

District of: Alberta
Division No. 02 – Calgary
Court No. B201 851343
Estate No. 25-2851343

FORM 92
Notice of Proposal to Creditors
(Section 51 of the Act)
In the Matter of the Notice of Intention to Make Proposal of
Petrolama Energy Canada Inc.
In the City of Calgary, in the province of Alberta

Take notice that Petrolama Energy Canada Inc. of the city of Calgary in the Province of Alberta has lodged with me a proposal under the *Bankruptcy and Insolvency Act*.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed.

A general meeting of the creditors will be held virtually on October 13, 2022 at 10:00 AM on Microsoft Teams:

https://teams.microsoft.com/join/19%3ameeting_MDQ5YjQ5YzYtMjNjMC00NTQyLWlxYWltNjllMTZhMjMzZTQ3%40thread.v2/0?context=%7b%22Tid%22%3a%22dd5e230f-c165-49c4-957f-e203458ffab%22%2c%22Oid%22%3a%22166f26f1-2f85-45a1-95a0-d7cfb331d3d1%22%7d

(please contact Jill Strueby at jstrueby@alvarezandmarsal.com for a link to the Microsoft Teams meeting)

Or, you may attend by phone at + 1 647-749-7010, Conference ID: 228 633 143#

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim must be lodged with me prior to the commencement of the meeting.

Proxies and voting letters intended to be used at the meeting may be filed at any time up until the moment a vote is called.

Dated at the city of Calgary in the Province of Alberta, this 30th day of September 2022.

Alvarez & Marsal Canada Inc. - Licensed Insolvency Trustee

Per:



Orest Konowalchuk – Licensed Insolvency Trustee
Bow Valley Square 4
Suite 1110- 250 6th Ave SW
Calgary AB T2P 3H7
Phone: (403) 538-7555 Fax: (403) 538-7551

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)

District of: Alberta
Division No. 02 - Calgary
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FORM 92 --- Concluded

In the Matter of the Proposal of
Petrolama Energy Canada Inc.
of the City of Calgary, in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
BB Energy USA LLC	2229 San Felipe St. Suite 1075 Houston TX 77019 USA		2,016,735.67
BNSF Rail Jann Gray	Suite 545, Bow Valley Square III 255 - 5th Avenue SW Calgary AB T2P 2G6		9,861.90
CP Rail Lawrence Campbell	Network Service Centre Bldg E7, 478 McPhillips Street Winnipeg MB R2X 2G8		35,162.50
Keyera Energy Inc.	The Ampersand, West Tower 200 144 4th Ave SW Calgary AB T2P 3N4		11,877,701.61
Lama Energy Group sro	Na Florenci 2116/15, 110 00 Prague 1 Prague Czech Republic		24,861.85
Navitas Energy Group	#510 715 5th Avenue SW Calgary AB T2P 2X6		65,510.40
Nefrite Investment a.s	Na Florenci 2116/15, 110 00 Prague 1 Prague Czech Republic		3,055,000.00
Phillips 66 Gulf Coast Properties LLC	2331 City West Blvd. Houston TX 77042 USA		250.00
PMI Trading DAC	c/o Holland & Knight 31 West 52nd Street New York NY 10019 USA		618,486.50
US Venture Inc	425 Better Way Appleton WI 54915 USA		250.00
Total			17,703,820.43

District of: Alberta
Division No. 02 - Calgary
Court No. B201 851343
Estate No. 25-2851343

☒ Original ☐ Amended

Form 78
Statement of Affairs (Business Proposal) made by an entity
(Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the Matter of the Proposal of
Petrolama Energy Canada Inc.
of the City of Calgary, in the Province of Alberta

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 30th day of September 2022. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	17,703,820.43
Balance of secured claims as per list "B"	0.00
Total unsecured creditors	17,703,820.43
2. Secured creditors as per list "B"	0.00
3. Preferred creditors as per list "C"	0.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	0.00
Total liabilities	17,703,820.43
Surplus	NIL

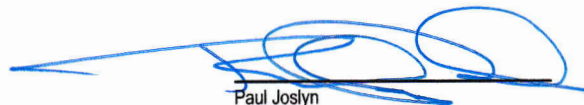
ASSETS (as stated and estimated by the officer)	
1. Inventory	0.00
2. Trade fixtures, etc.	0.00
3. Accounts receivable and other receivables, as per list "E"	
Good	20,000.00
Doubtful	0.00
Bad	0.00
Estimated to produce	20,000.00
4. Bills of exchange, promissory note, etc., as per list "F" ..	0.00
5. Deposits in financial institutions	0.00
6. Cash	15,210.10
7. Livestock	0.00
8. Machinery, equipment and plant	0.00
9. Real property or immovable as per list "G"	0.00
10. Furniture	0.00
11. RRSPs, RRIFFs, life insurance, etc.	0.00
12. Securities (shares, bonds, debentures, etc.)	0.00
13. Interests under wills	0.00
14. Vehicles	0.00
15. Other property, as per list "H"	0.00
If debtor is a corporation, add:	
Amount of subscribed capital	0.00
Amount paid on capital	0.00
Balance subscribed and unpaid	0.00
Estimated to produce	0.00
Total assets	35,210.10
Deficiency	17,668,610.33

I, Paul Joslyn, of the city of Calgary in the Province of Alberta, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 30th day of September 2022 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)
before me at the city of Calgary in the Province of Alberta, on this 30th day of September 2022.



Maggie Grose, Commissioner of Oaths
For the Province of Alberta
Expires January 17, 2023


Paul Joslyn

COURT OF KING'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE DIVISION 1 PROPOSAL OF
PETROLAMA CANADA ENERGY INC.

PROPOSAL TRUSTEE'S REPORT TO CREDITORS

INTRODUCTION

1. On July 27, 2022 ("**Filing Date**"), Petrolama Energy Canada Inc. ("**Petrolama**" or the "**Company**"), filed a Notice of Intention to Make a Proposal (the "**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 NOI ("**A&M**" or the "**Proposal Trustee**").
2. Pursuant to section 50.4(8) of the BIA, the initial stay period under these BIA Proceedings is from July 27, 2022 to August 26, 2022 (the "**Stay Period**"). On August 10, 2022, the Court granted an Order extending the Stay Period to October 10, 2022. On September 28, 2022, a further extension of the Stay Period was granted by the Court, extending the time to file a proposal to November 24, 2022.
3. A copy of the Certificate of Filing of the NOI issued by the Office of the Superintendent of Bankruptcy is attached as Appendix "**A**".
4. The Company prepared and filed its proposal to creditors (the "**Stalking Horse Proposal**") with the Office of the Superintendent of Bankruptcy on September 30, 2022. A copy of the Stalking Horse Proposal is attached as Appendix "**B**".
5. In preparing this report (this "**Report**"), the Proposal Trustee has relied upon unaudited financial information prepared by the Company's representatives, its books and records, discussions with the Company's representatives and its legal counsel. The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information.

6. Unless otherwise stated, monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined in this Report have the meanings attributed to such terms in the Stalking Horse Proposal.

BACKGROUND

7. The Company was incorporated pursuant to the laws of Alberta in January of 2011 and operates a crude oil and natural gas liquids marketing and trading business. Utilizing a US\$70,000,000 credit facility, by 2013 the Company constructed and operated a crude oil blending terminal in Alida, Saskatchewan, and increased its staffing to over 10 personnel. At its peak, in 2014, the Company achieved annual revenues of over \$900,000,000.
8. In July of 2016, the Company sold the majority of its commercial assets to Secure Energy Services Inc. where most of its employees continued as part of that transaction. Thereafter, the Company focused on marketing its Canadian crude oil and propane largely to the United States, including establishing storage facilities contracts with certain mid-stream companies.
9. A number of factors led to the Company's insolvency. These factors include but are not limited to: (i) the loss of bank financing, (ii) the delay in completion of certain facilities, (iii) a regulatory rejection of a material project, (iv) the high cost of crude oil storage under long term contracts, and (v) the 2020 market crash of the price of crude oil and its subsequent volatility.
10. At present, the Company currently has one employee to manage the day-to-day administration, accounting, and marketing. The Company no longer has any oil and gas interests in Canada and is currently party to certain "out of money" contracts and leases relating to crude oil storage tanks and a dock access agreement lease. Following the filing of the NOI, the Company disclaimed three contracts with two counter-parties pursuant to the BIA, which are discussed in this Report. The only asset that may have value is a contract to extract residue waste material from a long-standing pool or lagoon in Texistepc, Mexico, that remains on this site from prior years of significant mining (the "**Mexico Project**"). The Mexico Project is the key basis for the Stalking Horse Proposal.

11. Further information regarding the BIA Proceedings, including materials filed with the Court have been posted on the Proposal Trustee's website at www.alvarezandmarsal.com/petrolama (the "**Website**").

SALE AND INVESTMENT SOLICITATION PROCESS

Overview

12. On August 10, 2022, the Company was granted an order (the "**August 10th Order**") approving, among other things, a sales and investment solicitation process (the "**SISP**"), including the SISP's deeming of the Stalking Horse Proposal to be a Qualified Bid thereunder, and authorizing and directing the Company and the Proposal Trustee to carry out the SISP.
13. The central component of the restructuring process is the Stalking Horse Proposal, which contemplates that 884304 Alberta Ltd. (the "**Stalking Horse Bidder**"), subject to creditor and court approval, will receive 10,000 New Shares in consideration for the full and final satisfaction of the Interim Financing Obligations. All Claims of Existing Shareholders in respect of or arising from their Existing Shares will be fully, finally, irrevocably, and forever compromised, released, discharged, cancelled, and barred effective on the Stalking Horse Proposal being implemented.
14. The Company, with the assistance of the Proposal Trustee, conducted a robust SISP that would seek superior offers to the Stalking Horse Proposal.
15. Petrolama, with the support of the Proposal Trustee, believed that the SISP provided for the greatest flexibility in soliciting and selecting bids from interested parties for the sale of or investment in the business or assets of Petrolama, or for a refinancing, reorganization, recapitalization, restructuring, joint-venture, merger or other business transaction involving the Company, or some combination thereof, and provided the greatest opportunity for the Company to complete a restructuring of its operational and financial affairs.

Summary of the SISP

16. Pursuant to the SISP, all qualified interested parties were provided with an opportunity to participate in the SISP. The SISP was designed to identify the highest and/or best offer for a restructuring and/or refinancing of the Company, a sale of the Company on a going concern basis, or a combination thereof, including a merger, reorganization, recapitalization, primary equity issuance or other similar transaction.
17. The key components of the SISP were as follows:
 - a) on August 12, 2022, the Proposal Trustee, with the assistance of the Company's management, set up a virtual data room (the "**Data Room**") containing due diligence materials;
 - b) on August 12, 2022, the Proposal Trustee, in consultation with the Company, delivered a summary outline of the opportunity (a "**Teaser**") to 42 potential strategic and financial bidders and invited them to execute a non-disclosure agreement ("**NDA**") with the Company;
 - c) on or around August 15, 2022 the Proposal Trustee published a notice of the SISP in the following major publications: The Calgary Herald, The Globe & Mail and Insolvency Insider;
 - d) in order to participate in the SISP, a Qualified Bidder must have delivered a Bid (as defined in the SISP) to the Proposal Trustee, with a copy to the Company, so as to be actually received by the Proposal Trustee by a time not later than 5:00pm (Calgary Time) on September 23, 2022;
 - e) the Proposal Trustee did not receive any Qualified Bids (as defined in the SISP) and, therefore, the Proposal Trustee terminated the SISP; and
 - f) the Stalking Horse Proposal was deemed to be the Successful Bid under the SISP. Accordingly, the Company with the Proposal Trustee are proceedings with the necessary steps to complete the Stalking Horse Proposal and the transactions provided therein.

18. For more information regarding the SISP, readers are advised to review the SISP document in detail, which can be found on the Website.

ASSETS

19. As listed on the Company's statement of affairs, the assets as of the date of this Report include cash held in the Company's bank account of approximately \$15,210 and as discussed above, the only other asset that may have value is the Company's interest in the Mexico Project, which is the basis for the Stalking Horse Proposal. It is anticipated that any cash held by the Company will be utilized for and within these BIA Proceedings.

CREDITORS

20. A complete list of known creditors based on the Company's books and records as at the Filing Date is attached as Appendix "C".
21. As of the Filing Date, the Company's largest creditor is Keyera Energy Inc. ("**Keyera**") for amounts owing related to a contract for the leasing of crude oil storage tanks at the Wildhorse Terminal in Cushing, Oklahoma. Based on the Company's books and records, the amounts owing to creditors is approximately \$18.0 million, including approximately \$11.9 million to Keyera.
22. On September 15, 2022, the Company delivered certain disclaimer agreement notices to Keyera and Phillips 66 Gulf Coast Properties LLC ("**P66**") pursuant to section 65.11 of the BIA. A copy of these two disclaimer agreement notices were signed by the Company and consented to by the Proposal Trustee.
23. The Proposal Trustee anticipates the Claims of Keyera and P66 will increase due to the disclaimer agreement notices.
24. The Company is current on its obligations, including payroll, taxes and rent. The Company's current payables comprise of amounts owing for ongoing operating expenses and investments provided to the Company for the Mexico Project. Accordingly, the Proposal Trustee is not aware of any amounts owing to any preferred creditors under the BIA.

25. There are no secured creditors and the Proposal Trustee is not aware of any potential priority claims, other than the Interim Financing Obligations provided by 884304 Alberta Ltd. (the “**Interim Lender**”), which amounts are outlined in the Updated Forecast (defined below).

