



COURT FILE NUMBER **2401 – 03404**

COURT **COURT OF KING’S BENCH OF ALBERTA**

JUDICIAL CENTRE **CALGARY**

APPLICANTS **IN THE MATTER OF THE *COMPANIES’ CREDITORS***
 ARRANGEMENT ACT, RSC 1985, c. C-36, as amended

AND IN THE MATTER OF THE COMPROMISE OR
 ARRANGEMENT OF CANADIAN OVERSEAS PETROLEUM
 LIMITED AND THOSE ENTITIES LISTED IN APPENDIX “A”

DOCUMENT **FIRST REPORT OF THE MONITOR**
 MARCH 15, 2024

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1.0 Introduction

1. Pursuant to an order (the “**Initial Order**”) pronounced by the Court of King’s Bench of Alberta (the “**Court**”) on March 8, 2024 (the “**Filing Date**”), Canadian Overseas Petroleum Limited (“**COPL**”) and those other entities listed in **Appendix “A”** (collectively, the “**Applicants**”), and together with other Non-Filing Affiliates (as defined below), the “**COPL Group**” or the “**Companies**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. was appointed as monitor in these CCAA proceedings (in such capacity, the “**Monitor**”)
2. The principal purpose of these CCAA proceedings is to create a stabilized environment to enable the Companies to:
 - a) continue to operate in the ordinary course with the protection afforded by the stay of proceedings under the CCAA; and
 - b) undertake a Court-supervised sale and investment solicitation process for the Companies’ assets and business, which will be supported by a stalking horse bid from the Lender (as defined below), with the view of identifying and completing a going-concern sale transaction.
3. Pursuant to the terms of the Initial Order, *inter alia*, the Court:
 - a) granted a stay of proceedings in favour of the Applicants and their directors and officers (the “**Stay of Proceedings**”) to and including March 18, 2024 (the “**Stay Period**”);
 - b) extended the Stay of Proceedings and other provisions of the Initial Order to the following affiliates of the Applicants: (i) Shoreline Canoverseas Petroleum Development Corporation Limited (“**ShoreCan**”); and (ii) Essar Exploration and Production Limited, Nigeria (“**Essar Nigeria**” and, together with ShoreCan, the “**Non-Filing Affiliates**”);
 - c) approved the terms of a debtor-in-possession (“**DIP**”) financing pursuant to a DIP term sheet (the “**DIP Term Sheet**”) with Summit Partners Credit Fund II, L.P., Summit Investors Credit III, LLC, and Summit Investors Credit III (UK), L.P. (collectively, the “**DIP Lender**”), pursuant to which a US\$11 million DIP loan facility (the “**DIP Facility**”) will be made available to fund the COPL Group’s ongoing business and these CCAA

proceedings, subject to the terms therein, provided that borrowings under the DIP Facility do not exceed US\$1.5 million without further Court approval;

- d) approved the appointment of Peter Kravitz to act as chief restructuring officer (in such capacities, the “**CRO**”) pursuant to the powers and obligations set out in the engagement letter dated December 19, 2023, as amended by agreements dated December 29, 2023 and January 17, 2024, between Province Fiduciary Services, LLC (“**Province**”) and the COPL Group (“**CRO Engagement Letter**”);
- e) granted charges on all of the Applicants’ current and future assets, property, and undertakings (collectively, the “**Property**”), in the following amounts and priority:
 - i. first, a charge up to a maximum amount of \$1.5 million (the “**Administration Charge**”) to secure the fees and disbursements of the Monitor, its legal counsel, the Applicants’ Canadian and US legal counsel, and the Financial Advisor (as defined below) and a charge in the amount of US\$500,000 (the “**CRO Charge**”) to secure the fees and disbursements of the CRO (as defined below), both ranking *pari passu* with each other;
 - ii. second, a charge in the amount of \$500,000 in favour of the directors and officers of the Applicants (the “**Directors’ Charge**”); and
 - iii. third, a charge up to the maximum principal amount of US\$1.5 million, plus accrued and unpaid interest, fees and expenses thereon, on the Property in favour of the DIP Lender to secure advances to the Applicants made under the DIP Facility prior to the Comeback Hearing (as defined below) (the “**DIP Lender’s Charge**”, and together with the Administration Charge, the CRO Charge and the Directors’ Charge, the “**Initial Charges**”); and
- f) permitted the Applicants to pay amounts owing for goods and services supplied to the Applicants prior to the date of the Initial Order if, in the opinion of the Applicants, the supplier is critical to the COPL Group’s business and ongoing operations of the Applicants, consistent with existing policies and procedures, subject to the terms of the DIP Term Sheet and obtaining the consent of the Monitor.

4. At the Initial Order hearing, the Court adjourned the following relief until the Comeback Hearing:
 - a) approving the CRO Engagement Letter; and
 - b) approving the engagement letter between Province, LLC (“**Province LLC**”) and the COPL Group dated December 19, 2023 (the “**Financial Advisor Engagement Letter**”), pursuant to which, Province LLC will act as financial advisor (the “**Financial Advisor**”) to the COPL Group during these CCAA proceedings.
5. On March 11, 2024, the Applicants commenced proceedings in the United States Bankruptcy Court for the District of Delaware (the “**US Court**”) seeking recognition of these CCAA proceedings as a foreign main proceeding under chapter 15 of title 11 of the United States (the “**US**”) Code (the “**Bankruptcy Code**”), 11 U.S.C. §§ 101-1532. On March 12, 2024, the US Court entered an order granting provisional relief in aid of these CCAA proceedings.
6. The comeback hearing is scheduled to be heard on March 19, 2024 (the “**Comeback Hearing**”). The Applicants intend to seek a one-day extension of the Stay Period at a hearing to be held on March 18, 2024 until the Comeback Hearing can be held.
7. At the Comeback Hearing, the Applicants are seeking the following orders:
 - a) an order (the “**SISP Approval Order**”), among other things:
 - i. approving the proposed sale and investment solicitation process (the “**SISP**”), the terms of which are further described below;
 - ii. authorizing and directing the Applicants to negotiate and finalize a definitive stalking horse purchase agreement (such definitive agreement being the “**Stalking Horse Purchase Agreement**”) with the Lender (the “**Stalking Horse Purchaser**”) on substantially the terms set forth in the Restructuring Term Sheet attached as Exhibit B to the Restructuring Support Agreement (as defined below);

- iii. approving an expense reimbursement (the “**Expense Reimbursement**”) for costs incurred by the Stalking Horse Purchaser and a break fee of US\$350,000 (the “**Break Fee**” and, together with the Expense Reimbursement, the “**Bid Protections**”) for the benefit of the Stalking Horse Purchaser, subject to the execution of the Stalking Horse Purchase Agreement; and
 - iv. granting a Court-ordered charge over the Property up to US\$500,000 in favour of the Stalking Horse Purchaser as security for payment of the Bid Protections (the “**Bid Protections Charge**”), with the priority set out therein; and
- b) an amended and restated Initial Order (the “**ARIO**”), among other things:
- i. extending the Stay Period to and including May 20, 2024 (the “**Stay Extension**”);
 - ii. approving the CRO Engagement Letter and Financial Engagement Letter, and approving the payment of fees contemplated under the same;
 - iii. approving and authorizing and empowering the Applicants and the Lender, *nunc pro tunc*, to enter into the support agreement dated March 7, 2024 among the Applicants and the Lender (the “**Restructuring Support Agreement**”);
 - iv. providing that the Applicants shall not be required to incur any further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the “**Securities Filings**”) that may be required by any law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, and authorizing the Applicants to postpone the requirement for any future annual or other meetings of the shareholders of COPL;
 - v. increasing the maximum principal amount that the Applicants can borrow under the DIP Facility to US\$11 million;
 - vi. increasing the maximum amount of the Initial Charges to:
 - 1. \$2.5 million for the Administration Charge;
 - 2. \$1 million for the Directors’ Charge; and

3. US\$11 million for the DIP Lender's Charge;
 - vii. providing that the CRO Charge now secure the Transaction Fee (as defined in the CRO Engagement Letter), which was previously excluded from the CRO Charge.
8. The increased Initial Charges, together with the Bid Protections Charge, are collectively referred to as the "**Charges**".
 9. KSV is filing this first report (this "**First Report**") as the Monitor.

