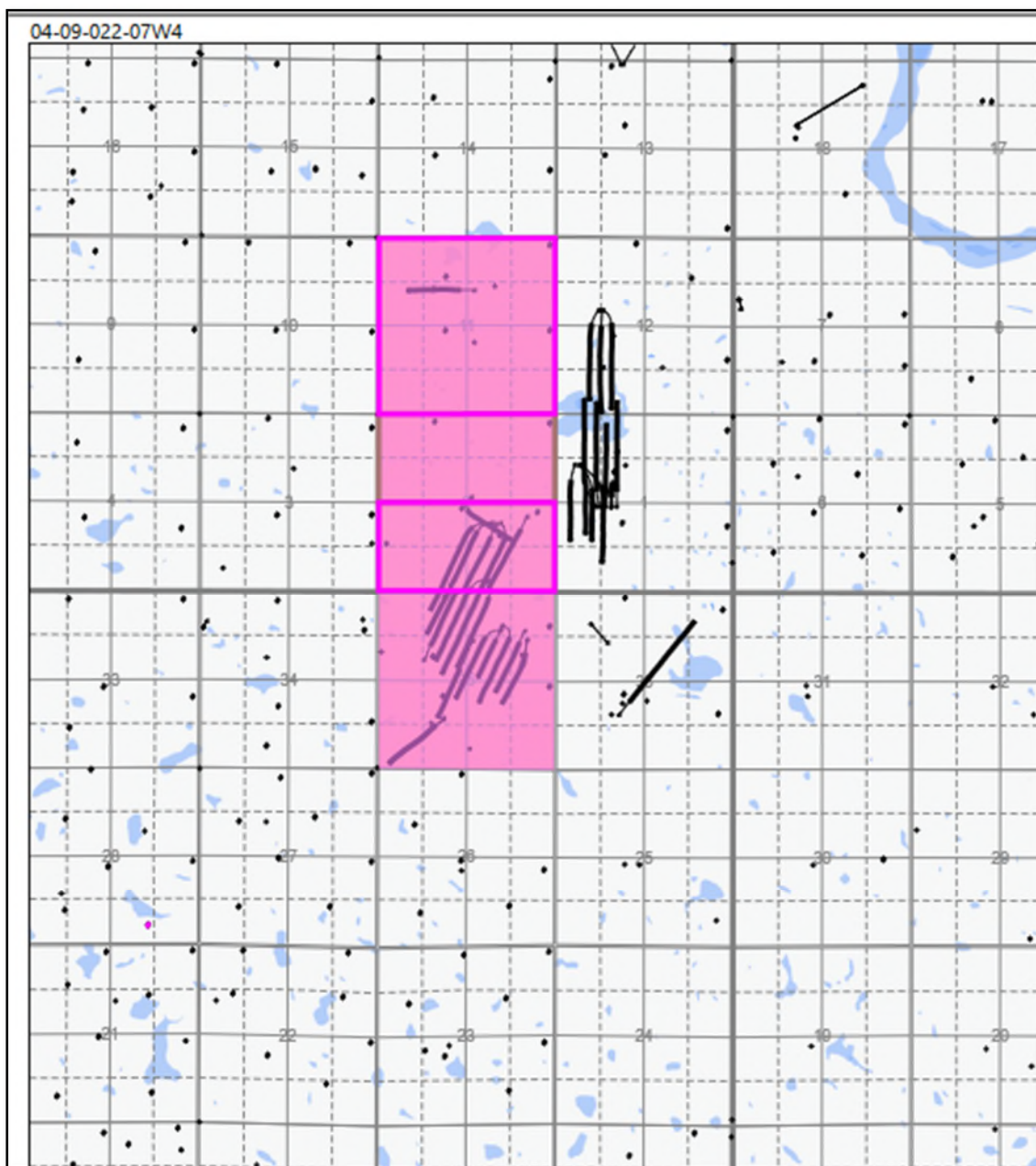
PURCHASED ASSETS

Cleo's entire interest in and to all rights to and in respect of the Leased Substances and the Title Documents, but only to the extent that the Title Documents pertain to the Lands (with capitalized terms having the meanings given to them in the Sale Agreement), including, without limitation:

LANDS AND PETROLEUM AND NATURAL GAS RIGHTS

Title Document	Lands	Petroleum and Natural Gas Rights	Conveyed Interest (%)
AB 0010000029505	T022-07W4: 2SE,SW;11	P&NG from Surface to Base of the Mannville	100
	T022-07W4: 2NE,NW	P&NG from Surface to Base of the Medicine Hat Sd	
AB 0040493090555	T021-07W4: 35	P&NG below Base of the Medicine Hat Sd to Base of the Mannville	100

WHITE MAP AREA



SCHEDULE "C"**ENCUMBRANCES**

Creditor	Alberta PPR Registration Number	Type of Registration
Savanna Well Servicing Inc.	23041225735	Writ of Enforcement
1992169 Alberta Ltd. Oxygen Working Capital Corp	23062929662	Security Agreement
Stephen Ballard	23080419988	Security Agreement
SAVANNA WELL SERVICING INC	23102732847	Writ of Enforcement
FORT MCKAY-SAVANNA ENERGY SERVICES LIMITED PARTNERSHIP	23112427384	Security Agreement
MORGANICK BLENDING SERVICES CORP	24072922827	Writ of Enforcement
STARTEC REFRIGERATION SERVICES LTD	24082929766	Writ of Enforcement
VERTEX PROFESSIONAL SERVICES LTD	24103032735	Writ of Enforcement
Marco Simonelli	24120616078	Security Agreement
MARSHAL RAE HOLDINGS	24120616149	Security Agreement
MANTL CANADA INC.	24120616201	Security Agreement
NEWCART CONTRACTING (1993) LTD.	25011623746	Writ of Enforcement

SCHEDULE “D”

PERMITTED ENCUMBRANCES

- (i) all overriding royalties and other burdens constituting an interest in lands identified in any public registry;
- (ii) any Right of First Refusal or any similar restriction applicable to any of the Assets;
- (iii) the terms and conditions of the Title Documents, including, without limitation, the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor’s interest in any of the Title Documents;
- (iv) the right reserved to or vested in any grantor, Governmental Authority or other public authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;
- (v) easements, right of way, servitudes or other similar rights in land, including, without in any way limiting the generality of the foregoing, rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
- (vi) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets;
- (vii) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than thirty (30) days’ notice (without an early termination penalty or other cost);
- (viii) any obligation of Vendor to hold any portion of its interest in and to any of the Assets in trust for Third Parties;
- (ix) the right reserved to or vested in any municipality, Governmental Authority or other public authority to control or regulate any of the Assets in any manner, including any directives or notices received from any municipality, Governmental Authority or other public authority pertaining to the Assets;
- (x) liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Vendor’s share of the costs and expenses thereof which are not due or delinquent as of the date hereof or, if then due or delinquent are being contested in good faith by Vendor;
- (xi) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (xii) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;
- (xiii) agreements respecting the operation of Wells by contract field operators;
- (xiv) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations;
- (xv) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets; and

(xvi) all overriding royalties or similar interests in the Lands which are not capable of being vested out by the Approval Order under Applicable Law,

(with capitalized terms having the meanings given to them in the Sale Agreement).