CASH FLOW

26. The Company with the assistance of the Proposal Trustee, prepared an updated cash flow forecast (“**Updated Forecast**”) for the period ending November 25, 2022 (“**Forecast Period**”), which was filed with the Official Receiver.
27. The Updated Forecast and the related assumptions are provided in Appendix “**D**”. In reviewing the Updated Forecast, nothing has come to the attention of the Proposal Trustee which would lead the Proposal Trustee to believe that the hypothetical and probable assumptions used by the Company in the preparation of the Updated Forecast are inconsistent with the purpose of the Updated Forecast.
28. The Updated Forecast reflects that the Company is projected to have sufficient liquidity to operate through the completion of the SISP and Stay Period.

STALKING HORSE PROPOSAL

Overview

29. In advance of the SISP, Petrolama entered into discussion with the Stalking Horse Bidder to explore the possibility of participating as a ‘stalking horse’ bidder for the Company.
30. The Stalking Horse Bidder, agreed to participate in such capacity for the SISP and the Proposal Trustee believed that this SISP process would be an effective method to maximize value of the Company. Petrolama negotiated the Stalking Horse Proposal with the Stalking Horse Bidder and the Stalking Horse Proposal was supported by the Proposal Trustee. On August 10, 2022, the Court approved the SISP, which included the Stalking Horse Proposal acting as a stalking horse bid.

31. The Proposal Trustee has summarized certain key points of the Stalking Horse Proposal below. All interested parties are advised to review the Stalking Horse Proposal document in detail, enclosed in this package and available on the Website.

Summary of the Stalking Horse Proposal

32. If the Stalking Horse Proposal, as the Successful Bid, were to be approved by the Affected Creditors and the Court, the Stalking Horse Bidder will receive 10,000 New Shares in consideration for the full and final satisfaction of the Interim Financing Obligations.
33. All Claims of Existing Shareholders in respect of or arising from their Existing Shares will be fully, finally, irrevocably, and forever compromised, released, discharged, cancelled, and barred effective on Proposal Implementation.
34. The primary purpose and effect of the Stalking Horse Proposal is as follows:
- a) to enable the Company to continue conducting a portion of its business which is economically viable as a going concern from and after the Proposal Implementation Date;
 - b) to retract and terminate all Existing Shares with no consideration to be given to Existing Shareholders;
 - c) to amend and restate the Articles to cancel and terminate all classes of Existing Shares, and to create the New Shares and Redeemable Shares and set out the rights of such New Shares and Redeemable Shares;
 - d) to assign and pay to each Affected Creditor their pro rata share of the Net Creditor Recovery Amounts in full and final satisfaction of their respective Affected Claims; and
 - e) to effect a full, final, and irrevocable compromise, release, discharge, cancellation and bar of all Claims other than Unaffected Claims.

Distributions Under Stalking Horse Proposal

35. The Stalking Horse Proposal provides for the full payment of any Crown Priority Claims, as required by the BIA. The Stalking Horse Proposal does not provide for the payment of any equity claims.
36. After the Company provides the Residue Material to Gunvor up to the value of the Gunvor Advances in satisfaction of any claims of Gunvor for the Gunvor Advances, and after the Company pays Proceeds (as defined in the Commodities Contract) as and when they may be received from time to time: (i) to satisfy any amounts owing which are the subject of the Administration Charge and, thereafter (ii) to the Subsection 5.1 (a) Payees in accordance with the terms of the Commodities Contract, and, thereafter, (iii) to the Subsection 5.1 (b) Payee in accordance with the terms of the Commodities Contract, then:
- a) each Affected Creditor shall have allocated to them their pro-rata share of 50% of the first USD \$6,000,000 in Proceeds as and when they may be received by the Company from time to time pursuant to subsection 5.1(c) of the Commodities Contract. For greater certainty, the total allocation to all Affected Claims shall be up to but shall not exceed USD \$3,000,000.
 - b) thereafter, following the Company making payments of Proceeds as and when they are received from time to time to the Subsection 5.1 (d) Payee, the Subsection 5.1 (e) Payee, the Subsection 5.1 (f) Payee, if applicable, and the Subsection 5.1 (g) Payee, in that order in accordance with the terms of the Commodities Contract, each Affected Creditor shall have allocated to it their pro-rata share of 50% of such Proceeds as and when they may be received by the Company from time to time pursuant to subsections 5.1 (h) and (i) of the Commodities Contract; and
 - c) thereafter, in accordance with the terms of the Commodities Contract, the Company will pay any remaining Proceeds to the Subsection 5.1 (j) Payee.
37. The Company shall promptly apply to each Affected Creditor its pro rata share of the Net Creditor Recovery Amounts, promptly pay to the Proposal Trustee the amount representing

the the allocations referenced in subparagraphs 36 (a) and (b), and in three month intervals from the Proposal Implementation Date, the Proposal Trustee will pay from the funds it has received from the Company and in accordance with the BIA:

a) the Levy; and

b) the assigned Net Creditor Recovery Amounts to each Affected Creditor, receipt of which shall be in full and final satisfaction of the Affected Claims.

38. The range of dividends that may become available for distribution to Affected Creditors is between USD \$0 and USD \$9.0 million.

39. A full distribution waterfall is outlined in Appendix “E”.

Claims Process

40. In order to receive a distribution, a Creditor must submit, or be deemed to have submitted, a Proof of Claim within thirty (30) days of the mailing of the notice pursuant to paragraph 3.4 of the Stalking Horse Proposal and subject to any exception set out in sections 149(2), (3), (4) and 150 of the BIA.

41. The Proposal Trustee shall examine the Proof of Claim and shall deal with each Claim in accordance with the provisions of the BIA. The Proposal Trustee shall have the power and authority to determine the validity of all Claims made against the Company, including the validity of any security held by Persons claiming to be secured Creditors of the Company.

Meeting of Creditors

42. In order to vote on the Stalking Horse Proposal or to receive the Net Creditor Recovery Amounts under the Stalking Horse Proposal, each Creditor must file a Proof of Claim in accordance with the BIA and as instructed in the Voting Letter.

43. The Stalking Horse Proposal is subject to acceptance by way of a resolution of Affected Creditors under the Stalking Horse Proposal at the meeting of creditors to be held on October 13, 2022, at 10 am (Calgary time). The vote must pass by a majority of Affected

Creditors in number and by 2/3rd of the Proven Claims in dollar value. If passed, the Proposal Trustee must apply to court within 5 days to have the Stalking Horse Proposal approved by the Court.

44. If the Stalking Horse Proposal does not receive the requisite majorities of Affected Creditor votes, or if the Court does not approve the Stalking Horse Proposal, then the Company is deemed to have made an assignment in bankruptcy on that day and a meeting of creditors is to be held with respect to the bankruptcy.
45. Details for the meeting of creditors to consider the Stalking Horse Proposal are as follows:
 - a) October 13, 2022 at 10:00 am (Calgary time)
 - b) Held virtually on Microsoft Teams Video Conference:
 - i. https://teams.microsoft.com/l/meetup-join/19%3ameeting_MDQ5YjQ5YzYtMjNjMC00NTQyLWlxYWItNjllMTZhMjMzZTQ3%40thread.v2/0?context=%7b%22Tid%22%3a%22dd5e230f-c165-49c4-957f-e203458ffab%22%2c%22Oid%22%3a%22166f26f1-2f85-45a1-95a0-d7cfb331d3d1%22%7d
 - ii. Dial in: +1 647-749-7010

Conference ID: 228 633 143#
46. At the Creditors' Meeting, the Affected Creditors will be entitled but not required to appoint one or more, but not exceeding five (5), Inspectors, whose powers shall be as follows:
 - a) advising the Proposal Trustee in respect of such matters as may be referred to the Inspectors by the Proposal Trustee;
 - b) advising the Proposal Trustee concerning any dispute that may arise as to the validity of the Claims asserted in the Stalking Horse Proposal;

- c) exercising all powers given to the Inspectors of a bankrupt estate appointed pursuant to the provisions of the BIA; and
- d) altering or extending the time for payments to be made pursuant to this Stalking Horse Proposal, but not the total amount paid.

47. The only Persons entitled to attend and speak at the Creditors' Meeting are:

- a) the Proposal Trustee and its legal counsel;
- b) the Affected Creditors (including the holders of proxies) with Affected Claims and their legal counsel;
- c) the Stalking Horse Bidder and its legal counsel;
- d) the Company and its legal counsel; and
- e) any other Person admitted on invitation of the chair of the Creditors' Meeting.

48. Affected Creditors who do not wish to attend or be represented at the meeting, but who wish to vote, may forward their Proofs of Claim and Voting Letters to the Proposal Trustee so as to be received prior to the Creditors' Meeting.

PROPOSAL TRUSTEE'S RECOMMENDATIONS

49. The Proposal Trustee is supportive of the Stalking Horse Proposal for the following reasons:

- a) the Stalking Horse Proposal provides Affected Creditors with the best chance of recovering any amounts owing by the Company through the potential Net Creditor Recovery Amounts;
- b) if the Stalking Horse Proposal is not accepted by the requisite majorities of Affected Creditors, the Company will be deemed to have made an assignment in bankruptcy;

- c) in a bankruptcy, the Claims of the Affected Creditors will rank below that of the BIA Charges, with no funds expected to be available for Affected Creditors as outlined in the analysis at Appendix “F”;
- d) the Stalking Horse Proposal provides the Company with an opportunity to continue operating as a going concern;
- e) the Company has acted in good faith and with due diligence, including during the filing and in preparing the Stalking Horse Proposal; and
- f) the Proposal Trustee, in coordination with the Company, conducted a fulsome sales and investment solicitation process that resulted in no other offers, indicating that the Stalking Horse Proposal is the best available outcome for the Company and its creditors.

Dated this 30th day of September, 2022

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Proposal Trustee of
Petrolama Energy Canada Inc. and
not in its personal or corporate capacity**



Jill Strueby, LIT
Vice-President



Cassie Riglin, LIT
Senior Vice-President

Appendix A



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-2851343
Estate No. 25-2851343

In the Matter of the Notice of Intention to make a proposal of:

Petrolama Energy Canada Inc.

Insolvent Person

ALVAREZ & MARSAL CANADA INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

July 27, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

-- AMENDED --

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: July 28, 2022, 10:40

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

Appendix B

COURT FILE NUMBER 25-2851343

ESTATE NUMBER

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL UNDER SECTION 50.4(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, C
B-3, AS AMENDED, OF PETROLAMA ENERGY
CANADA INC.

DOCUMENT **PROPOSAL**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Jensen Shawa Solomon Duguid Hawkes LLP
304 8 Ave SW #800
Calgary, AB T2P 1C2

Attention: Christa Nicholson KC / Angad Bedi
E-mail: nicholsonc@jssbarristers.ca /
bedia@jssbarristers.ca

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**PROPOSAL MADE UNDER DIVISION I OF PART III
OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3**

RECITALS

- A. The Company is a corporation governed by the laws of the Province of Alberta and is insolvent.
- B. The Company commenced the BIA Proceedings under the BIA and obtained the Approval Order from the Honourable Justice K.M. Horner on August 10, 2022, which, among other things, approved the SISP including its deeming of the Stalking Horse Proposal as a Qualified Bid under the SISP, and extended the period within which the Company is required to file a proposal to its Creditors with the Official Receiver under Subsection 62(1) of the BIA by 45 days to and including October 10, 2022.
- C. Pursuant to the SISP and this Stalking Horse Proposal, the Company, with the assistance of and under the supervision of the Proposal Trustee, agreed to, among other things: (i) conduct the SISP in accordance with its terms; and (ii) in the event that the Stalking Horse Bidder is selected as the Successful Bidder, present this Stalking Horse Proposal to its Creditors.
- D. The SISP has concluded with the selection of the Stalking Horse Bidder as the Successful Bidder.

NOW THEREFORE the Company hereby proposes and presents this Stalking Horse Proposal under and pursuant to the BIA:

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

The following capitalized terms will have the meanings set out below:

"ABCA" means the *Business Corporations Act* (Alberta) RSA 2000, c B-9.

"Administration Charge" means a charge on the Collateral created under the Approval Order in an aggregate amount not to exceed Cdn \$250,000.00 securing the Administration Obligations, as such charge may be amended by any other Order in the BIA Proceedings.

"Administration Obligations" means the indebtedness, liabilities, and Obligations of the Company in respect of the unpaid professional fees and disbursements of the Proposal Trustee, the Proposal Trustee's legal counsel, and the Company's legal counsel, in connection with the BIA Proceedings that were and are incurred both before and after the granting of the Approval Order.

"Affected Claims" means all Proven Claims.

"Affected Creditors" means any Creditor holding an Affected Claim.

"Applicable Law" means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline, or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law.

"Approval Order" means the Order of the Honourable Justice K.M. Horner in the BIA Proceedings pronounced on August 10, 2022.

"Arrangement Agreement" means the Arrangement Agreement dated as of the August 2, 2022, between the Company and the Stalking Horse Bidder and any amendments thereto.

"Articles" means the articles of reorganization of the Company to be filed pursuant to Section 7.1(a) whereby the Company will amend its share terms.

"BIA" means the *Bankruptcy and Insolvency Act* (Canada), RSC 1985, c B-3.

"BIA Charges" means, collectively, the super-priority charges granted by the Court in the BIA Proceedings, including the Administration Charge, Directors' and Officers' Charge, and the Interim Lender Charge.

"BIA Proceedings" means these proceedings initiated by the Company on the Filing Date by filing a Notice of Intention to Make a Proposal pursuant to Section 50.4 the BIA.