1.1 Purposes of this First Report

1. The purposes of this First Report are to:
 - a) summarize the relief being sought by the Applicants at the Comeback Hearing;
 - b) provide the Court with an update on the Monitor's activities since the granting of the Initial Order; and
 - c) provide the Monitor's recommendations regarding the relief being sought by the Applicants at the Comeback Hearing.

1.2 Scope and Terms of Reference

1. In preparing this First Report, the Monitor has relied upon the Applicants' unaudited financial information, books and records, information available in the public domain and discussions with the Applicants' management and legal counsel.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this First Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

3. An examination of the Cash Flow Forecast (as defined below) as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information relied upon in this First Report is based upon the Applicants' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

1.3 Currency

1. Unless otherwise noted, all currency references in this First Report are in Canadian dollars.

2.0 Background

1. The affidavit of Peter Kravitz, Chief Restructuring Officer of COPL, sworn March 7, 2024, in support of the CCAA Originating Application (the "**First Kravitz Affidavit**"), provides, *inter alia*, background information concerning the Applicants, their respective businesses, as well as the reasons for the commencement of these CCAA proceedings.
2. KSV's pre-filing report dated March 8, 2024 (the "**Pre-Filing Report**") provides additional background information on these CCAA proceedings. Among other things, the Pre-Filing Report includes the Applicants' cash flow projection (the "**Cash Flow Forecast**") for the period March 7 to June 1, 2024. The Court materials filed in these CCAA proceedings, including this First Report and the Pre-Filing Report, are available on the Monitor's case website at www.ksvadvisory.com/experience/case/canadian-overseas-petroleum.

3.0 Restructuring Support Agreement¹

1. Pursuant to the Restructuring Support Agreement, the Lender has agreed to, among other things: (i) support the relief sought in the Initial Order and the ARIQ; (ii) negotiate in good faith definitive documents for an executable stalking horse transaction on substantially the same terms as the terms set forth in the Restructuring Term Sheet; and (iii) support the implementation of the SISP. A copy of the Restructuring Support Agreement is attached as Exhibit "P" to the First Kravitz Affidavit.

¹ The following constitutes a summary description of the Restructuring Support Agreement. Reference should be made directly to the Restructuring Support Agreement for a complete understanding of its terms and conditions. Capitalized terms used in this section and not otherwise defined have the meanings ascribed to them in the Restructuring Support Agreement.

2. The Restructuring Support Agreement further provides that the parties agree to negotiate in good faith to enter into the Stalking Horse Purchase Agreement on or prior to March 22, 2024, with such Stalking Horse Purchase Agreement to be substantially on the terms set out in the Restructuring Term Sheet, acting reasonably, with the approval of the Monitor.
3. In addition, under the Restructuring Support Agreement, the Companies have agreed to, among other things: (i) take all reasonable actions necessary to implement the transaction contemplated under the Stalking Horse Purchase Agreement, in the event that the stalking horse bid is the Successful Bid (as defined below) under the SISF; (ii) satisfy the milestones set out in the Restructuring Support Agreement with respect to closing the transactions contemplated under the Restructuring Term Sheet; (iii) preserve the current business operations of the Companies in all material respects; and (iv) pay the reasonable and documented fees and expenses of the Lender incurred in connection with the transactions contemplated thereunder.
4. The Monitor views the Restructuring Support Agreement as a significant positive step in these CCAA proceedings. The Monitor supports Court approval of the Restructuring Support Agreement as, *inter alia*, it evidences the support of the Applicants' principal economic stakeholders for the SISF and the other substantive relief being sought at the Comeback Hearing as the Applicants seek to stabilize their business and preserve it as a going concern, for the benefit of the Applicants' other stakeholders, including creditors, employees, customers, and suppliers.

4.0 CRO Engagement Letter and Financial Advisor Engagement Letter

1. As discussed in the Pre-Filing Report, the Monitor has reviewed the terms of the Financial Advisor Engagement Letter and CRO Engagement Letter and supports the Court's approval of same, including the fees contained therein. Copies of the CRO Engagement Letter and Financial Advisor Engagement Letter are attached to the First Kravitz Affidavit as Appendix "R" and "S", respectively.

4.1 CRO Engagement Letter

1. The material financial terms of the CRO Engagement Letter include:
 - a) beginning on December 19, 2023, and on each monthly anniversary of such date, COPL shall pay Province, in advance, a fee of US\$80,000 (the "**Monthly Fee**");

- b) upon the consummation of any Transaction (as defined in the CRO Engagement Letter), COPL shall pay Province a one-time transaction fee (the “**Transaction Fee**”) as follows:
 - i. in the amount of US\$400,000 if a Transaction is consummated by an acquirer who provided any new value to the Applicants or their estate in full or partial consideration of the acquisition; and
 - ii. in the amount of US\$250,000 if the Transaction is consummated by an acquirer who capitalizes such an acquisition by way of a credit bid; and
 - c) Province will charge all costs and expenses incurred in the normal course of performing the CRO Engagement Letter to COPL at Province’s actual cost.
2. The Monitor recommends that the Court approve the CRO Engagement Letter for the following reasons:
- a) based on the Monitor’s experience, the Monthly Fee is fair and reasonable in the circumstances and comparable to fees charged by entities that have provided similar services in CCAA proceedings;
 - b) in the event the Stalking Horse Purchaser is the Successful Bid in the SISP, the Transaction Fee payable to Province is US\$250,000, which represents approximately 0.45% of the purchase price contemplated under the Restructuring Term Sheet (as discussed in detail below). In addition, the fee structure is intended to incentivize the CRO to attempt to obtain additional Qualified Bids (as defined below). Based on the Monitor’s experience, the Transaction Fee is reasonable and comparable to success / transaction fees charged by entities that have provided similar services in CCAA proceedings.
 - c) the non-financial terms of the CRO Engagement Letter are fair and reasonable in the circumstances;
 - d) the DIP Lender supports the CRO Engagement Letter;
 - e) as confirmed in the Richardson Affidavit, the CRO has provided essential support to the Applicants’ sparse management team since his initial engagement and the services of the CRO will be critical to the Applicants in connection with this CCAA proceeding and in the administration of the SISP; and

- f) the Monitor has been advised that the CRO has experience serving in such role and other fiduciary roles in the oil and gas exploration and production sector, including with respect to, among other engagements, Basic Energy Services, Inc., Sable Permian Resources, and Mesquite Energy.
- 3. The Monitor is supportive of the CRO Charge now also securing the Transaction Fee.

4.2 Financial Advisor Engagement Letter

- 1. The material financial terms of the Financial Advisor Engagement Letter include:
 - a) the COPL Group shall pay Province LLC in advance a retainer (the “**Retainer**”) in the total amount of US\$100,000, which amount shall increase to US\$200,000 upon the Applicants receiving any DIP financing;
 - b) Province LLC will charge fees on an hourly rate basis; and
 - c) Province LLC will bill the COPL Group on a monthly or more frequent basis for professional fees and expenses and shall first deduct the billed amount from the Retainer, with any amount remaining due and payable by the COPL Group. The COPL Group is responsible for replenishing the full amount of the Retainer following such billing.
- 2. As outlined in the Pre-Filing Report, KSV has reviewed the terms of the Financial Advisor Engagement Letter and supports the approval of the same, which will allow the Financial Advisor to continue to provide the COPL Group with financial advisory expertise during the CCAA and Chapter 15 proceedings. In addition, the DIP Lender supports the approval of the Financial Advisor Engagement Letter.
- 3. The Monitor has been advised that the professionals at Province LLC have experience providing advisory services in the oil and gas exploration and production sector, including with respect to, among other engagements, the insolvency proceedings of Basic Energy Services, Inc., TPC Group Inc., and Fieldwood Energy, LLC.