"Business" means the business and operations carried on by the Company as at the Filing Date, and, for greater certainty, excludes the business and operations carried on by the Company after the Plan Implementation.

"Business Day" means each day other than a Saturday or Sunday or a statutory or civic holiday on which banks are open for business in Calgary, Alberta.

"Claim" includes any right or claim (including, without limitation, an Equity Claim) of any Person that may be asserted or made in whole or in part against the Company, whether or not asserted or made in connection with any indebtedness, liability, Obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or Obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, which indebtedness, liability or Obligation, and any interest accrued thereon or costs payable in respect thereof (i) is based in whole or in part on facts prior to the Filing Date, (ii) relates to a time period prior to the Filing Date,

or (iii) is a right or claim of any kind that would be a claim provable in bankruptcy (within the meaning of Section 2 of the BIA) had the Company become bankrupt on the Filing Date.

"Clark" means Brain N Clark, a party to an Investment Acknowledgement dated February 1, 2021.

"Commodities Contract" means the Commodities Sales/Purchase Agreement dated April 11, 2019, between Petrolama Energy Canada Inc., as buyer, Lago Energy Corp., as seller, and Navitas Energy Group Ltd., as Lender, as amended by a Waiver and Amendment to Commodities Agreement dated May 18, 2021.

"Company" means Petrolama Energy Canada Inc.

"Court" means the Court of King's Bench of Alberta, Judicial Centre of Calgary.

"Creditor" means any Person holding a Claim against the Company.

"Creditors' Meeting" means the meeting of the Affected Creditors to be called and held pursuant to Section 51(1) of the BIA for the purpose of considering and voting upon this Stalking Horse Proposal and includes any adjournment of such meeting.

"Deer Run" means Deer Run Ponte Vedra LLC.

"Directors" means any past or present directors of the Company.

"Directors' and Officers' Charge" means a court-ordered charge on the Collateral created under the Approval Order, ranking second in priority subject only to the Administration Charge, in an aggregate amount not to exceed Cdn \$65,000 to secure the indebtedness, liabilities and obligations of the directors and officers of the Company that are incurred after the commencement of the BIA Proceedings.

"Effective Time" means 12:01 a.m. (Calgary time) on the Proposal Implementation Date or such other time on such date as the Company, the Stalking Horse Bidder and the Proposal Trustee agree in writing.

"Encumbrance" means any mortgage, charge, security interest, pledge, assignment, hypothecation, title retention, finance lease or trust (whether contractual, statutory, or otherwise) securing payment or performance of any Claim, or any lien, restriction, option, adverse claim, right of others or other encumbrance of any kind.

"Equity Claim" has the meaning ascribed to it in the BIA.

"Equity Interest" has the meaning ascribed to it in the BIA.

"Existing Shareholder" means any holder of Existing Shares.

"Existing Shares" includes all Equity Interests in the Company and all common shares, preferred shares and other securities (including stock options, warrants or other rights to acquire securities of any nature of the Company) in the capital of or issued by the Company and, for greater certainty, without restricting the generality of the foregoing, includes all issued and outstanding Class A Common Shares and Class B Common Shares in the capital of the Company.

"Filing Date" means July 27, 2022.

"Final Certificate" has the meaning ascribed to it in Section 9.2(f).

"Governmental Authority" means any federal, provincial, state, local, municipal, regional, territorial, aboriginal, or other government, governmental or public department, branch, ministry, or court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

"Gunvor" means Gunvor USA, LLC.

"Gunvor Contract" means the Deal Confirmation dated October 28, 2020 between Petrolama Energy Canada Inc. and Gunvor, as amended on November 12, 2020.

"Gunvor Advances " means a claim for US\$1,250,000 consisting of (i) a prepayment of US\$1,050,000 made by Gunvor between November 13, 2020 and April 28, 2022 for certain Residue Material; and (ii) a US\$200,000 advance to be provided by Gunvor as needed to begin production and shipment of Residue Material.

"Interim Financing Obligations" means the indebtedness, liabilities, and Obligations of the Company with respect to the debtor-in-possession interim financing facility approved by the Court pursuant to the Approval Order.

"Interim Lender Charge" means the charge created under the Approval Order securing the Interim Financing Obligations, subject to the limits set out in the Approval Order or in any other Order.

"ITA" means the *Income Tax Act* (Canada), RSC 1985, c 1 (5th Supp).

"Levy" is defined in Section 6.6.

"Lotam" means LOTAM Capital Inc., a party to an Investment Acknowledgement dated January 19, 2021

"Navitas" means Navitas Energy Group Ltd.

"Net Creditor Recovery Amounts" is defined in Section 6.6.

"New Directors" means the Person or Persons selected to serve as directors of the Company by the Stalking Horse Bidder.

"New Shares" means the Voting Common Shares of the Company authorized and issued as part of the Plan of Reorganization having the rights, restrictions and conditions set out in Schedule A of the Plan of Reorganization.

"Obligations" means any indebtedness, liabilities, and obligations, whether present, future, direct, indirect, liquidated, or contingent, whether due or accruing due or to become due, owed by the Company to any Person.

"Odyssey" means OdysseyNRG Ltd., a party to an Investment Acknowledgement dated February 1, 2021.

"Officers" means any past and present senior officers of the Company.

"Official Receiver" has the meaning ascribed thereto in the BIA.

"Order" means an order of the Court in the BIA Proceedings.

"Payees" means the all of the following: the Subsection 5.1 (a) Payees, the Subsection 5.1 (b) Payee, the Subsection 5.1 (d) Payee, the Subsection 5.1 (e) Payee, the Subsection 5.1 (f) Payee, Subsection 5.1 (g) Payee, the Subsection 5.1 (h) Payee, the Subsection 5.1 (i) Payee, and the Subsection 5.1 (j) Payee.

"Person" will be broadly interpreted and includes, without limitation: (i) a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person; (ii) a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and (iii) a Governmental Authority.

"Petrolama Allocation" and **"Petrolama Allocations"** each have the meaning ascribed to them in Section 6.6.

"Plan of Reorganization" means the proposed plan of reorganization of the Company's share capital pursuant to Section 192 of the ABCA contemplated by the Arrangement Agreement.

"Proof of Claim" means the proof of Claim required by the BIA to be mailed to each known Creditor prior to the Creditors' Meeting.

"Proposal Approval Order" is defined in Section 9.2.

"Proposal Implementation" means the fulfillment, satisfaction or waiver of the conditions set out in Section 10.1 and the occurrence or effecting of the steps set out in Section 7.1.

"Proposal Implementation Date" means the date on which Proposal Implementation occurs.

"Proven Claim" means a Claim to the extent that such Claim is finally determined and valued in accordance with the provisions of the BIA, or an Order pronounced in the BIA Proceedings.

"Proposal Trustee" means Alvarez & Marsal Canada Inc., in its capacity as proposal trustee of the Company in the BIA Proceedings and not in its personal or corporate capacity.

"Proposal Trustee's Certificate" is defined in Section 10.3.

"Redeemable Shares" means the Redeemable Common Shares of the Company authorized and issued as part of the Plan of Reorganization having the rights, restrictions and conditions set out in Schedule A to the Plan of Reorganization.

"Released Party" is defined in Section 8.1.

"Required Majority" means the majority in number of the Affected Creditors who represent at least two-thirds in value of such Affected Creditors who actually vote on the resolution approving the Stalking Horse Proposal (in person or by proxy) at the Creditors' Meeting.

"Residue Material" means residue waste material from Texistepec, Mexico which is the subject of, among other things, the Commodities Contract and the Gunvor Contract.

"SISP" means the sale and investor solicitation process approved by the Court pursuant to the Approval Order.

"Stalking Horse Bidder" means 884304 Alberta Ltd.

"Stalking Horse Proposal" means this proposal filed by the Company pursuant to the BIA, as it may be further amended, supplemented, or restated from time to time in accordance with the terms hereof or any Order or the Court.

"Subsection 5.1 (a) Payees" means:

- (a) Lotam in relation to its rights pursuant to subsection 5.1 (a) of the Commodities Contract and an Investment Acknowledgement dated January 19, 2021 as more particularly described in **Schedule "B"** hereto, in that capacity, which shall be treated *pari pasu* with all Subsection 5.1 (a) Payees;
- (b) Odyssey in relation to its rights pursuant to subsection 5.1 (a) of the Commodities Contract and an Investment Acknowledgement dated February 1, 2021 as more particularly described in **Schedule "B"** hereto, in that capacity; to be treated *pari pasu* with all Subsection 5.1(a) Payees;
- (c) Clark in relation to his rights pursuant to subsection 5.1 (a) of the Commodities Contract as a and an Investment Acknowledgement dated February 1, 2021 as more particularly described in **Schedule "B"** hereto, in that capacity which shall be treated *pari pasu* with all Subsection 5.1(a) Payees;
- (d) Deer Run in relation to a claim pursuant to subsection 5.1 (a) of the Commodities Contract and a Services Agreement made as of April 15, 2021 as more particularly described in **Schedule "B"** hereto, in that capacity which shall be treated *pari pasu* with all Subsection 5.1 (a) Payees; and
- (e) All other payees under subsection 5.1 (a) of the Commodities Contract.

"Subsection 5.1 (b) Payee" means Navitas in relation to its rights pursuant to subsection 5.1 (b) of the Commodities Contract.

"Subsection 5.1 (d) Payee" means Lago in relation to its rights pursuant to subsection 5.1 (d) of the Commodities Contract.

"Subsection 5.1 (e) Payee" means USV in relation to its rights pursuant to subsection 5.1 (e) of the Commodities Contract and a Loan Agreement dated May 2021.

"Subsection 5.1 (f) Payee" means Lago in relation to its rights pursuant to subsection 5.1 (f) of the Commodities Contract.

"Subsection 5.1 (g) Payee" means USV in relation to its rights pursuant to subsection 5.1 (g) of the Commodities Contract and a Loan Agreement dated May 2021.

"Subsection 5.1 (h) Payee" means Petrolama and Navitas in relation to their respective rights pursuant to subsection 5.1 (h) of the Commodities Contract.

"Subsection 5.1 (i) Payee" means Petrolama and Lago in relation to their respective rights pursuant to subsection 5.1 (i) of the Commodities Contract and Loan Agreement dated May 2021.

"Subsection 5.1 (j) Payee" means Lago and Navitas in relation to their rights pursuant to subsection 5.1 (j) of the Commodities Contract.

"Successful Bid" has the meaning ascribed to it in the SISP.

"Successful Bidder" has the meaning ascribed to it in the SISP.

"USV" means U.S. Venture, Inc.

"Unaffected Claims" means:

- (i) any Claims contemplated by Section 178(1) of the BIA;
- (ii) any Claims contemplated by Section 60(1.1) of the BIA;
- (iii) the rights and claims of the Payees and Gunvor pursuant to the Gunvor Advances; and
- (iv) all other Claims that the Stalking Horse Bidder agrees in writing, with the prior written consent of the Proposal Trustee, to treat as an Unaffected Claim at or prior to the Creditors' Meeting.

"Unaffected Creditor" means any Person holding an Unaffected Claim.

"Voting Letter" shall mean the voting letter required by Subsection 51(1) of the BIA to be mailed to each known Creditor prior to the Creditors' Meeting.

1.2 Certain Rules of Interpretation

For the purposes of this Stalking Horse Proposal:

- (a) any reference in this Stalking Horse Proposal to a contract, instrument, release, indenture or other agreement or document being in a particular form or on

particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;

- (b) any reference in this Stalking Horse Proposal to an Order or an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented;
- (c) the division of this Stalking Horse Proposal into Articles and Sections are for convenience of reference only and do not affect the construction or interpretation of this Stalking Horse Proposal, nor are the descriptive headings of Articles and Sections intended as complete or accurate descriptions of the content thereof;
- (d) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of this Stalking Horse Proposal to such Person (or Persons) or circumstances as the context otherwise permits;
- (e) the words "includes" and "including" and similar terms of inclusion will not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather will mean "includes but is not limited to" and "including but not limited to", so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;
- (f) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Calgary, Alberta and any reference to an event occurring on a Business Day will mean prior to 5:00 p.m. (Calgary time) on such Business Day;
- (g) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;
- (h) unless otherwise provided, any reference to a statute or other enactment of parliament, a legislature or other Governmental Authority includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (i) references to a specific Recital, Article or Section of this Stalking Horse Proposal will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specific Recital, Article or Section of this Stalking Horse Proposal, whereas the terms "this Stalking Horse Proposal", "hereof", "herein", "hereto", "hereunder" and similar expressions will be deemed to refer generally to this Stalking Horse Proposal and not to any particular Recital, Article, Section or other portion of this Stalking Horse Proposal and include any documents supplemental hereto; and
- (j) the word "or" is not exclusive.

1.3 Successors and Assigns

This Stalking Horse Proposal will be binding upon and will enure to the benefit of the respective heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in this Stalking Horse Proposal.

1.4 Currency

For the purposes of this Stalking Horse Proposal, all amounts will be denominated in Canadian dollars. Any Claims or other amounts denominated in a foreign currency will be converted to Canadian dollars at the Bank of Canada exchange rate on the Filing Date.

1.5 Governing Law

This Stalking Horse Proposal will be governed by and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. All questions as to the interpretation or application of this Stalking Horse Proposal and all proceedings taken in connection with this Stalking Horse Proposal and its provisions will be subject to the jurisdiction of the Court.

ARTICLE 2 PURPOSE AND EFFECT OF THE STALKING HORSE PROPOSAL

2.1 Purpose and Effect

The purpose and effect of this Stalking Horse Proposal is:

- (a) to enable the Company to continue conducting a portion of its Business which is economically viable as a going concern from and after the Proposal Implementation Date;
- (b) to retract and terminate all Existing Shares with no consideration to be given to Existing Shareholders;
- (c) to amend and restate the Articles to cancel and terminate all classes of Existing Shares, and to create the New Shares and Redeemable Shares and set out the rights of such New Shares and Redeemable Shares;
- (d) to assign to each Affected Creditor their pro rata share of the Net Creditor Recovery Amounts in full and final satisfaction of their respective Affected Claims; and
- (e) to effect a full, final, and irrevocable compromise, release, discharge, cancellation and bar of all Claims other than Unaffected Claims.

This Stalking Horse Proposal is put forward in the expectation that the Persons with an economic interest in the Company, when considered as a whole, will derive a greater benefit from the implementation of this Stalking Horse Proposal and the continuation of certain parts of the Business as a going concern than would result from a bankruptcy, receivership, or liquidation of the Company.

2.2 Persons Affected by this Stalking Horse Proposal

This Stalking Horse Proposal affects:

- (a) the Affected Creditors;
- (b) any Creditor having a Claim that is barred, released, and extinguished under Section 5.1; and
- (c) the Existing Shareholders through the retraction, termination, and cancellation of the Existing Shares.

2.3 Unaffected Claims

Any Unaffected Claims will be satisfied by the Company in the manner and to the extent contemplated in Section 6.2 and are therefore uncompromised by this Stalking Horse Proposal.

All liabilities of the Released Parties in respect of Unaffected Claims, other than the liability of the Company to satisfy the Unaffected Claims in the manner and to the extent contemplated in Section 6.2, will be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred pursuant to Article 8.

Nothing in this Stalking Horse Proposal will affect the Company's rights and defences, both legal and equitable, with respect to any Unaffected Claims, including but not limited to, all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

ARTICLE 3 CLASSIFICATION, VOTING AND RELATED MATTERS

3.1 Claims Procedure

The procedure for determining the validity, priority and quantum of all Claims will be governed by this Stalking Horse Proposal, the BIA, and any further Order in the BIA Proceedings. A Creditor will, in respect of its own Claim, have the right to seek the assistance of the Court in valuing any Claim in accordance with the BIA.

Nothing in this Stalking Horse Proposal will give or be interpreted to give any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the BIA.

3.2 Filing of Proofs of Claim

In order to vote on this Stalking Horse Proposal or to receive the Net Creditor Recovery Amounts under this Stalking Horse Proposal, each Creditor shall file a Proof of Claim in accordance with the BIA and as instructed in the Voting Letter.

3.3 Allowance or Disallowance of Claims by the Proposal Trustee

Upon receipt of a completed Proof of Claim, the Proposal Trustee shall examine the Proof of Claim and shall deal with each Claim in accordance with the provisions of the BIA. The Proposal Trustee shall have the power and authority to determine the validity of all Claims made against the

Company, including the validity of any security held by Persons claiming to be secured Creditors of the Company.

3.4 Claims Bar Process

Forthwith after the Creditors' Meeting, the Proposal Trustee shall give notice pursuant to Section 149 of the BIA, by registered mail, to every Person with an Affected Claim that the Proposal Trustee has notice or knowledge of, but whose Claim has not been filed or proved that if such Person does not prove its Claim within a period of thirty (30) days after the mailing of the notice, the Proposal Trustee will proceed to declare a final dividend without regard to such Person's Claim. Any Person so notified who does not provide its Claim within the said thirty (30) day period shall be barred from making a Claim in this Stalking Horse Proposal or sharing in any distribution hereunder, subject to any exceptions set out in Subsections 149(2), (3) and (4) of the BIA.

ARTICLE 4 MEETING OF CREDITORS

4.1 Creditors' Meeting

The Creditors' Meeting will be held in accordance with Division I of Part III of the BIA. The only Persons entitled to attend the Creditors' Meeting are:

- (a) the Proposal Trustee and its legal counsel;
- (b) the Affected Creditors (including the holders of proxies) with Affected Claims and their legal counsel;
- (c) the Stalking Horse Bidder and its legal counsel;
- (d) the Company and its legal counsel; and
- (e) any other Person admitted on invitation of the chair of the Creditors' Meeting.

4.2 Time and Place of Meeting

The Creditors' Meeting shall be held at a time and through the remote video conferencing service selected by the Proposal Trustee and confirmed in its notices of meeting to be sent in accordance with Directive No. 22R2 from the Office of the Superintendent of Bankruptcy Canada, unless otherwise established by the Court.

All Proofs of Claim shall be delivered in accordance with the provisions of this Stalking Horse Proposal, the BIA, Directive No. 22R2, and any Order which may be issued by the Court in respect of the procedure governing the Creditors' Meeting.

4.3 Adjournment of Meeting

The Creditors' Meeting may be adjourned in accordance with Section 52 of the BIA.

4.4 Approval of this Stalking Horse Proposal by the Affected Creditors

This Stalking Horse Proposal is to be voted on by the Affected Creditors at the Creditors' Meeting. Each Affected Creditor entitled to vote at the Creditors' Meeting will be entitled to one vote for each dollar in value of its Affected Claim for the purposes of determining a majority in value, and each Affected Creditor shall count as one vote for determining a majority in number.

In order for this Stalking Horse Proposal to be approved by the Affected Creditors, it must receive the affirmative vote of the Required Majority at the Creditors' Meeting.

4.5 Creditors with Unaffected Claims

No Unaffected Creditor in respect of an Unaffected Claim will be entitled to vote on this Stalking Horse Proposal or attend the Creditors' Meeting.

4.6 Existing Shareholders

No Existing Shareholder in respect of its Existing Shares or in respect of any Equity Claim will be entitled to vote on this Stalking Horse Proposal or to attend the Creditors' Meeting.

ARTICLE 5 RESTRUCTURING OF THE COMPANY

5.1 Release and Extinguishment of Claims

Effective upon Proposal Implementation and subject to the conditions precedent set forth in Section 10.1 being satisfied or waived, each Claim that does not constitute an Unaffected Claim shall be fully, finally, irrevocably and forever released, discharged, cancelled and extinguished. Any Person holding such a Claim shall be forever barred, estopped, restrained, and permanently stayed from asserting such a Claim against the Company.

5.2 Corporate Actions

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Stalking Horse Proposal involving corporate action of the Company will occur and be effective as of Proposal Implementation and upon filing of the Articles, and will be authorized and approved under this Stalking Horse Proposal and by the Court, where appropriate, as part of the Approval Order, in all respects and for all purposes without any requirement of further action by the Existing Shareholders or current Directors or Officers of the Company. All necessary approvals to take actions will be deemed by the granting of the Proposal Approval Order to have been obtained from the current Directors or Existing Shareholders, as applicable, including the deemed passing by any class of Existing Shareholders of any resolution or special resolution.

5.3 Treatment of Existing Shares

Effective upon Proposal Implementation and filing of the Articles, the Articles will be amended and the authorized share capital of the Company shall consist of two classes of shares, being New Shares and Redeemable Shares, having the terms set forth in Schedule A of the Plan of Reorganization. The issued and outstanding Existing Shares will be re-designated as fully paid and non-assessable Redeemable Shares, on a one-for-one basis, without any action required on

the part of the Existing Shareholders. Following the re-designation, the Redeemable Shares will be deemed to be retracted and to be fully, finally, and irrevocably cancelled and extinguished for fair market value (such value being equal to nil) in accordance with the terms of the Redeemable Shares and any and all Claims of the Existing Shareholders in respect of or arising from the Existing Shares will be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred.

5.4 Other Securities

For greater certainty, effective on Proposal Implementation, all other Equity Interests and securities of whatsoever description in the capital of the Company in existence immediately before the Proposal Implementation Date will be terminated and any Claims of any Person thereunder or arising as a result of such termination will be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred.

5.5 Repudiation of Contracts

To the extent not previously repudiated, effective on the Proposal Implementation Date, the Company hereby repudiates all contracts, arrangements, agreements, leases, and indentures written or oral between the Company and all Persons, including but not limited to those referenced in **Schedule "A"** hereto, and the Claims of each Person resulting or arising from the repudiation of such contracts, arrangements, agreements, leases, and indentures shall be an unsecured Claim in this Stalking Horse Proposal.

5.6 Retained Contracts

Notwithstanding Section 5.5 above, following the Proposal Implementation Date, the Company will retain, in full force and effect, such contracts, arrangements, agreements, leases and indentures as are referenced in **Schedule "B"** hereto.

ARTICLE 6 DISTRIBUTIONS

6.1 Issuance of New Shares to the Stalking Horse Bidder

On the Proposal Implementation Date, in accordance with this Stalking Horse Proposal and subject to the conditions precedent set forth in Section 10.1 being satisfied or waived, the Stalking Horse Bidder will receive 10,000 New Shares in consideration for the full and final satisfaction of the Interim Financing Obligations.

6.2 Unaffected Creditors

No Unaffected Creditor will be entitled to receive any distribution, dividend, or payment under this Stalking Horse Proposal. At or after Proposal Implementation, all Unaffected Creditors will be paid in accordance with the existing terms and conditions of their contractual arrangements with the Company or on such other terms and conditions as may be agreed to by each of the Company and the Unaffected Creditor in writing. For greater certainty: (i) nothing in this Stalking Horse Proposal will affect the rights that any Unaffected Creditor has or may have with respect to any Unaffected Claims and all such rights shall continue and be unaffected by this Stalking Horse Proposal.

6.3 Crown Priority Claims

Within six (6) months after Proposal Implementation, the Company will pay in full to Her Majesty in Right of Canada or any province any amount of a kind that could be subject to a demand under the statutory provision referred to in Section 54(2.1) of the BIA that was outstanding on the Filing Date which has not been paid by Proposal Implementation.

6.4 Existing Shareholders

No Existing Shareholder in respect of its Existing Shares will be entitled to receive any consideration under this Stalking Horse Proposal. All Claims of Existing Shareholders in respect of or arising from their Existing Shares will be fully, finally, irrevocably, and forever compromised, released, discharged, cancelled, and barred effective on Proposal Implementation.

6.5 Withholding Rights

The Company will be entitled to deduct or withhold from any amount payable to any Person under this Stalking Horse Proposal such amounts as it is required to deduct and withhold with respect to such payment under the ITA. To the extent that amounts are so withheld or deducted, such withheld or deducted amounts will be treated for all purposes under this Stalking Horse Proposal as having been paid to the Person in respect of which such deduction or withholding was made, provided that such amounts are actually remitted to the Governmental Authority to whom the Company is required to remit under the ITA.

6.6 Proposal in Respect of Affected Claims

After the Company provides the Residue Material to Gunvor up to the value of the Gunvor Advances in satisfaction of any claims of Gunvor for the Gunvor Advances, and after the Company pays Proceeds (as defined in the Commodities Contract) as and when they may be received from time to time: (i) to satisfy any amounts owing which are the subject of the Administration Charge and, thereafter (ii) to the Subsection 5.1 (a) Payees in accordance with the terms of the Commodities Contract, and, thereafter, (iii) to the Subsection 5.1 (b) Payee in accordance with the terms of the Commodities Contract, then:

- (a) Each Affected Creditor shall have allocated to them their pro-rata share of 50% of the first US\$6,000,000 in Proceeds as and when they may be received by the Company from time to time pursuant to subsection 5.1(c) of the Commodities Contract. For greater certainty, the total allocation to all Affected Claims pursuant to this subparagraph (a) shall be up to but shall not exceed US\$3,000,000;
- (b) Thereafter, following the Company making payments of Proceeds as and when they are received from time to time to the Subsection 5.1 (d) Payee, the Subsection 5.1 (e) Payee, the Subsection 5.1 (f) Payee, if applicable, and the Subsection 5.1 (g) Payee, in that order in accordance with the terms of the Commodities Contract, each Affected Creditor shall have allocated to it their pro-rata share of 50% of such Proceeds as and when they may be received by the Company from time to time pursuant to subsections 5.1 (h) and (i) of the Commodities Contract; and
- (c) Thereafter, in accordance with the terms of the Commodities Contract, the Company will pay any remaining Proceeds to the Subsection 5.1 (j) Payee.

The allocations referred to above in subsections (a) and (b) (each a "**Petrolama Allocation**" or cumulatively, the "**Petrolama Allocations**") shall be made to the benefit of the Affected Creditors by the Company from time to time upon each receipt by the Company of any Proceeds pursuant to subsections 5.1 (c), (h) and (i) of the Commodities Contract.

Each Petrolama Allocation shall be reduced by, and subject to, the levy ("**Levy**") payable to the Office of the Superintendent in Bankruptcy in accordance with the BIA.

The funds representing the Petrolama Allocations remaining after accounting for the Levy shall be referred to as the "**Net Creditor Recovery Amounts**".

The Company shall promptly assign to each Affected Creditor its pro rata share of the Net Creditor Recovery Amounts, promptly pay to the Proposal Trustee the amount representing the Petrolama Allocations, and in three month intervals commencing from the Proposal Implementation Date, the Proposal Trustee will pay from the funds it has received from the Company and in accordance with the BIA:

- (a) The Levy; and
- (b) The assigned Net Creditor Recovery Amounts to each Affected Creditor.

For greater certainty, under no circumstances will an Affected Creditor be entitled to receive any funds from the Company or the Proposal Trustee other than its pro-rata share of the Net Creditor Recovery Amounts. Receipt by each Affected Creditor of all assigned Net Creditor Recovery Amounts shall be in full and final satisfaction of the Affected Claims.