5.0 SISP and Restructuring Term Sheet²

5.1 SISP

1. The purpose of the SISP is to market the Companies' business and assets for sale. The SISP is anchored by the Restructuring Term Sheet, which provides certainty to the Companies and their stakeholders of a going-concern transaction, while also enabling the Applicants, with the assistance and oversight of the Financial Advisor and the Monitor, to test the market and pursue the possibility of a superior transaction.
2. Subject to Court approval, the Applicants, with the assistance of the Financial Advisor and oversight of the Monitor, will carry out the SISP. The professionals at KSV have experience acting as CCAA monitor and other court-officer capacities in insolvency proceedings in the oil and gas exploration and production sector, including, among others, the insolvency proceedings of Redwater Energy Corporation, Lexin Resources Ltd., Elcano Exploration Inc., Forent Energy Ltd., Northern Patriot Oil and Gas Ltd., Tuscany Energy Ltd., Verity Energy Ltd., Canadian Rockies Petroleum Corp., Cabot Energy Inc., and Prevail Energy Canada Ltd.
3. The proposed SISP was developed by the Applicants in consultation with the Monitor, the Financial Advisor and the DIP Lender.
4. The key aspects of the proposed SISP are summarized below; however, interested parties are strongly encouraged to review the full terms of the SISP, which is attached as Schedule "A" to the proposed SISP Approval Order.
5. A summary of the SISP timeline is as follows:

Milestone	Deadline³
Court approval of SISP	March 19, 2024
Latest date for Applicants to commence SISP	March 19, 2024
LOI Deadline	April 17, 2024
Qualified Bid Deadline	May 2, 2024
Notification to Qualified Bidder of Auction (if any)	May 6, 2024
Auction (if any)	May 8, 2024
Implementation Order	Subject to Court availability

² Capitalized terms in this section have the meaning provided to them in the SISP or the Restructuring Term Sheet unless otherwise defined herein.

³ To the extent any dates fall on a non-business day in Alberta, they shall be deemed to be the first business day thereafter.

6. Each milestone in the SISP timeline above can be extended by the Applicants, with the consent of the Monitor, the Stalking Horse Purchaser, and the Consenting Lenders (as defined in the Restructuring Support Agreement).

5.1.1 Solicitation of Interest

1. The SISP provides that the Applicants, with the assistance of the Financial Advisor and oversight of the Monitor, will disseminate marketing materials and solicit interest from parties potentially interested in pursuing a transaction (each, a “**Potential Bidder**”).
2. In particular, the SISP provides that the Applicants, with the oversight of the Monitor, will:
 - a) prepare and disseminate marketing materials and a process letter to Potential Bidders identified by the Applicants and the Monitor, including a form of non-disclosure agreement (an “**NDA**”), by no later than March 19, 2024;
 - b) solicit interest from parties with a view to such interested parties entering into an NDA (parties shall only obtain access to the virtual data room and be permitted to participate in the SISP if they execute an NDA, in form and substance satisfactory to the Companies);
 - c) provide applicable parties who have entered into an NDA with the Companies access to a virtual data room containing, among other things, diligence information such as a confidential information memorandum, a template purchase and sale agreement, historical operating and financial results, and financial projections and budgets prepared by the Companies; and
 - d) request that such parties submit:
 - i. a letter of intent to bid that identifies the potential bidder and a general description of the assets and/or business(es) of the COPL Group that would be the subject of the bid and that reflects a reasonable prospect of culminating in a Qualified Bid (as defined below), as determined by the COPL Group in consultation with the Monitor and the Consenting Lenders (an “**LOI**”) by 11:59 p.m. Mountain Time on April 17, 2024 (the “**LOI Deadline**”) and, if applicable;
 - ii. a binding offer meeting the requirements for a Qualified Bid (as defined and described below) by 11:59 p.m. Mountain Time on May 2, 2024 (the “**Qualified Bid Deadline**”).

3. If, by the LOI Deadline, no LOI has been received, then the SISP shall be deemed to be terminated and the Stalking Horse Transaction shall be the Successful Bid and shall be consummated in accordance with and subject to the terms of the Support Agreement and the Stalking Horse Purchase Agreement.

5.1.2 Qualified Bids

1. To be a “**Qualified Bid**”, a bid must meet the requirements outlined in paragraph 7 of the SISP, including, among other things, that it:
 - a) provide for aggregate consideration, payable in cash in full on closing, in an amount equal to or greater than:
 - i. all outstanding obligations under the Senior Credit Agreement (anticipated to be US\$44.46 million), unless otherwise agreed to by the lenders thereunder;
 - ii. all outstanding obligations under the DIP Term Sheet (anticipated to be US\$11 million) plus cash consideration of US\$250,000;
 - iii. any obligations in priority to amounts owing under the DIP Term Sheet, including any Charges (anticipated to be US\$500,000 and \$3.5 million); and
 - iv. an amount to satisfy the Bid Protections (anticipated to be US\$500,000)(the “**Consideration Value**”), which is estimated to be at least US\$56.71 million and \$3.5 million in the aggregate;
 - b) provides a schedule that identifies the composition of the Consideration Value and any assumptions that could reduce the net consideration payable including details of any material liabilities that are being assumed or excluded;
 - c) provides for a closing date of no later than 30 days after completion of the Auction if selected as the Successful Bid;
 - d) includes:
 - i. duly executed and binding transaction documents, including a redline of the submitted transaction document against the Stalking Horse Purchase Agreement posted in the virtual data room;

- ii. the legal name and identity and contact information of the Potential Bidder, full disclosure of its direct and indirect principals, and the name(s) of each of its equity holder(s); and
- iii. disclosure of any connections or agreements with the Companies or their affiliates;
- e) includes full details of the Potential Bidder's intended treatment of the Companies' employees, customers, contracts, collective bargaining agreements, pension and benefit obligations, and vendors under the proposed bid;
- f) be accompanied by a cash deposit (the "**Deposit**") equal to at least 10% of the Consideration Value, which Deposit shall be retained by the Monitor in a non-interest-bearing trust account in accordance with the terms thereof; and
- g) does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment.

5.1.3 Auction

1. If no Qualified Bids are submitted by the Qualified Bid Deadline, the Stalking Horse Purchaser will be the Successful Bidder (as defined in the SISP) under the SISP.
2. If one or more Qualified Bids are received by the Qualified Bid Deadline, the Companies will proceed with an auction process (the "**Auction**") in accordance with the SISP, including as follows:
 - a) bidding at the Auction shall be conducted in rounds. The Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Applicants, in consultation with the Monitor, shall constitute the "**Initial Bid**" for the first round, and any bid made at the Auction by a Qualified Party (as defined in the SISP) subsequent to the Applicants' announcement of the Initial Bid (each, an "**Overbid**"), must be made in minimum cash purchase price increments of US\$250,000 above the Initial Bid;
 - b) the Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit an Overbid with full knowledge and confirmation of the then-existing highest or otherwise best bid and no Qualified Party submits an Overbid; and

- c) during the Auction, the Companies, in consultation with the Monitor, will review each subsequent Qualified Bid, considering the factors for a Qualified Bid as set out in the SISP, and identify the highest or otherwise best bid received at the Auction as the “**Successful Bid**” under the SISP.