6.7 Interest on Claims

Interest will not accrue or be paid on Affected Claims after or in respect of the period following the Filing Date.

ARTICLE 7 MECHANICS OF IMPLEMENTATION

7.1 Implementation Steps

Upon the fulfillment, satisfaction or waiver of the conditions set out in Section 10.1, the following steps and releases to be taken and effected in implementation of this Stalking Horse Proposal will occur, and be deemed to have occurred and be taken and effected, immediately in sequence in the following order, without any further act or formality, on the Proposal Implementation Date beginning at the Effective Time:

- (a) the Articles will be amended and filed with the Alberta Registrar of Corporations as required by Section 192(4) of the ABCA, such that two classes of shares shall be authorized: New Shares and Redeemable Shares, and the Class C Common Shares Class D Common Shares, Class E Common Shares, and Preferred Shares in the capital of the Company of which there are no issued or outstanding shares shall be cancelled in their entirety;

- (b) all Existing Shares will be re-designated as fully paid and non-assessable Redeemable shares, on a one-for-one basis;
- (c) all Redeemable Shares will be redeemed, cancelled, and extinguished for their fair market value (being nil) in accordance with Section 5.3;
- (d) concurrently with the step noted in Section 7.1(c), the Company will issue 10,000 New Shares to the Stalking Horse Bidder in full and final satisfaction of the Interim Financing Obligations;
- (e) all Claims that are not Unaffected Claims shall be released, barred, and extinguished in the manner provided for in Section 5.1;
- (f) the releases contained in Section 8.1 will become effective;
- (g) the New Directors will be appointed as directors of the Company in accordance with Section 192(3)(b) of the ABCA; and
- (h) the BIA Charges will be deemed to be fully satisfied, released, and discharged (except only in the case of the Administration Charge, satisfaction and discharge of which shall be effective only on the filing by the Proposal Trustee of the Final Certificate under Section 9.2(h)).

Upon the completion of the sequential steps referred to in this Section 7.1 and upon issuance by the Alberta Registrar of Corporations of a certificate of amendment in respect of the Articles, the Company will forthwith deliver a copy of such certificate to the Proposal Trustee.

ARTICLE 8 RELEASES

8.1 Releases - Up to and on Proposal Implementation

Effective on Proposal Implementation in accordance with Section 7.1, each of the Company, the Stalking Horse Bidder, and the Proposal Trustee together with their respective advisors, counsel, agents, Officers, Directors, and assigns (each, a "**Released Party**") shall be released and discharged from any and all demands, Claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders (including for injunctive relief or specific performance and any compliance orders), expenses, executions, attachments, garnishments, Encumbrances and other recoveries on account of any liability, Obligation, demand or cause of action of whatsoever nature which any Creditor or other Person may be entitled to assert, including any Claims, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, in each of the foregoing cases based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, Obligation, dealing or other occurrence existing or taking place prior to or on Proposal Implementation in any way relating to, arising out of or in connection with any Claims, the arrangement, compromise and restructuring contemplated in this Stalking Horse Proposal, the Business, the administration of this Stalking Horse Proposal or the BIA Proceedings, and all Claims arising out of such actions or omissions will be forever waived and released, all to the full extent permitted by Applicable Law.

8.2 Releases - As at Final Certificate Filing

Effective on the filing of the Final Certificate, each Released Party shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders (including for injunctive relief or specific performance and any compliance orders), expenses, executions, attachments, garnishments, Encumbrances and other recoveries on account of any liability, Obligation, demand or cause of action of whatsoever nature which any Creditor or other Person may be entitled to assert, including any claims, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, in each of the foregoing cases based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, Obligation, dealing or other occurrence existing or taking place subsequent to the Effective Time up to the date the Final Certificate is filed in any way relating to, arising out of or in connection with any Claims, the arrangement, compromise and restructuring contemplated in this Stalking Horse Proposal, the Business, the administration of this Stalking Horse Proposal or the BIA Proceedings, and all claims arising out of such actions or omissions will be forever waived and released, all to the full extent permitted by Applicable Law.

8.3 Limitations on Releases

Notwithstanding the above, nothing in this Stalking Horse Proposal, including this Article 8, shall release or discharge:

- (a) the Company from any Unaffected Claims or any Obligation to any Person created by this Stalking Horse Proposal;
- (b) a Released Party from any criminal or fraudulent misconduct; or
- (c) solely as it pertains to any Released Party who is a Director or Officer, any Claim that relates to contractual rights of one or more Creditors or are based on allegations of misrepresentation made by any Director or Officer to Creditors or wrongful or oppressive conduct by such Directors or Officers.

ARTICLE 9 COURT APPROVAL

9.1 Application for the Proposal Approval Order

If the Required Majority approves this Stalking Horse Proposal, the Proposal Trustee will promptly apply for the Proposal Approval Order.

9.2 Proposal Approval Order

The Order of the Court approving this Stalking Horse Proposal (the "**Proposal Approval Order**"), substantially in the form attached as **Schedule "C"** to this Stalking Horse Proposal, will be made pursuant to the BIA and the ABCA and will, among other things:

- (a) declare that this Stalking Horse Proposal is fair and reasonable and the Successful Bid;

- (b) declare that as of the Proposal Implementation Date, this Stalking Horse Proposal and all associated steps, transactions, arrangements, assignments, releases, and reorganizations effected hereby are approved, binding and effective as herein set out upon the Company, all Affected Creditors, all Unaffected Creditors, the Existing Shareholders and all other Persons and parties affected by this Stalking Horse Proposal;
- (c) declare that the steps to occur, be taken and be effected, and the releases to be effected pursuant to Section 8.1 on Proposal Implementation are deemed to occur, be taken and effected, and be effective in the sequential order contemplated by Section 7.1 on the Proposal Implementation Date, beginning at the Effective Time;
- (d) declare that all Obligations and agreements listed in **Schedule "B"** will be and remain in full force and effect, unamended, as at Proposal Implementation Date, and no party to any such Obligation or agreement will, on or following the Proposal Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise repudiate its Obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such Obligation, agreement or lease, by reason:
 - (i) of any event which occurred prior to, and not continuing after, the Proposal Implementation Date or which is or continues to be suspended or waived under this Stalking Horse Proposal, which would have entitled any other party thereto to enforce those rights or remedies;
 - (ii) that the Company has sought or obtained relief or has taken steps as part of this Stalking Horse Proposal or under the BIA or ABCA;
 - (iii) of any default or event of default arising as a result of the financial condition or insolvency of the Company;
 - (iv) of the effect upon the Company of the completion of any of the transactions contemplated under this Stalking Horse Proposal; or
 - (v) of any restructurings or reorganizations effected pursuant to this Stalking Horse Proposal;
- (e) declare that all Claims (other than Unaffected Claims) are forever barred and extinguished, the Company is discharged and released from any and all Claims of any nature or kind in accordance with this Stalking Horse Proposal, the ability of any Person to proceed against the Company in respect of or relating to any Claims (other than Unaffected Claims) is forever discharged and restrained and all proceedings with respect to, in connection with or relating to such Claims are permanently stayed, subject only to the rights of the Affected Creditors and Unaffected Creditors as provided for in this Stalking Horse Proposal, provided that nothing shall release or discharge (a) the Company from any Obligation owed to any Person pursuant to this Stalking Horse Proposal, or (b) a Released Party from any criminal or fraudulent conduct;

- (f) stay, suspend and forever extinguish the commencing, taking, applying for or issuing or continuing any and all steps or proceedings, including administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Claims and any other matter released pursuant to Article 8 and subparagraph (e) hereof and the Plan of Reorganization;
- (g) authorize and direct the Proposal Trustee and the Company to perform their respective functions and fulfil their respective Obligations and duties as applicable under this Stalking Horse Proposal to facilitate the implementation and completion of this Stalking Horse Proposal;
- (h) declare that upon completion by the Proposal Trustee of its duties in respect of the Company pursuant to this Stalking Horse Proposal, the BIA, the Orders, and payment and satisfaction of all costs which are the subject of the Administration Charge, the Proposal Trustee shall file with the Court the Proposal Trustee's Final Certificate (the "**Final Certificate**"), stating that all of its duties in respect of the Company pursuant to this Stalking Horse Proposal, the BIA and the Orders have been completed and thereupon, without further Order of the Court, the Proposal Trustee will be discharged from its duties as Proposal Trustee of the Company, the Administration Charge will be terminated and released, and the Released Parties will be released and discharged in accordance with Section 8.2; and
- (i) declare that the Company, the Proposal Trustee, the Affected Creditors, or any other interested Person may apply to the Court for advice and direction in respect of any matter arising from or under this Stalking Horse Proposal.

ARTICLE 10

CONDITIONS TO PROPOSAL IMPLEMENTATION

10.1 Conditions to Proposal Implementation

Proposal Implementation will be conditional upon the fulfillment, satisfaction, or waiver (in accordance with Section 10.2) of the following conditions:

- (a) this Stalking Horse Proposal will have been approved by the Required Majority of Affected Creditors;
- (b) the Court will have granted the Proposal Approval Order, the operation and effect of which will not have been stayed, reversed or amended, and all applicable appeal periods in respect of the Proposal Approval Order will have expired and in the event of an appeal or application for leave to appeal, final determination of such appeal or such application for leave to appeal upholding the Proposal Approval Order will have been made by the applicable appellate Court; and
- (c) all regulatory approvals, consents, waivers, and filings that are required in respect of this Stalking Horse Proposal shall have been obtained, approved, or granted.

10.2 Waiver

The Stalking Horse Bidder may at any time waive in writing the fulfillment or satisfaction, in whole or in part, of any one or more of the conditions set out in Section 10.1 (b) and (c).

10.3 Proposal Trustee's Certificate of Proposal Implementation

Upon the delivery of written notice from the Company of the satisfaction, fulfillment or waiver of the conditions set out in Section 10.1, and the completion of the steps, deliveries and filings set out in Section 7.1, the Proposal Trustee will deliver to the Company a certificate stating that Proposal Implementation has occurred and that this Stalking Horse Proposal and the Proposal Approval Order are effective in accordance with their respective terms (the "**Proposal Trustee's Certificate**"). Following the Proposal Implementation Date, the Proposal Trustee will file the Proposal Trustee's Certificate with the Court and will deliver copies thereof to the Affected Creditors.

ARTICLE 11 GENERAL

11.1 Binding Effect

At the Effective Time:

- (a) this Stalking Horse Proposal will become effective;
- (b) the treatment of Affected Creditors and Existing Shareholders under this Stalking Horse Proposal will be final and binding for all purposes and enure to the benefit of the Company, all Affected Creditors, all Released Parties and all other Persons and parties named or referred to in, or subject to, this Stalking Horse Proposal and their respective heirs, executors, administrators and other legal representatives, successors, and assigns;
- (c) each Affected Creditor will be deemed to have consented and agreed to all of the provisions of this Stalking Horse Proposal in its entirety;
- (d) all Claims that are not Affected Claims or Unaffected Claims shall be conclusively barred and extinguished; and
- (e) each Creditor will be deemed to have executed and delivered to the Company all consents, releases, assignments, and waivers, statutory or otherwise, required to implement and carry out this Stalking Horse Proposal in its entirety.

11.2 Waiver of Defaults

From and after the Proposal Implementation Date, all Persons will be deemed to have waived any and all defaults or events of default of the Company then existing or previously committed by the Company, or caused by the Company, any of the provisions in this Stalking Horse Proposal or steps contemplated in this Stalking Horse Proposal, or non-compliance with any covenant, warranty, representation, term, provision, condition or Obligation, expressed or implied, in any contract, instrument, credit document, lease, guarantee, agreement for sale or other agreement,

written or oral, and any and all amendments or supplements thereto, existing between such Person and the Company and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under any such agreement will be deemed to have been rescinded and of no further force or effect, provided that nothing will be deemed to excuse the Company from performing its Obligations and duties under this Stalking Horse Proposal or be a waiver of defaults by the Company under this Stalking Horse Proposal and the related documents. This Section does not affect the rights of any Person to pursue any recoveries for a Claim that may be obtained from a guarantor (other than the Company) and any security granted by such guarantor.

11.3 Deeming Provisions

In this Stalking Horse Proposal, the deeming provisions are not rebuttable and are conclusive and irrevocable.

11.4 Non-Consummation

If Proposal Implementation does not occur by November 30, 2022 or such later period as agreed to in writing by the Company, the Stalking Horse Bidder, and the Proposal Trustee, (a) this Stalking Horse Proposal will be null and void in all respects, and (b) nothing contained in this Stalking Horse Proposal, and no acts taken in preparation for consummation of this Stalking Horse Proposal, will (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Company or any other Person; (ii) prejudice in any manner the rights of the Company or any other Person in any further proceedings involving the Company; or, (iii) constitute an admission of any sort by the Company or any other Person.