5.2 Restructuring Term Sheet

1. The Restructuring Term Sheet contemplates a credit bid of the DIP Facility for all or substantially all of the assets (excluding funds for the Wind-Up Reserve) or equity, as applicable and as determined by the Stalking Horse Purchaser, provided that the Stalking Horse Purchaser may subsequently increase its credit bid to include a portion or all of the principal amount of debt outstanding under the Senior Credit Agreement (the “**Transaction**”), as described in more detail below.
2. It is proposed that the Companies will finalize a definitive Stalking Horse Purchase Agreement with the Stalking Horse Purchaser on substantially the same terms as the Restructuring Term Sheet and that the Stalking Horse Purchase Agreement will be made publicly available no later than March 23, 2024.
3. The following constitutes a summary description of the Restructuring Term Sheet only. Reference should be made directly to the Restructuring Term Sheet for complete terms and conditions. A copy of the Restructuring Term Sheet is attached as Exhibit B to the Restructuring Support Agreement, which is attached as Exhibit “P” to the First Kravitz Affidavit.
4. The key terms and conditions of the Restructuring Term Sheet are provided below.
 - a) **Stalking Horse Purchaser:** the Lender, or one or more entities to be formed by the Lender;
 - b) **Purchase Price:** the purchase price (the “**Purchase Price**”) payable by the Stalking Horse Purchaser for the purchased assets (the “**Purchased Assets**”) shall be equal to the sum of:
 - i. an amount equal to the outstanding obligations owing pursuant to the DIP Facility, including the principal amount of such claims and interest and fees accrued as of the closing date (the “**Credit Bid Amount**”); and
 - ii. the assumption of the obligations under the Senior Credit Agreement, to the extent not the subject of the credit bid.

- c) **Documentation:** the parties will settle the terms of the Stalking Horse Purchase Agreement by no later than March 22, 2024;
- d) **Excluded Assets:** an amount to be agreed upon by the Applicants and the Lender, each acting reasonably, to fund any professional fees incurred in connection with post-closing matters and/or to wind-up and terminate the CCAA proceedings and the Chapter 15 proceedings, and such other assets as agreed upon by such parties;
- e) **Conditions Precedent:** include, among other things:
 - i. the Court granting the SISP Approval Order and approving the Bid Protections;
 - ii. the Court granting an Approval and Vesting Order, in form and substance satisfactory to the Stalking Horse Purchaser, acting reasonably (the “**Approval & Vesting Order**”);
 - iii. the US Court granting orders recognizing the SISP Approval Order and the Approval & Vesting Order pursuant to chapter 15 of the Bankruptcy Code, in form and substance satisfactory to the Stalking Horse Purchaser, acting reasonably;
 - iv. the performance of covenants contained in the Restructuring Support Agreement;
 - v. the respective parties’ representations and warranties be accurate at closing; and
 - vi. customary closing deliverables.

5.3 Bid Protections

1. The Restructuring Term Sheet includes an Expense Reimbursement for reasonable out-of-pocket third-party expenses incurred by the Stalking Horse Purchaser in connection with the Transaction and a Break Fee of US\$350,000 (i.e., the Bid Protections).
2. The Expense Reimbursement and the Break Fee are intended to compensate the Stalking Horse Purchaser for its expenditures of time and money and its agreement to act as the stalking horse purchaser, including the preparation of the Restructuring Term Sheet and Stalking Horse Purchase Agreement. The proposed SISP Approval Order provides that the Applicants are authorized and directed to pay the Bid Protections, in the manner and

circumstances described in the Restructuring Support Agreement and the Stalking Horse Purchase Agreement, namely upon the closing of a “**Superior Proposal**”, as defined and on the terms set forth therein.

3. The maximum amount of the Bid Protections (US\$500,000) represents approximately 0.63% of the of the Purchase Price. The Monitor compared the Bid Protections to other bid protections approved by Canadian courts in insolvency proceedings commenced between 2018 to 2023. The comparison is attached hereto as **Appendix “B”**. As outlined in the attached summary, bid protections in the context of sale processes are generally between 2.5% to 4.0% of the purchase price, and the Bid Protections in this case represent approximately 0.63% of the Purchase Price. Based on this analysis, the Monitor is of the view that the Bid Protections are below the general range of reasonable bid protections in comparable restructuring proceedings.

5.4 SISP Recommendation

1. The Monitor recommends that this Court issue an order approving the SISP and the Restructuring Term Sheet for the following reasons:
 - a) the SISP provides for a marketing of the Companies’ business, with the assistance of the Financial Advisor and under the oversight of the Monitor;
 - b) stalking horse sale processes are a recognized mechanism in restructuring processes to maximize recoveries, while creating stability and certainty of a going-concern transaction;
 - c) the SISP provides a meaningful opportunity to complete a transaction with greater value than the Restructuring Term Sheet, if one is identified;
 - d) in the Monitor’s view, the 45-day solicitation period under the SISP is reasonable in the circumstances and sufficient to allow interested parties to perform diligence and submit offers in light of:
 - i. the availability of the detailed Restructuring Term Sheet which precedes the Stalking Horse Purchase Agreement, which will assist Potential Bidders in preparing and considering their bids;
 - ii. the SISP process that will specifically target the oil and gas industry for potential purchasers;

- iii. the Monitor's previous experience in the sale of distressed oil and gas assets of similar size and the Monitor's limited review of current market offerings by select oil and gas sales advisors, which have timelines similar to the SISP;
 - iv. the public and well-known nature of the Companies in the locations in which they operate, such that the SISP will likely receive substantial media attention within those markets, making Potential Bidders aware thereof;
 - v. the need to balance between ensuring that sufficient time is available to attempt to identify a superior transaction, and managing the costs of conducting these CCAA proceedings for a further period of time (which excess costs would be borne by stakeholders and require that financing be secured); and
 - vi. as reflected in the Cash Flow Forecast, the Applicants do not have sufficient cash or access to funding to support operations during a longer SISP.
- e) the DIP Lender is supportive of the proposed SISP;
- f) the Monitor is of the view that the Bid Protections, which represent approximately 0.63% of the Purchase Price, are customary (even including in the context of a credit bid) and reasonable in the circumstances and will not create uncertainty or discourage interested parties from submitting offers in the SISP; and
- g) as at the date of this First Report, the Monitor is not aware of any objections to the SISP or the Restructuring Term Sheet.

6.0 Cash Flow Forecast

1. A copy of the Cash Flow Forecast prepared by the Applicants, which was reviewed and discussed with the Monitor, is attached as **Appendix "C"**. This is the same Cash Flow Forecast that was appended to the Pre-Filing Report and covers the period from March 7 to June 1, 2024. The Cash Flow Forecast contemplates that the Applicants are able to fund their businesses within the confines of the DIP Facility.

2. A summary of the Cash Flow Forecast⁴ is provided below:

(unaudited; CAD; \$000s)	Note	Total
Receipts	A	6,888
Disbursements		
COPL America operating disbursements	B	(8,342)
COPL operating disbursements	C	(629)
Royalties and revenue distribution	D	(1,611)
Restructuring costs	E	(5,971)
Other	F	(1,047)
Total disbursements		(17,601)
Net cash flow		(10,712)
Opening cash balance		375
Net cash flow		(10,712)
DIP Facility advances		11,000
Ending cash balance		663

3. The Monitor notes the following regarding the Cash Flow Forecast:

- A. Receipts: represents collection of revenue from operations, joint interest billing revenue, and other miscellaneous receipts related to GST refunds for COPL;
- B. COPL America operating disbursements: represents expenses incurred by COPL America, including but not limited to, payroll, surface and land usage payments, workover expenses, sales taxes, and other critical operating expenses and inputs related to operating the Wyoming Assets (e.g., water, transportation, materials, etc.);
- C. COPL operating disbursements: represents expenses incurred by COPL including but not limited to, payroll, rent, insurance, and administration expenses;
- D. Royalties and Revenue Distribution: represents payments made on account of revenue and royalty distribution requirements to minority working interest partners and government agencies;
- E. Restructuring costs: includes Companies', Monitor's, and Lender's professional fees, including both Canadian and US professionals; and

⁴ The notes to the Cash Flow Forecast provide the underlying assumptions, including a description of each line item.