11.5 Modification of Stalking Horse Proposal

- (a) The Stalking Horse Bidder and Company may at any time and from time to time, amend, restate, modify and/or supplement this Stalking Horse Proposal, with the prior consent of the Proposal Trustee and, if the amendment, restatement, modification or supplement is adverse to the financial or economic interests of the Affected Creditors, with the prior consent of the Required Majority of the Affected Creditors, provided that any such amendment, restatement, modification or supplement must be contained in a written document which is filed with the Court and (i) if made prior to the Creditors' Meeting, communicated to the Affected Creditors in the manner required by the Court (if so required); and (ii) if made following the Creditors' Meeting, approved by the Court on notice to the Affected Creditors.
- (b) Notwithstanding Section 11.5(a), any amendment, restatement, modification or supplement may be made by the Stalking Horse Bidder and Company with the prior consent of the Proposal Trustee, and pursuant to an Order following the making of the Proposal Approval Order, if such amendment, restatement, modification or supplement concerns a matter which, in the opinion of the Company, the Stalking Horse Bidder and the Proposal Trustee is of an administrative nature required to better give effect to Proposal Implementation and the Proposal Approval Order, or is required in order to cure any errors, omissions or ambiguities and is not adverse to the financial or economic interests of the Affected Creditors.

- (c) Any amended, restated, modified or supplementary proposal or plans of arrangement and reorganization filed with the Court and, if required by this Section, approved by the Court with the prior consent of the Stalking Horse Bidder, the Proposal Trustee (and, if necessary, in accordance with this Section, the Affected Creditors), will, for all purposes, be and be deemed to be a part of and incorporated into this Stalking Horse Proposal.

11.6 Severability of Stalking Horse Proposal Provisions

If, prior to the Proposal Implementation Date, any term or provision of this Stalking Horse Proposal is held by the Court to be invalid, void or unenforceable, then, at the request of the Company and subject to the prior consent of the Stalking Horse Bidder and the Proposal Trustee, acting reasonably, it is expressly acknowledged that the Court will have the power to either (a) sever such term or provision from the balance of this Stalking Horse Proposal and provide the Company, the Stalking Horse Bidder and the Required Majority of the Affected Creditors (to the extent such severance may adversely affect the Affected Creditors) with the option to proceed with the implementation of the balance of this Stalking Horse Proposal as of and with effect from the Proposal Implementation Date, or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted, provided that the Stalking Horse Bidder and the Required Majority of Affected Creditors (to the extent such alteration or interpretation may adversely affect the Affected Creditors) have approved such alteration or interpretation, acting reasonably. Notwithstanding any such holding, alternation, or interpretation, and provided that the Company proceeds with the implementation of this Stalking Horse Proposal, the remainder of the terms and provisions of this Stalking Horse Proposal will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation.

11.7 Responsibilities of the Proposal Trustee

Alvarez & Marsal Canada Inc. is acting solely in its capacity as Proposal Trustee in the BIA Proceedings and this Stalking Horse Proposal with respect to the Company and not in its personal or corporate capacity. Alvarez & Marsal Canada Inc. is not and will not be responsible or liable for any Claims against, or Obligations of, the Company.

The Affected Creditors may appoint one or more inspectors of the estate of the Company in accordance with Section 56 of the BIA.

11.8 Notices

Any notice or other communication to be delivered hereunder must be in writing and refer to this Stalking Horse Proposal and may, subject as hereinafter provided, be made or given by personal delivery, registered mail or e-mail addressed to the recipient(s) as follows:

- (a) If to the Company:

PetroLama Energy Canada Inc.
Suite 330, 715 – 5th Avenue SW
Calgary, AB, T2P 2X7

Attention: Paul Joslyn
E-mail: pjoslyn@petrolama.com

with a copy to:

Jensen Shawa Solomon Duguid Hawkes LLP
Suite 800, 304 8 Ave SW
Calgary, AB T2P 1C2

Attention: Christa Nicholson KC/Angad Bedi
E-mail: nicholsonc@jssbarristers.ca / bedia@jssbarristers.ca

(b) If to the Proposal Trustee:

Alvarez and Marsal Canada Inc.
Suite 1110, 250 6th Ave SW
Calgary, AB T2P 3H7

Attention: Orest Konowalchuk/Cassie Riglin
E-mail: okonowalchuk@alvarezandmarsal.com /
criglin@alvarezandmarsal.com

with a copy to:

Blake, Cassels & Graydon LLP
Suite 3500, 855 2nd St SW
Calgary, AB T2P 4J8

Attention: Kelly Bourassa/James Reid
Email: kelly.bourassa@blakes.com / james.reid@blakes.com

(c) If to the Stalking Horse Bidder

884304 Alberta Ltd.

4 Muirfield Close
Lyalta, AB T0J 1Y1

Attention: Scott Holmes
E-mail: sholmes@bbrosenergy.com

or to such other address as any such party may from time to time notify the others in accordance with this Section. Any such communication so given or made will be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of e-mail or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, e-mailed or sent before 5:00 p.m. (Calgary time) on such day. Otherwise, such communication will be deemed to have been given and made and to have been received on the next following Business Day.

11.9 Paramountcy

From and after the Effective Time on the Proposal Implementation Date, any conflict between this Stalking Horse Proposal and the covenants, warranties, representations, terms, conditions, provisions or Obligations, express or implied, of any contract, mortgage, security agreement, indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto existing between any Person and the Company as at the Proposal Implementation Date, will be deemed to be governed by the terms, conditions and provisions of this Stalking Horse Proposal and the Proposal Approval Order, which will take precedence and priority.

11.10 Further Assurances

Each of the Persons named or referred to in, or subject to, this Stalking Horse Proposal will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of this Stalking Horse Proposal and to give effect to the transactions contemplated herein.

DATED as of the 30th day of September, 2022.

Schedule "A"

Contracts to be Repudiated

Terminal Services Agreement by and between Phillips 66 Gulf Coast Property LLC and Petrolama Energy Canada Inc. for terminal services in Nederland, Texas made and entered into as of August 20, 2018.
Crude Oil Storage Agreement made effective as of May 14, 2018 by and between Keyera Energy Inc., as operator and Petrolama Energy Canada Inc.
Crude Oil Storage Agreement made effective as of May 15, 2018 by and between Keyera Energy Inc., as operator and Petrolama Energy Canada Inc.

Schedule "B"

Retained Contracts

Commodities Sales/Purchase Agreement dated April 19, 2019, between the Petrolama Energy Canada Inc., as buyer, Lago Energy Corp., as seller, and Navitas Energy Group Ltd., as Lender, as amended by a Waiver and Amendment to Commodities Agreement dated May 18, 2021.
Marketing Incentive Agreement dated April 11, 2019 between Petrolama Energy Canada Inc. and Navitas Energy Group Ltd.
Deal Confirmation dated October 28, 2020 between Petrolama Energy Canada Inc. and Gunvor USA, LLC., as amended on November 12, 2020.
Investment Acknowledgement dated January 19, 2021 between Navitas Energy Group Ltd., Petrolama Energy Canada Inc., and LOTAM Capital Inc.
Investment Acknowledgement dated February 1, 2021 between Navitas Energy Group Ltd., Petrolama Energy Canada Inc., and Brian N Clark.
Investment Acknowledgement dated February 1, 2021 between Navitas Energy Group Ltd., Petrolama Energy Canada Inc., and OdysseyNRG Ltd.
Loan Agreement dated May 2021 between Petrolama Energy Canada Inc., as Company, and U.S. Venture Inc., as Lender.
Services Agreement made as of April 15, 2021 between Petrolama Energy Canada Inc. and 266 Deer Run Ponte Vedra LLC.

Schedule "C"

Form of Proposal Approval Order

ESTATE NUMBER 25-2851343

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

AND IN THE MATTER OF THE PROPOSAL OF
PETROLAMA ENERGY CANADA INC.

AND IN THE MATTER OF THE PLAN OF
REORGANIZATION PURSUANT TO THE *BUSINESS
CORPORATIONS ACT*, RSA 2000, c B-9

DOCUMENT **ORDER (Proposal and Plan Sanction)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT BLAKE, CASSELS & GRAYDON LLP
855 2nd St. SW, Suite 3500
Calgary, AB T20 4J8

Attn: Kelly Bourassa/James Reid
Phone: (403) 260-9697/(403)-260-9731
Email: kelly.bourassa@blakes.com
james.reid@blakes.com
File: 99766/19

DATE ON WHICH ORDER WAS PRONOUNCED: [REDACTED], 2022

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice [REDACTED]

UPON THE APPLICATION (the "**Application**") of Alvarez & Marsal Canada Inc. in its capacity as proposal trustee ("**Proposal Trustee**") and not in its personal or corporate capacity, filed [REDACTED], in respect of the within *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ("**BIA**") proceedings for an order approving a Proposal of Petrolama Energy Canada Inc. (the "**Company**") filed with the Official Receiver on September 30, 2022 (the "**Proposal**"), and the Plan of Reorganization (the "**Plan**") contemplated therein;

AND UPON having been advised that the Proposal was presented to the Affected Creditors at the meeting of creditors held on October [13], 2022, and was approved by the requisite majority of Affected Creditors with Affected Claims, either in person or by proxy or voting letter;

AND UPON having read the Proposal, the Third Report of the Proposal Trustee dated [REDACTED], 2022, filed, and the Affidavit of Service of [REDACTED] sworn [REDACTED], 2022, filed;

AND UPON being satisfied that the Company has complied with the statutory requirements of Part III, Division 1 of the BIA;

AND UPON HEARING the submissions of counsel for the Proposal Trustee, the Company, the purchaser, 884304 Alberta Ltd., or its nominee ("**Purchaser**"), and any other counsel in attendance at the hearing of the Application;

IT IS HEREBY ORDERED AND DECLARED THAT:

DEFINITIONS

1. The capitalized terms used herein, including in the preamble, and not otherwise defined shall have the meanings attributed to them in the Proposal attached hereto as Schedule "**A**".

SERVICE

2. The time for service of the Application for this Order is hereby abridged and service of notice of this Application and supporting materials is hereby declared good and sufficient on all Affected Creditors, and no other Person is required to have been served with notice of this Application.

SANCTION AND IMPLEMENTATION OF THE PROPOSAL AND THE PLAN

3. The Proposal is the Successful Bid.
4. The Proposal is fair and reasonable and calculated for the benefit of the general body of creditors and is hereby finally and absolutely sanctioned and approved pursuant to the provisions of the BIA.
5. The arrangement forming part of the Plan is a reorganization as contemplated by section 192 of the *Business Corporations Act*, RSA 2000, c B-9 (the "**ABCA**").
6. The Plan is hereby sanctioned and approved.
7. The Company is authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the Proposal including, without limitation, completing the Plan.
8. The Proposal Trustee and Company are hereby authorized and directed to take all actions necessary or appropriate to perform their respective functions and fulfil their respective

Obligations and duties as applicable under the Proposal to facilitate the implementation and completion of the Proposal.

9. As of the Proposal Implementation Date, the Proposal and all associated steps, transactions, arrangements, assignments, releases and reorganizations effected as set out therein are hereby approved, binding, and effective upon the Company, all Affected Creditors, all Unaffected Creditors, the Existing Shareholders and all other Persons and parties affected by the Proposal.
10. The steps to occur, be taken and be effected, and the releases to be effected pursuant to Section 8.1 of the Proposal, on Proposal Implementation are deemed to occur, be taken and effected, and be effective in the sequential order contemplated by Section 7.1 on Proposal Implementation, beginning at the Effective Time.
11. Scott Holmes will be appointed as director of Petrolama in accordance with Section 192(3)(b) of the ABCA.
12. The Directors' and Officers' Charge, and the Interim Lender Charge are hereby fully satisfied, released, and discharged.
13. Upon completion by the Proposal Trustee of its duties in respect of the Company pursuant to the Proposal, the BIA, the Orders, and payment and satisfaction of all costs which are the subject of the Administration Charge, the Proposal Trustee shall file with the Court the Final Certificate, stating that all of its duties in respect of the Company pursuant to the Proposal, the BIA and the Orders have been completed and thereupon, without further Order of the Court, the Proposal Trustee will be discharged from its duties as Proposal Trustee of the Company, and the Administration Charge will be terminated and released.
14. The Proposal, any payments or distributions made in connection with the Proposal, and the transactions contemplated by and to be implemented pursuant to the Proposal shall not be void or voidable under federal or provincial law and shall not constitute and shall not be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances, transfers at undervalue, or other reviewable transactions under any applicable federal or provincial legislation relating to preferences, settlements, assignments, fraudulent conveyances or transfers at undervalue.
15. 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 in favour of any Creditor, other than Unaffected Creditors, or which any Creditor, other than an Unaffected Creditor, holds by way of subrogation are terminated and discharged, and any registrar of any personal property security registry or any real property registry is hereby authorized and directed to discharge any such encumbrance.

CONTINUATION OF OBLIGATIONS AND AGREEMENTS

16. All Obligations and agreements listed in Schedule "B" to the Proposal will be and remain in full force and effect, unamended, as at the Proposal Implementation Date, and no party to any such Obligation or agreement will, on or following the Proposal Implementation Date, accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise repudiate its Obligations thereunder, or enforce or exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such Obligation, agreement or lease, by reason:
- (a) of any event which occurred prior to, and not continuing after, the Proposal Implementation Date or which is or continues to be suspended or waived under the Proposal, which would have entitled any other party thereto to enforce those rights or remedies;
 - (b) that the Company has sought or obtained relief or has taken steps as part of the Proposal or under the BIA or ABCA;
 - (c) of any default or event of default arising as a result of the financial condition or insolvency of Petrolama;
 - (d) of the effect upon Petrolama of the completion of any of the transactions contemplated under the Proposal; or
 - (e) of any restructurings, reorganizations or amendments effected pursuant to the Proposal.