- F. Other: represents disbursements including fees payable to professionals through the ordinary course of business, the commitment fee payable under the DIP Facility, and the wind-down reserve.

7.0 Stay Extension and Related Relief

1. Pursuant to the Initial Order, the Court granted the Stay of Proceedings to and including March 18, 2024 (i.e., the Stay Period). The Applicants are requesting an extension of the Stay Period to May 20, 2024 (the “**Stay Extension**”), being the anticipated date of obtaining the Implementation Order, as defined and provided for in the SISP, if an auction is ultimately held.
2. The Monitor supports the request for an extension of the Stay Period and believes that it is appropriate in the circumstances for the following reasons:
 - a) the Applicants are acting in good faith and with due diligence;
 - b) the proposed Stay Extension will allow the Applicants time to conduct the SISP;
 - c) the Monitor does not believe that any creditor will be materially prejudiced by the Stay Extension;
 - d) as of the date of this First Report, the Monitor is not aware of any party opposed to the Stay Extension; and
 - e) the Cash Flow Forecast reflects that the Applicants are projected to have sufficient liquidity to fund their operations and the costs of these CCAA proceedings during the Stay Extension.

8.0 Securities Filing Relief

1. COPL, as a publicly traded company and a reporting issuer, is seeking relief from, among other things, filings (including financial statements), disclosures, core or non-core documents, and press releases that may be required by any federal, provincial or other laws respecting securities or capital markets in Canada, the United States or the United Kingdom or by the rules and regulations of a stock exchange, provided that any securities regulator or stock exchange shall not be prohibited from taking any action against the Applicant or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by COPL. COPL is also seeking relief from its

obligation to call and hold its annual general meeting (the “**AGM**”) or any other meeting of the shareholders of COPL.

2. During these CCAA proceedings, the Applicants’ executive management team and the CRO will be focused on the Companies’ restructuring efforts. The work required to maintain its securities reporting and prepare for and hold an AGM or any other meeting of shareholders would require significant expense, time, and attention from management and would detract from these efforts. In addition, the CCAA is a public process that will provide shareholders and other stakeholders with information regarding COPL.
3. Given the foregoing, COPL is seeking an order relieving it of its obligation to call an AGM or any other meeting of the shareholders and forego such reporting obligations until further order of the Court. The Monitor views this request as reasonable and supports such relief.

9.0 Court-ordered Charges

9.1 Proposed Charges and Priority of the Charges

1. As detailed below, the Applicants are seeking increases to the quantum of the Administration Charge, Directors’ Charge, and DIP Lender’s Charge.
2. Each of the Initial Charges previously granted in these CCAA proceedings rank in priority to all other encumbrances against the Property. At the Comeback Hearing, the Applicants are seeking to have all of the Initial Charges rank in priority to any encumbrances in respect of the Property.
3. If the Court grants the ARIO and approves the proposed increases to the Initial Charges, the priority and amount of the Charges, as among them would be as follows:

Priority	Charge	Currency	Current (\$)	Proposed (\$)
First	Administration Charge	CAD	1,500,000	2,500,000
	CRO Charge	USD	500,000	500,000
Second	Director’s Charge	CAD	500,000	1,000,000
Third	DIP Lender’s Charge	USD	1,500,000	11,000,000
Fourth	Bid Protections Charge	USD	0	500,000

9.2 Administration Charge Increase

1. The Initial Order granted an Administration Charge in the amount of \$1.5 million to secure the fees and expenses of the Monitor, its counsel, the Applicants’ Canadian and US counsel, and the Financial Advisor to the Comeback Hearing.

2. The Applicants seek to increase the amount of the Administration Charge to \$2.5 million.
3. The Monitor is of the view that the increased Administration Charge is required and reasonable in the circumstances given the complexities of the Applicants' CCAA proceedings and the services to be provided by the professionals, each of whom is necessary to further the restructuring efforts of the Applicants. Without such protection, the professionals are unlikely to be prepared to continue to provide services in these CCAA proceedings.
4. The Cash Flow Forecast has been prepared on the basis of monthly payments of professional fees, and accordingly, there should be limited exposure to the professionals with the proposed increased Administration Charge.
5. The Monitor understands that the DIP Lender supports the proposed increase to the Administration Charge.

9.3 Directors' Charge Increase

1. The Initial Order approved a Directors' Charge in the amount of \$500,000 to secure the indemnity in favour of the COPL Group's directors and officers in the Initial Order based on potential exposure for the directors and officers during the initial 10-day Stay Period.
2. The Applicants are seeking to increase the amount of the Directors' Charge to \$1 million.
3. The amount of the Directors' Charge was estimated by the Applicants in consultation with the Monitor, taking into consideration the potential exposure of the directors and officers for Canadian/US sales taxes, pension obligations, vacation pay, employee wages, and source deductions, as the case may be. Set forth below is an outline of the Applicants' estimated potential exposure with respect to such items:

(unaudited)	Amount (\$000s)
Wages and source deductions	277
Vacation pay	303
Sales taxes	446
Total Directors' Charge	1,026
Rounded	1,000

4. The Monitor has reviewed the backup provided by the Applicants in respect of the potential obligations to be covered by the Directors' Charge and is of the view that the proposed increase to the Directors' Charge is reasonable in the circumstances as the continued involvement of the directors and officers is beneficial to the Applicants and these CCAA proceedings. The basis of these obligations, including the calculation of the Directors' Charge, was described in the Pre-Filing Report.
5. The Monitor is not aware of any objection to the proposed increases to the Administration Charge or the Directors' Charge as of the date of this First Report.

9.4 DIP Lender's Charge Increase

1. The terms of the DIP Facility were detailed in the Pre-Filing Report and the First Kravitz Affidavit. As noted in those materials, it is the Applicants' intention to seek an increase in the amount that may be borrowed under the DIP Facility from US\$1.5 million to US\$11 million at the Comeback Hearing.
2. The Monitor is of the view that the increase of the DIP Lender's Charge is reasonable and appropriate for the following reasons:
 - a) the Cash Flow Forecast reflects that the Applicants will require financing of approximately US\$10 million for the Stay Extension period (i.e., up to and including May 13, 2024);
 - b) the terms of the DIP Facility are reasonable for the reasons set out in the Pre-Filing Report;
 - c) the DIP Lender is not prepared to provide further financing without the benefit of the increase in the DIP Lender's Charge; and
 - d) therefore, without the increase in the DIP Lender's Charge, the Applicants will not have the funding they require to continue to operate and/or to fund these proceedings, including the funding required to carry out the SISP.
3. The Applicants will seek access to the full availability under the DIP Facility as part of the ARIO.

10.0 Monitor's Activities since the Initial Order

1. Since the Filing Date, the Monitor has, among other things:
 - a) corresponded and spoken regularly with the Companies' management team regarding all aspects of these CCAA proceedings;
 - b) prepared the notice to the Companies' creditors (the "**Creditors' Notice**"), as required pursuant to the CCAA;
 - c) mailed the Creditors' Notice and filed Forms 1 and 2 with the Office of the Superintendent of Bankruptcy, as required under the CCAA;
 - d) posted the Creditors' Notice, list of creditors, and other documents on the Monitor's website;
 - e) provided notice of the CCAA Proceedings to the Non-Filing Affiliates;
 - f) arranged for the publication of the CCAA notice in the *New York Times*, *The Globe and Mail*, and *The Calgary Herald*, in accordance with the Initial Order;
 - g) monitored the Applicants' receipts and disbursements;
 - h) assisted the Applicants in their discussions with suppliers, customers, and employees;
 - i) engaged with Osler and the Monitor's counsel, Cassels Brock & Blackwell LLP, regarding certain matters relating to these CCAA proceedings;
 - j) reviewed and commented on the Applicants' materials to be filed in support of the relief to be sought at the Comeback Hearing; and
 - k) prepared this First Report.