NO DEFAULT

17. From and after the Proposal Implementation Date, all Persons shall be deemed to have waived any and all defaults or events of default, third party change of control rights, other contractual rights, or any non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, instrument, construction, ownership

and operating agreement, joint operating agreement, credit document, lease, licence, guarantee, agreement for sale or other agreement, written or oral, in each case relating to, arising out of, or in connection with the BIA Proceedings, the Plan, the Proposal, the Arrangement Agreement and the transactions contemplated thereby and any proceedings commenced with respect to or in connection with the Proposal, including any order, and any and all amendments or supplements thereto. Any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection with any of the foregoing shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse the Petrolama from performing its obligations under the Proposal.

RELEASES

18. On the Proposal Implementation Date and in the sequence set forth in the Proposal, the releases referred to in Section 8.1 of the Proposal shall be binding and effective as set out in the Proposal.
19. Upon the filing by the Proposal Trustee of the Final Certificate, the releases referred to in Section 8.2 of the Proposal shall be binding and effective as set out in the Proposal.
20. Without limiting anything in the Proposal, all Claims (other than Unaffected Claims) are forever barred and extinguished, the Company is discharged and released from any and all Claims of any nature or kind in accordance with the Proposal, the ability of any Person to proceed against the Company in respect of or relating to any Claims (other than Unaffected Claims) is forever discharged and restrained and all proceedings with respect to, in connection with or relating to such Claims are permanently stayed, subject only to the rights of the Affected Creditors and Unaffected Creditors as provided for in the Proposal, provided that nothing shall release or discharge (a) the Company from any Obligation owed to any Person pursuant to the Proposal, or (b) a Released Party from any criminal or fraudulent conduct.
21. The right to commence, take, apply for, issue or continue any and all steps or proceedings, including administrative hearings and orders, declarations or assessments commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Parties that are released in respect of all Claims and any other matter released pursuant to Article 8 and paragraph 20 hereof and the Plan are hereby stayed, suspended and forever extinguished.

ORDER FOR REORGANIZATION

22. This Order constitutes an order for reorganization pursuant to section 192 of the ABCA.

GENERAL

23. The Company, the Proposal Trustee, the Affected Creditors, or any other interested Person may apply to the Court for advice and direction in respect of any matter arising from or under the Proposal.

24. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals regulatory and administrative bodies are hereby respectfully requested to make such orders as to provide such assistance to the Proposal Trustee, as an officer of this 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.

SERVICE

25. Service of this Order shall be good and sufficient on all Persons affected by the Proposal, including, without limitation, all Creditors, by:

- (a) delivery of this Order to all Persons appearing at the Application by e-mail, facsimile, courier, registered mail or personal delivery; and
- (b) posting of this Order on the website established by the Proposal Trustee in the BIA Proceedings.

J.C.Q.B.A

Schedule A
Proposal

Appendix C

District of: Alberta
Division No. 02 - Calgary
Court No. B201 851343
Estate No. 25-2851343

FORM 92 --- Concluded

In the Matter of the Proposal of
Petrolama Energy Canada Inc.
of the City of Calgary, in the Province of Alberta

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
BB Energy USA LLC	2229 San Felipe St. Suite 1075 Houston TX 77019 USA		2,016,735.67
BNSF Rail Jann Gray	Suite 545, Bow Valley Square III 255 - 5th Avenue SW Calgary AB T2P 2G6		9,861.90
CP Rail Lawrence Campbell	Network Service Centre Bldg E7, 478 McPhillips Street Winnipeg MB R2X 2G8		35,162.50
Keyera Energy Inc.	The Ampersand, West Tower 200 144 4th Ave SW Calgary AB T2P 3N4		11,877,701.61
Lama Energy Group sro	Na Florenci 2116/15, 110 00 Prague 1 Prague Czech Republic		24,861.85
Navitas Energy Group	#510 715 5th Avenue SW Calgary AB T2P 2X6		65,510.40
Nefrite Investment a.s	Na Florenci 2116/15, 110 00 Prague 1 Prague Czech Republic		3,055,000.00
Phillips 66 Gulf Coast Properties LLC	2331 City West Blvd. Houston TX 77042 USA		250.00
PMI Trading DAC	c/o Holland & Knight 31 West 52nd Street New York NY 10019 USA		618,486.50
US Venture Inc	425 Better Way Appleton WI 54915 USA		250.00
Total			17,703,820.43

Appendix D

Petrolama Energy Canada Inc.
Cash Flow Forecast through November 25, 2022
\$CAD

	Notes week ended	Updated Forecast										10-week total
		Week 9 23-Sep-22	Week 10 30-Sep-22	Week 11 7-Oct-22	Week 12 14-Oct-22	Week 13 21-Oct-22	Week 14 28-Oct-22	Week 15 4-Nov-22	Week 16 11-Nov-22	Week 17 18-Nov-22	Week 18 25-Nov-22	
Cash Receipts												
Miscellaneous		-	-	-	-	-	-	-	-	-	-	-
GST refund	1	-	-	17,322	-	5,000	-	-	-	-	-	22,322
		\$ -	\$ -	\$ 17,322	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,322
Operating Cash Disbursements												
Wages and salaries	2	12,460	12,460	-	12,460	-	12,460	-	-	12,460	-	62,302
Employee costs	3	-	-	1,352	-	-	-	1,352	-	-	-	2,704
Consulting	4	-	-	2,500	-	-	-	2,500	-	-	-	5,000
Interest and bank charges	5	200	-	775	-	250	-	1,137	-	-	-	2,362
Rent	6	-	-	1,591	-	-	-	1,591	-	-	-	3,182
Utilities	7	-	-	-	700	-	-	-	700	-	-	1,400
Contingency	8	-	-	-	-	-	-	-	-	-	10,000	10,000
		12,660	12,460	6,218	13,160	250	12,460	6,580	700	12,460	10,000	86,950
Operating Net Cash Flow		\$ (12,660)	\$ (12,460)	\$ 11,105	\$ (13,160)	\$ 4,750	\$ (12,460)	\$ (6,580)	\$ (700)	\$ (12,460)	\$ (10,000)	\$ (64,627)
Non-Operating Cash Disbursements	9											
Alvarez & Marsal Canada Inc.		77,788	-	-	50,000	-	-	-	-	-	40,000	167,788
JSS Barristers & Solicitors		48,281	-	-	35,000	-	-	-	-	-	35,000	118,281
Blakes LLP		69,287	-	-	25,000	-	-	-	-	-	25,000	119,287
Andrew Meyers	10	13,000	-	-	-	-	-	-	-	-	-	13,000
Use of Professional fees retainer		(21,248)	-	-	-	-	-	-	-	-	(84,362)	(105,610)
Advertising for SISF		6,120	-	-	-	-	-	-	-	-	-	6,120
Potential Chapter 15 Contingency	11	-	-	-	-	-	-	-	-	-	134,500	134,500
		193,228	-	-	110,000	-	-	-	-	-	150,138	453,366
Net Cash Flow		\$ (205,889)	\$ (12,460)	\$ 11,105	\$ (123,160)	\$ 4,750	\$ (12,460)	\$ (6,580)	\$ (700)	\$ (12,460)	\$ (160,138)	\$ (517,993)
Opening Cash		\$ 133,637	\$ 27,748	\$ 15,288	\$ 26,392	\$ 3,232	\$ 7,982	\$ 93,021	\$ 86,441	\$ 85,741	\$ 73,281	\$ 133,637
Net cash flow		(205,889)	(12,460)	11,105	(123,160)	4,750	(12,460)	(6,580)	(700)	(12,460)	(160,138)	(517,993)
Proposed Interim Financing advances / (payments)		100,000	-	-	100,000	-	97,500	-	-	-	-	297,500
Ending Cash		\$ 27,748	\$ 15,288	\$ 26,392	\$ 3,232	\$ 7,982	\$ 93,021	\$ 86,441	\$ 85,741	\$ 73,281	\$ (86,857)	\$ (86,857)
Interim Financing	12											
Interim Financing Limit		397,500	397,500	397,500	397,500	397,500	397,500	397,500	397,500	397,500	397,500	397,500
Advances		100,000	-	-	100,000	-	97,500	-	-	-	-	397,500
Interim Financing Availability		197,500	197,500	197,500	97,500	97,500	-	-	-	-	-	-

UNAUDITED CASH FLOW FORECAST PREPARED BY MANAGEMENT, MUST BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS & TRUSTEE'S REPORT ON THE CASH FLOW STATEMENT

Petrolama Energy Canada Inc.

Trustee

Paul Joslyn
Chief Financial Officer

September 21, 2022
Date

CF

In the Matter of the Notice of Intention to Make a Proposal of

Petrolama Energy Canada Inc.

**Notes to the Consolidated Statement of Cash Flow for the 13-week
period ending November 25, 2022**

Purpose and General Assumptions of the Cash Flow Statement

Petrolama Energy Canada Inc. (“**Petrolama**” 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 July 27, 2022.

The Company has prepared the Cash Flow Statement based on probable and hypothetical assumptions that that reflect the Company’s planned course of action for the period from September 17, 2022 to November 25, 2022 (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. GST refund is the estimated monthly ITC’s claimed on the monthly GST returns.
2. Wages and Salaries represent semi-monthly payroll to one employee during the remaining 10 weeks of the cash flow forecast. The cost to the Company is \$24,921 per month.
3. Employee costs are the monthly expenses the Company incurs as per the contracts in place with those employees who are entitled to health benefits and other employee expenses.
4. Consulting represents a monthly cost estimated for Mr. Scott Holmes (former director) to assist the Company and the Proposal Trustee, on an “as needed basis” respecting the Sales Process.
5. Interest and bank charges are the monthly expenses estimated to be charged by the bank on the chequing accounts. These amounts are forecasted based on historical usage. Monthly Interim Financing interest is estimated based on the advances from the Interim Financing.
6. Rent expense is for the lease of the Company's head office and is a monthly payment per the terms of the rental agreement.
7. Utilities expense represents costs utility costs to use of the office space. These costs are not included in the monthly base rent charge to the Company. These amounts are forecasted based on historical usage.

8. A contingency of \$10,000 for the 10-week period has been incorporated into the cashflow to cover unexpected amounts the Company may incur during the NOI.
9. Non-Operating costs include forecast professionals' fees for the Company's counsel, the Proposal Trustee and the Proposal Trustee's legal counsel (the "**NOI Professionals**"), in carrying out its duties during the NOI proceedings.

The NOI Professionals are currently in receipt of a retainer from the Company. After payment of the fees in Week 9, Company counsel will have \$35,000 remaining of the original retainer. Proposal Trustee and its counsel were provided a total of \$49,362. It is assumed that the NOI Professionals will apply its retainers to its final outstanding invoices.

10. A retainer is forecast to be provided to US Counsel in the amount of US\$10,000 or approximately CAD\$13,000, which are for professional fees to address the Keyera Lawsuit.
11. A contingency of \$134,500 has been incorporated into the cashflow to cover potential Chapter 15 proceedings in the US. The amount includes approximately \$84,500 for US counsel fees and costs as well as an additional \$50,000 to cover the Canadian professionals' fees and costs.
12. Proposed interim financing required to fund the NOI proceedings, which is subject to Court approval.

UNAUDITED CASH FLOW FORECAST PREPARED BY MANAGEMENT, MUST BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS & TRUSTEE'S REPORT ON THE CASH FLOW STATEMENT


Petrolama Energy Canada Inc.

Trustee – Alvarez & Marsal Canada Inc.



Paul Joslyn
Chief Financial Officer

Date: September 21, 2022



Cassie Riglin, LIT
Senior Vice-President

Date: September 21, 2022

Appendix E

Petrolama Energy Canada Inc.**Distribution of Proceeds under Commodities Contract ("Waterfall")
(USD)**

The below is an illustrative example of how funds would flow under three scenarios where product is extracted and sold in the market. Note actual sales price realized and actual costs incurred to extract product could vary significantly from the illustrative scenarios below.

	Low	Mid	High	Notes	Ref
Sales (bbls)	750,000	3,000,000	4,300,000	1	
Net sales price	\$ 60.00	\$ 60.00	\$ 60.00	2	
Estimated revenues	\$ 45,000,000	\$ 180,000,000	\$ 258,000,000	2	
Gunvor	1,050,000	1,050,000	1,050,000	3	
Diluent	11,700,000	46,800,000	67,080,000	4	
Investors	268,490	268,490	268,490	4	
Petrolama	65,000	65,000	65,000	4	
Investors (Buyers Costs)	75,000	300,000	430,000	4	
Lender Group	5,900,000	5,900,000	5,900,000	5 & 6	
Petrolama	1,125,000	4,500,000	6,450,000	6	A
Operating costs	19,350,000	77,400,000	110,940,000	7	
Capital costs	500,000	750,000	1,000,000	8	
Royalty	4,966,510	27,900,000	39,990,000	9	
USV	-	4,050,000	6,000,000	10	
Lago	-	1,500,000	1,775,000	11	
USV	-	-	-	12	
226 Deer Run	-	1,300,000	1,950,000	13	
Petrolama	-	8,150,566	11,000,000	14	B
Navitas	-	65,944	88,998	14	
Petrolama	-	-	1,000,000	15	C
Lago	-	-	1,000,000	15	
	\$ -	\$ -	\$ 2,012,512		
Navitas	-	-	1,006,256	16	
Lago	-	-	1,006,256	16	
	\$ -	\$ -	\$ -		

Petrolama Energy Canada Inc.
Distribution under Stalking Horse Proposal
(USD)

The below is an illustrative example of the distributions under the Stalking Horse Proposal to Affected Creditors under the scenarios presented above.