11.0 Shareholder Matters

1. On March 14, 2024, the CRO provided the Monitor with copies of various email correspondence received from shareholders who expressed concerns regarding, among other things: (i) the value of the assets and the sale of same; (ii) the quantum of the outstanding debt; and (iii) Anavio Capital Partners LLP's historic role in potential short trades of the COPL stock.

2. The Monitor was subsequently copied on email correspondence from a shareholder raising concerns about short trades of the COPL stock.
3. The Monitor understands that the CRO has responded to the email correspondence received. The Monitor's view is that the SISP will determine the value of the COPL Group.

12.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Court grant the ARIO and the SISP Approval Order on the terms of the draft orders set out in the Applicants' Comeback Hearing materials.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as monitor of
Canadian Overseas Petroleum Limited,
and those entities listed in Appendix "A",
and not in its personal capacity**

APPENDIX A

[ATTACHED]

Applicants

1. Canadian Overseas Petroleum Limited
2. COPL America Holding Inc.
3. COPL America Inc.
4. Canadian Overseas Petroleum (UK) Limited
5. Canadian Overseas Petroleum (Ontario) Limited
6. COPL Technical Services Limited
7. Canadian Overseas Petroleum (Bermuda Holdings) Limited
8. Canadian Overseas Petroleum (Bermuda) Limited
9. Southwestern Production Corporation
10. Atomic Oil and Gas LLC
11. Pipeco LLC

APPENDIX B

[ATTACHED]



**Stalking Horse Break Fee Analysis
Current as at December 27, 2023**

Debtor	Purchaser	Proceeding Type	Trustee	APA date	Jurisdiction	Industry	A Termination Fee	B Expense Reimbursement	C = A + B Total Break Fee ("BF")	Estimated Transaction Value ("TV")	BF as a % of TV	APA in Document Library?	Note
Lighthouse Immersive Inc. and Lighthouse Immersive USA	SCS Finance, Inc.	CCAA	B. Riley Farber	05-Oct-23	Ontario	Other	-	-	-	-	-	Yes	
Validus Power Corp. et al.	Macquarie Equipment Finance Limited and Far North Power Corp.	CCAA	KSV	19-Oct-23	Ontario	Professional Services	1,260,000	1,000,000	2,260,000	59,000,000	3.9%	Yes	
Aleafia Health Inc. et al.	RWB (PV) Canada Inc.	CCAA	KSV	10-Aug-23	Ontario	Cannabis	-	500,000	500,000	25,000,000 - 29,000,000	1.72-2%	Yes	
NextPoint Financial Inc. et al.	Certain lenders to NextPoint	CCAA	FTI	01-Jul-23	British Columbia	Financial Services	700,000	Reasonable expenses also covered	700,000	175,000,000	40.0%	Yes	
DecisionOne	STC Lender LP	NOI	KPMG	22-May-23	New Brunswick	Technology	-	-	-	US 3,000,000	-	Yes	
Datatax Business Services Limited	2872802 Ontario Inc.	NOI	KPMG	11-Aug-23	Alberta	Professional Services	400,000	-	400,000	40,700,000	1.0%	Yes	
Edward Collins Contracting Ltd.	92712 Newfoundland & Labrador Inc.	CCAA	Grant Thornton	17-May-23	Newfoundland	Construction	144,800	30,000	144,800	7,240,000	2.4%	Yes	
Digital Orthodontic Care Inc.	Ortho Studios Express, Inc.	Receivership	Richter	10-Aug-23	Ontario	Healthcare	85,000	-	85,000	\$3 million credit bid	2.8%	Yes	
Pathway Health Corp. (TSV: PHC) and Pathway Health Services Corp.	AvonleaDrewry Holdings Inc.	Interim Receivership	KSV	02-Oct-23	Ontario	Healthcare			62,500	1,250,000	5.0%	Yes	
Aereus Technologies Inc.	1000608245 Ontario Inc.	NOI	B. Riley Farber	04-Aug-23	Ontario	Manufacturing	21,600	-	21,600	Credit bid plus assumed liabilities	-	Yes	
IE CA 3 Holdings Limited	NYDIG ABL LLC	Receivership	PwC	07-Jun-23	British Columbia	Financial Services	USD 630,000	-	USD 630,000	USD 21,000,000	3.0%	Yes	
Fire & Flower Inc. et al.	2707031 Ontario Inc. (the DIP lender)	CCAA	FTI	15-Jun-23	Ontario	Cannabis	650,000	100,000	750,000	Credit bid (release of all obligations owing under DIP loan and bridge loan)	3.4%	Yes	
1194038 Alberta Ltd.	2262576 Alberta Ltd.	Receivership	EY	05-Jun-23	Alberta	Real Estate	125,000		125,000	4,375,000	2.8%	Yes	

GreenSpace Brands Inc.	2762454 Ontario Inc.	Ontario	PwC	05-Apr-23	Ontario	Food & Accommodation	150,000	-	150,000	~9 million, plus certain assumed liabilities and other amounts	1.7%	No	
FlexiTy Solutions Inc. and FlexiTy Holdings Inc.	BHG-BC Holdings Ltd	NOI	Farber	29-Mar-23	Ontario	Technology	-	-	-	11.1 million		Yes	
LoyaltyOne Co. (dba AIR MILES®)	BMO	CCAA	KSV	10-Mar-23	Ontario	Other	3 million	1 million	4 million	US 160 million	2.5%	Yes	
DCL Corporation	Pigments Holdings, Inc.	CCAA	A&M	21-Dec-22	Ontario	Distribution	-	-	-	\$166.2 million to \$170.9 million	0.0%	Yes	
11157353 Canada Corporation	ReFlourish Capital Limited	NOI	EY	14-Feb-23	Ontario	Cannabis	20,000	25,000	45,000	400,000 euros		Yes	
Tehama Inc.	14667913 Canada Inc.	CCAA	Deloitte	07-Feb-23	Ontario	Technology	-	-	-	2.8 million credit bid, plus assumed liabilities, for total consideration of approximately 3 million		Yes	
Trichome Financial Corp.	L5 Capital Inc.	CCAA	KSV	12-Dec-22	Ontario	Cannabis	-	200,000	200,000	5,000,000 and certain deferred consideration payable pursuant to secured limited recourse promissory notes	4.0%	Yes	
Westoak Naturals Inc.	Avena Foods Limited	Receivership	BDO	09-Nov-22	Ontario	Distribution	30,000	25,000	55,000	1,000,000 credit bid plus the costs of the receivership	5.5%	No	
Robus Resources Inc.	Robus Equity Acquisition Corporation, as nominee of Blue Fin Group LLP and Robus Services LLC	Receivership	A&M	08-Dec-22	Alberta	Oil & Gas	182,000		182,000	USD\$9,100,000	2.0%	No	

The Flowr Corporation et al.	1000343100 Ontario Inc.	CCAA	EY	31-Oct-22	Ontario	Cannabis	185,000		185,000	\$3,888,888.88 plus the Closing DIP Loan (as defined below) and Assumed Liabilities	4.8%	No	
Solvaqua Inc.	2464525 Alberta Ltd.	Receivership	MNP	01-Oct-22	Alberta	Other	175,000		175,000	#####	7.0%	Y	
Cannapiece Group Inc. et al.	Cardinal Advisory Limited	CCAA	BDO	08-Nov-22	Ontario	Cannabis	175,000	25,000	200,000	\$3.5 million cash, plus Assumed Liabilities, if any	5.7%	Yes	
i55 Communications Inc.	Elektrophoenix GmbH	NOI	Grant Thornton	17-Oct-22	Ontario	Technology	USD \$200,000	USD \$200,000	USD \$250,000	USD \$5 million, a portion of which will be comprised of a "credit bid" of amounts owing under the DIP Term Sheet	5.0%	Yes	
Go-To Developments Holdings Inc.	2357616 Ontario Inc.	Receivership	KSV	08-Aug-22	Ontario	Real Estate	-	60,000	60,000	9.5 million or greater	1.0%	No	
Just Energy Group	The DIP lenders and one of their affiliates	CCAA	FTI	04-Aug-22	Ontario	Oil & Gas	US\$14.66 million	-	US\$14.66 million	US\$184.9 million in cash, plus up to an additional \$10 million, a credit bid of US\$252.7 million, plus the assumption of certain liabilities	3.4%	No	
Zenabis Group	2657408 Ontario Inc.	CCAA	EY	16-Jun-22	Quebec	Cannabis	-	750,000	750,000	Unclear - confidential	Unclear	No	
Freshlocal Solutions Inc.	Third Eye Capital Corporation	CCAA	EY	17-Jun-22	British Columbia	Retail	Unclear - confidential	Unclear - confidential	Unclear - confidential	Unclear - confidential	2.5%	No	

Cura-Can Health Corp. and its wholly-owned subsidiary The Clinic Network Canada Inc.	Avonlea-Drewry Holdings Inc.	Receivership	KPMG	14-Mar-22	Alberta	Cannabis	325,000		325,000	Approximately \$6,750,000 of which \$6,500,000 will be credited against the indebtedness owing to the purchaser	480.0%	Yes	
Jam Hospitality Inc. et al.	2424115 Alberta Ltd.	Receivership	PwC		Alberta	Food & Accommodation	500,000			18.5 million		No	
Balanced Energy Oilfield Services Inc. et al.	XDI Energy Solutions Inc.	Receivership	FTI	21-Mar-22	Alberta	Oil & Gas	250,000			#####	Unclear	Yes (term sheet)	
BlackRock Metals Inc. et al.	OMF Fund II H Ltd. and Investissement Québec	CCAA	Deloitte	22-Dec-21	Quebec	Mining	2.5 million		2.5 million	Credit bid of \$90,759M	275.0%	Yes	
Behr Technologies Inc.	13486826 Canada Inc.	NOI	Farber	19-Jan-22	Ontario	Technology	75,000		75,000	comprised of a credit bid of \$1,000,000 in debt owing under the DIP Facility plus cash in a to-be-determined amount for priority payables and any	Unclear	Yes	
Harte Gold Corp.	1000025833 Ontario Inc.	CCAA	FTI	15-Dec-21	Ontario	Mining	-	-	-	-	0.0%	No	
McEwan Enterprises Inc.	2864785 Ontario Corp.	CCAA	A&M		Ontario	Food & Accommodation	390,000		390,000	(A) \$2,200,000, plus (B) an amount equal to Cure Costs, plus (C) the assumption of the Assumed Obligations by the Purchaser	Unclear	No	
Junction Craft Brewing Inc.	1000003509 Ontario Limited	NOI	Richter	05-Nov-21	Ontario	Food & Accommodation	50,000	25,000	75,000	400,000 cash plus the assumption of certain liabilities	Unclear	Yes	
Nimbus Water Systems Inc.	2752837 Ontario Inc.	Receivership	BDO	06-Sep-21	Ontario	Professional Services	250,000	50,000	300,000	13,000,000	2.3%	Yes	

O2 Industries Inc.	2841551 Ontario Limited	Receivership	RSM	13-Jul-05	Ontario	Healthcare	-	-	-	-	0.0%	Yes	
Turuss (Canada) Industry Co. Ltd.	Westmount Park Investments Inc.	Receivership	MNP	13-Apr-21	Ontario	Manufacturing	Combined break fee and expense reimbursement amount of \$175,000	Combined break fee and expense reimbursement amount of \$175,000	175,000	6,500,000	2.7%	Yes	
Salt Bush Energy Ltd.	Ironbark Energy Ltd.	NOI	Deloitte	02-Feb-21	Alberta	Oil & Gas	50,000	25,000	75,000	Unclear	Unclear	Yes	
Allied Track Services Inc.	2806401 Ontario Inc.	NOI	KSV	21-Jan-21	Ontario	Professional Services	-	-	-	104,800,000	0.0%	Yes	
Family Fitness Inc.	BTA Real Estate Group Inc.	Receivership	A&M	15-Jan-21	Saskatchewan	Other	40,000		40,000	800,000 plus the assumption of assumed liabilities	5.0%	Yes	
Avenir Sports Entertainment Limited	Avina Acquisition Corp.	Receivership	KSV	15-Dec-20	Alberta	Entertainment	186,000		186,000	4,650,000	4.0%	Yes	
Urthecast Corp. (TSX:UR)	Antarctica Infrastructure Partners, LLC, an affiliate of Antarctica Capital LLC	CCAA	EY	15-Oct-20	British Columbia	Technology	2,070,000	1,000,000	3,070,000	69,000,000	4.5%	No	
110-112 Avenue Road; 114 Avenue Road and 116 Avenue Road	SC Land Inc.	Receivership	RSM	09-Oct-20	Ontario	Financial Services	-	385,000	385,000	16,100,000	2.4%	Yes	
Fun and Fitness Trampolines Inc.	2786323 Ontario Inc.	NOI	Crowe Soberman Inc.	26-Oct-20	Ontario	Entertainment	10,000	-	10,000	Purchase price confidential	Unclear - purchase price confidential	Yes	

Muskoka Grown	Arthur Zwingenberger, in trust for a corporation to be formed under the laws of the Province of Ontario, and 2685164 Ontario Inc.	NOI	Farber	27-Jul-20	Ontario	Cannabis	-	113,000	113,000	11,961,394	<1%	Yes	
Wire IE (Canada) Inc.	Crown Capital Private Credit Fund, LP	NOI	Farber	20-Jul-20	Ontario	Technology	-	200,000	200,000	\$9.5 million plus the assumption or satisfaction of certain liabilities	-%		
Bow River Energy Ltd.	2270943 Alberta Ltd.	CCAA	BDO	17-Jul-20	Alberta	Oil & Gas	175,000	-	175,000	4,290,221	4.1%	Y	
Cirque du Soleil	Spectacle Bidco LP	CCAA	EY	15-Jul-20	Quebec	Media	-	-	-	US\$1,215 million	-%	Y	APA is called Exhibit 23a in the Document Library
Dominion Diamond Mines	Washington Diamond Investments Holdings II, LLC	CCAA	FTI	21-May-20	Alberta	Mining	US\$2,522,000	US\$2,250,000	4,772,000	cash, plus up to US\$5.0 million in respect of any incremental amounts outstanding, plus the assumption of certain liabilities	2.0%	N	
Penady (Barrie) Ltd.	Choice Properties Limited Partnership	Receivership	RSM	02-Jun-20	Ontario	Real Estate	-	400,000	400,000	Unclear - credit bid	Unclear	Y (unsigned copy)	
James E. Wagner Cultivation Corporation	Trichome Financial Corp.	CCAA	KSV	31-Mar-20	Ontario	Cannabis	-	100,000	100,000	11,700,000	0.9%	Y	
Traverse Energy Ltd.	Barrel Oil Corp.	Receivership	EY	05-Feb-20	Alberta	Oil & Gas	97,500	-	97,500	3,250,000	3.0%	Y	
Viafoura Inc.	InterCap Equity Inc.	NOI	KSV	22-Jan-20	Ontario	Technology	25,000	45,000	70,000	1,491,000	4.7%	Y	
Waves E-Gaming Inc.	Amulka Ventures Inc.	Receivership	Dodick Landau	16-Jan-20	Ontario	E-gaming	-	-	-	370,000	0.0%	Y	
Trade Secret Web Printing Inc.	B&Y Property Holdings Inc.	NOI	Crowe Soberman Inc.	13-Dec-19	Ontario	Printing	-	50,000	50,000	1,800,000	2.8%	Y	
Clover Leaf Seafoods	Certain affiliates of FCF Co. Ltd	CCAA	Alvarez & Marsal	21-Nov-19	Ontario	Distribution	US \$27.75 million	US \$2.5 million	\$30.25 million	US \$925.6 million to \$930.6 million	3.0%	Y	6