		Petrolama Proceeds from Commodities Contract	Distribution Under Stalking Horse Proposal	Notes	Ref
Low Scenario					
	Proceeds under 5.1 (c)	1,125,000	562,500	17	A
	Proceeds under 5.1 (h)	-	-	18	B
	Proceeds under 5.1 (i)	-	-	19	C
	Total Distribution to Affected Creditors		<u>\$ 562,500</u>		
Mid Scenario					
	Proceeds under 5.1 (c)	4,500,000	2,250,000	17	A
	Proceeds under 5.1 (h)	8,150,566	4,075,283	18	B
	Proceeds under 5.1 (i)	-	-	19	C
	Total Distribution to Affected Creditors		<u>\$ 6,325,283</u>		
High Scenario					
	Proceeds under 5.1 (c)	6,450,000	3,000,000	17	A
	Proceeds under 5.1 (h)	11,000,000	5,500,000	18	B
	Proceeds under 5.1 (i)	1,000,000	500,000	19	C
	Total Distribution to Affected Creditors		<u>\$ 9,000,000</u>		

Petrolama Energy Canada Inc.**Distribution of Proceeds under Commodities Contract ("Waterfall") & Stalking Horse Proposal (USD)****Notes**

1. Sales value is estimates at 750,000 bbls, 3,000,000 bbls and 4,300,000 bbls under the low, mid and high scenarios, respectively.
2. Estimated revenue based on realizing a net sales price of \$60/bbl, which after differential equates to WTI of approximately \$70/bbl.
3. The first \$1,050,000 of bbls produced are used to settle the Gunvor prepaid product purchase.
4. Pursuant to section 5.1 (a) of the Commodities Contract, the costs incurred to start up the project and the diluent necessary for ongoing production are paid. The Buyer Costs are \$0.10 per bbl. In the event, that WTI drops below \$60/bbl this amount drops to \$0.01.
5. Pursuant to section 5.1 (b) of the Commodities Contract the lender group is repaid at \$2.00/bbl until the principal and interest are repaid in full. Assumption has been made that the total payment is \$5,900,000, as at September 30, 2022 total amount owing is \$5,495,973.
6. Pursuant to section 5.1 (c) of the Commodities Contract , Petrolama receives \$1.50/bbl (net of \$0.66/bbls that is paid sent to the lender group to accelerate the timing repayment of the loan in 5.1(b).
7. Operating costs of approximately \$25.80/bbl.
8. Capital costs have been assumed to be between \$500,000 and \$1,000,000.
9. Royalty costs at a realized sales price of \$60/bbl will be approximately \$9.30/bbl.
10. Pursuant to section 5.1 (e) of the Commodities Contract, \$1.50/bbl is paid starting with the 300,001st barrel sold, ending with the 4,300,000th bbl sold.
11. Pursuant to section 5.1 (f) of the Commodities Contract, Lago receives \$0.50/bbl until the loan repaid via 5.1(h) is repaid in full. Under these assumptions, the loan will be repaid at approximately 3,550,000 bbls, therefore capping this payment at \$1,775,000.
12. Pursuant to section 5.1 (g) of the Commodities Contract, \$0.75/bbl is paid starting with the 4,300,001st barrel sold.
13. Pursuant to a service agreement between Petrolama and 226 Deer Run, \$0.50/bbl is paid starting with the 400,001st barrel sold, ending with the 4,000,000th bbl sold.
14. Pursuant to section 5.1 (h) of the Commodities Contract, Petrolama and Navitas receive the next funds prorata until their amounts are repaid in full, \$11 million and \$88,998, respectively.
15. Pursuant to section 5.1 (i) of the Commodities Contract, Lago and Petrolama share equally in the next \$2 million.
16. Pursuant to section 5.1 (j) of the Commodities Contract, Lago and Navitas share equally all remaining funds.
17. Pursuant to section 6.6 of the Stalking Horse Proposal, Affected Creditors will receive 50% of the proceeds received by Petrolama under section 5.1 (c) of the Commodities Contract, up to a maximum of \$3,000,000.
18. Pursuant to section 6.6 of the Stalking Horse Proposal, Affected Creditors will receive 50% of the proceeds received by Petrolama under section 5.1 (h) of the Commodities Contract.
19. Pursuant to section 6.6 of the Stalking Horse Proposal, Affected Creditors will receive 50% of the proceeds received by Petrolama under section 5.1 (i) of the Commodities Contract.

Appendix F

In the Matter of the Proposal of Petrolama Energy Canada Inc.**Appendix F****Estimated Realization in a Bankruptcy Scenario****\$CAD****Estimated Receipts**

Cash (Note 1)	\$	15,510
Interim Financing Advances (Note 2)		114,490
Estimated Accounts Receivable (Note 3)		20,000
Total Estimated Receipts	\$	150,000

Estimated Disbursements

Bankruptcy Administration Costs (Note 4)	\$	40,000
Estimated NOI Professional Fees		110,000
Total Estimated Disbursements	\$	150,000

Available for Distribution**\$ 0****Estimated Distribution to Creditors (s.136 of the BIA)**

Secured Creditors	-
Preferred Creditors	-
Unsecured Creditors	-

Estimated % Dividend to Unsecured Creditors**0%****Notes**

- 1 Cash balance held as at September 30, 2022.
- 2 Additional Interim Financing advances will be required to cover costs of the NOI Proceedings.
There will be no recovery by the Interim Lender for amounts advanced under the Interim Lending Facility.
- 3 Accounts receivable relate to GST refunds claimed for ITCs paid by the Company.
- 4 Costs with respect to a retainer for professional fees for the trustee and its counsel.

District of: Alberta
Division No. 02 - Calgary
Court No. B201 851343
Estate No. 25-2851343

FORM 31
Proof of Claim
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

In the Matter of the Proposal of
Petrolama Energy Canada Inc.
of the City of Calgary, in the Province of Alberta

All notices or correspondence regarding this claim must be forwarded to the following address:

In the matter of the proposal of Petrolama Energy Canada Inc. of the city of Calgary in the Province of Alberta and the claim of
_____, creditor.

I, _____ (name of creditor or representative of the creditor), of the city of _____ in the
province of _____, do hereby certify:

1. That I am a creditor of the above named debtor (or I am _____ (position/title) of _____,
creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 30th day of September 2022, and still is, indebted to the creditor in the sum of
\$ _____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any
counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in
support of the claim.)

4. (Check and complete appropriate category.)

☐ A. UNSECURED CLAIM OF \$ _____

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and
(Check appropriate description.)

☐ Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Act.

☐ Regarding the amount of \$ _____, I do not claim a right to a priority.
(Set out on an attached sheet details to support priority claim.)

☐ B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$ _____

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

☐ C. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold assets of the debtor valued at \$ _____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security,
and attach a copy of the security documents.)

☐ D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$ _____

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$ _____
(Attach a copy of sales agreement and delivery receipts.)

District of Alberta
Division No. 02 - Calgary
Court No. B201 851343
Estate No. 25-2851343

FORM 31 --- Concluded
In the Matter of the Proposal of
Petrolama Energy Canada Inc.
of the City of Calgary, in the Province of Alberta

- ☐ E. CLAIM BY WAGE EARNER OF \$ _____
- ☐ That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ _____,
- ☐ That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ _____,
- ☐ F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ _____
- ☐ That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ _____,
- ☐ That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ _____,
- ☐ G. CLAIM AGAINST DIRECTOR \$ _____

(To be completed when a proposal provides for the compromise of claims against directors.)

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

- ☐ H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ _____

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)

5. That, to the best of my knowledge, I _____ (am/am not) (or the above-named creditor _____ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and _____ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- ☐ Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- ☐ I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____, this _____ day of _____, _____.

Witness

Creditor

Phone Number: _____
Fax Number : _____
E-mail Address : _____

NOTE: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 20(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

District of: Alberta
Division No. 02 - Calgary
Court No. B201 851343
Estate No. 25-2851343

FORM 36
Proxy
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

In the Matter of the Proposal of
Petrolama Energy Canada Inc.
of the City of Calgary, in the Province of Alberta

I, _____, of _____, a creditor in the above matter, hereby
appoint _____, of _____, to be
my proxyholder in the above matter, except as to the receipt of dividends, _____ (with or without)
power to appoint another proxyholder in his or her place.

Dated at _____, this _____ day of _____, _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:

Alvarez & Marsal Canada Inc. - Licensed Insolvency Trustee
Per:

Orest Konowalchuk - Licensed Insolvency Trustee
Bow Valley Square 4
Suite 1110, 250 6th Ave SW
Calgary AB T2P 3H7
Fax: (403) 538-7551
E-mail: mgrose@alvarezandmarsal.com

District of: Alberta
Division No. 02 - Calgary
Court No. B201 851343
Estate No. 25-2851343

FORM 37

Voting Letter
(Paragraph 51(1)(f) of the Act)

In the Matter of the Proposal of
Petrolama Energy Canada Inc.
of the City of Calgary, in the Province of Alberta

I, _____, creditor (or I, _____, representative
of _____, creditor), of _____, a creditor in the above matter
for the sum of \$ _____, hereby request the trustee acting with respect to the proposal of
Petrolama Energy Canada Inc., to record my vote _____ (for or against) the acceptance of the
proposal as made on the _____ day of _____, _____.

Dated at _____, this _____ day of _____.

Witness

Individual Creditor

Witness

Name of Corporate Creditor

Per _____
Name and Title of Signing Officer

Return To:
Alvarez & Marsal Canada Inc. - Licensed Insolvency Trustee
Per:

Orest Konowalchuk - Licensed Insolvency Trustee
Bow Valley Square 4
Suite 1110, 250 6th Ave SW
Calgary AB T2P 3H7
Fax: (403) 538-7551
E-mail: mgrose@alvarezandmarsal.com



CHECKLIST FOR PROOF OF CLAIM

This checklist is provided to assist you in preparing the proof of claim form and, if appropriate, the proxy form in a complete and accurate manner.

General

- The **signature of a witness** is required.
- The document **must be signed** by the individual completing the declaration.
- **Provide the complete address** where all notices or correspondence are to be forwarded along with your phone number, fax number and email address where appropriate.

Notes:

- It is permissible to file a proof of claim by fax.
- A creditor may vote either in person or by proxy at any meeting of creditors if the proof of claim is filed with the Trustee prior to the time appointed for the meeting.
- A quorum at any meeting of creditors is at least one creditor with a valid proof of claim in attendance in person or by proxy.
- A corporation may vote by an authorized agent or mandatory at meetings of creditors.
- In order for a duly authorized person to have a right to vote, they must be a creditor or be the holder of a properly executed proxy. The name of the creditor must appear in the proxy.
- A creditor who is participating in any distribution from an estate must have filed a proof of claim prior to the distribution being declared.
- In the case of an individual bankrupt, by checking the appropriate boxes at the bottom of the proof of claim form, you may request that the Trustee advise you of any material change in the financial situation of the bankrupt or the amount of the bankrupt is required to pay into the bankruptcy, and a copy of the Trustee's report on the discharge of the bankrupt.

Paragraph (1)

- Creditor must state full and complete legal name of the individual, company or firm.
- If the individual completing the proof of claim is a representative of the creditor, the individual's position or title must be identified.

Paragraph (3)

- The amount owing must be set out in paragraph 3.
- A **detailed statement of account** must be attached to the proof of claim and marked "Schedule A" and must show the date, number and amount of all the invoices, charges, credits or payments. The amount on the statement of account must correspond to the amount indicated on the proof of claim.

Paragraph (4)

Notes:

- **Paragraph A** applies to the ordinary unsecured claims. In addition to recording the amount of the claim, please indicate whether the claim has a priority pursuant to section 136 of the Act.
- **Paragraph B** applies to lessor claims in a commercial proposal. Please ensure that the claim applies to a commercial proposal and, if so, include the full particulars of the claim.
- **Paragraph C** applies to secured claims. Please indicate the dollar value of the security and attach copies of the security documents. In addition, please attach copies of the security registration, where appropriate.
- **Paragraph D** applies to inventory claims of farmers, fisherman and aquaculturists. Please note that such claims apply only to inventory supplied from farmers, fishermen and aquaculturists within 15 (fifteen) days of the date of bankruptcy. In addition, please attach copies of any applicable sales agreement and delivery slips.
- **Paragraph E** applies to claims by wage earners. Please note that such claims apply only for unpaid wages owed upon bankruptcy of an employer or when the employer becomes subject to a receivership.
- **Paragraph F** applies to claims by employees for unpaid amounts regarding pension plans. Please note that such claims apply only to unremitted pension contributions outstanding when the sponsoring employer becomes bankrupt or is subject to a receivership.
- **Paragraph G** applies to claims against directors. Please note that such claims apply only to directors of corporations that have filed a commercial proposal to creditors that includes a compromise of statutory claims against directors.
- **Paragraph H** applies to claims of customers of a bankrupt securities firm. Please ensure that the claim of the customer is for net equity and, if so, include the full particulars of the claim, including the calculations upon which the claim is based.
- In order to prepare its claim, the creditor should refer to the Bankruptcy and Insolvency Act, copy of which is accessible at <http://laws.justice.gc.ca/eng/StatutesByTitle>.

Paragraph (5)

- All claimants must indicate whether or not they are related to the debtor, as defined in section 4 of the Act, or dealt with the debtor in a non-arm's length manner.

Paragraph (6)

- All claimants must attach a detailed list of all payments or credits received or granted, as follows:
 - a) **within the three (3) months preceding** the initial bankruptcy event (including the bankruptcy or the proposal);
 - b) **within the twelve (12) months preceding** the initial bankruptcy event (including the bankruptcy or the proposal) in the case where the claimant and the debtor were not dealing at arm's length.