3070 Ellesmere Developments Inc.	CoStone Development Inc. and Campus Suites Inc.	NOI	Crowe Soberman Inc.	19-Aug-19	Ontario	Real Estate	400,000		400,000	16,000,000	2.5%	Y	
Orbcare Inc.	iGan Partners Inc.	NOI	MNP	08-Aug-19	Ontario	Technology	60,000		60,000	1,200,000	5.0%	N	
Octopus Holdings Ltd.	East Winds Caribbean Limited Partnership	Receivership	Hardie & Kelly	03-Jun-19	Alberta	Hospitality	-	-	-	2,600,000	0.0%	Y	
Argex Titanium Inc.	Mr. Mazen Alnaimi and other investors	NOI	PwC	21-Jun-19	Quebec	Technology					5.0%	Y	5
Strategic Oil & Gas Ltd.	GMT Exploration Zama Inc.	CCAA	KPMG	03-May-19	Alberta	Oil & Gas	75,000		75,000	1,500,000	5.0%	Y	
Strategic Oil & Gas Ltd.	GMT Exploration Zama Inc.	CCAA	KPMG	03-May-19	Alberta	Oil & Gas	75,000		75,000	1,500,000	5.0%	Y	
Divestco Inc.	2179602 Alberta Ltd.	CCAA	Grant Thornton	19-Mar-19	Alberta	Oil & Gas	425,000	-	425,000	15,410,517	2.8%	Y	
Versaccounts Limited	Seatlantic, Inc.	NOI	Farber	23-Jan-19	Ontario	Technology	25,000	25,000	50,000	250,000	20.0%	Y	
Vari-Form Inc.	11032569 Canada Inc.	CCAA	PwC	07-Jan-19	Ontario	Automotive	1,500,000	-	1,500,000	50,000,000	3.0%	Y	4.00
Stantive Technologies Group Inc.	2671682 Ontario Inc.	NOI	EY	14-Dec-18	Ontario	Technology	93,000	25,000	118,000	5,400,000	2.2%	Y	
1033803 Ontario Inc., operating as Forma-Con Construction and Forma Finishing	2657897 Ontario Inc.	Receivership	KSV	06-Dec-18	Ontario	Real Estate	-	-	-	16,500,000	0.0%	Y	
Ladacor AMS Ltd., Nomads Pipeline Consulting Ltd., and 2367147 Ontario Inc.	Sioux Lookout First Nations Health Authority	Receivership	A&M	16-Oct-18	Alberta	Real Estate			125,000	5,000,000	2.5%	Y	3
Purewal Blueberry Farms	0801226 B.C. Ltd.	CCAA	FTI	10-Oct-18	British Columbia	Agriculture			275,000	8,000,000	3.4%	Y	3.00
2301132 Ontario and 2309840 Ontario	E. Manson Investments Limited	NOI	KSV	05-Oct-18	Ontario	Real Estate	175,000	50,000	125,000	6,700,000	1.9%	Y	
Aralez Pharmaceuticals Inc.	Nuvo Pharmaceuticals Inc.	CCAA	Richter	18-Sep-18	Ontario	Pharmaceutical	2,187,500	575,000	2,762,500	62,500,000	4.4%	Y	
1760184 Ontario Ltd. (Surface Heat Treat & Coatings)	Rampart Steel Treating Ltd.	NOI	Farber	18-Jun-18	Ontario	Manufacturing	42,500		42,500	850,000	5.0%	Y	1, 3
3291745 Nova Scotia	3308949 Nova Scotia Limited	Receivership	KSV	14-Jun-18	Nova Scotia	Real Estate	100,000	25,000	125,000	3,225,000	3.9%	Y	
Discovery Air	Various	CCAA	KSV	21-Mar-18	Ontario	Aviation	-	-	-	-	0.0%	Y	2

Notes

Purchase price equal to the sum of \$191,000 in cash plus 90% of the inventory value as at the closing date, plus the purchaser's agreement to the AR collection agreement appended to the APA. Estimated TV is reported in Farber's first report.

Four separate stalking horse agreements were entered into for various of the debtor's business units. The stalking horse bidder in each agreement is a corporation related to the debtor's 95.5% shareholder and most significant secured creditors. The purchase price in each case is in the form of a credit bid or assumption of debt. No break fees are contemplated in any of the stalking horse agreements.

APA did not split break fee between termination fee and expense reimbursement amounts

Estimated transaction value consists only of the cash portion of the purchaser's bid.

Estimated transaction value equal to an amount sufficient to satisfy i) repayment of the amounts secured by the administration charge; ii) repayment of the DIP loan; iii) payment of amounts secured by KERF charge; and iv) funding of a proposal which will provide for payment of, among other things, the outstanding secured debentures and preferred claims.

Transaction is for assets of both Canadian and US entities.

APPENDIX C

[ATTACHED]

Canadian Overseas Petroleum Limited

Projected Weekly Cash Flow Statement (Consolidated)

March 7, 2024 to June 1, 2024

(Unaudited; \$USD Thousands)

Week #		1	2	3	4	5	6	7	8	9	10	11	12	13	
Week Ending	Notes	3/9/2024	3/16/2024	3/23/2024	3/30/2024	4/6/2024	4/13/2024	4/20/2024	4/27/2024	5/4/2024	5/11/2024	5/18/2024	5/25/2024	6/1/2024	Total
RECEIPTS															
COPL															
Miscellaneous	2	-	-	-	33	-	-	-	-	-	-	-	-	-	33
COPL America															
Revenue	3	464	469	469	469	469	469	469	469	469	469	469	469	469	6,092
Joint Interest Billing	4	-	221	-	-	-	-	262	-	-	-	281	-	-	764
Other Inflows and Refunds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		464	690	469	502	469	469	731	469	469	469	750	469	469	6,888
DISBURSEMENTS															
Operating Disbursements															
COPL															
General and Administrative	5	-	(81)	-	(227)	(18)	-	-	(90)	(18)	-	-	(90)	-	(524)
Miscellaneous Operating Disbursements	5	-	-	-	(83)	-	-	-	-	-	-	-	-	-	(83)
COPL America															
Expenditures	6	-	(355)	(355)	(378)	(355)	(355)	(355)	(355)	(378)	(355)	(355)	(355)	(378)	(4,324)
NGL Deficiency Fee	7	-	-	-	-	-	-	-	-	(160)	-	-	-	-	(160)
Surface Land Usage Payments	8	-	-	-	(85)	-	-	-	(85)	-	-	-	-	(14)	(184)
Payroll and Benefits	9	-	-	-	(150)	-	-	-	-	(150)	-	-	-	(150)	(450)
Sales Tax		-	-	-	(237)	-	-	-	(227)	-	-	-	-	(227)	(691)
		-	(436)	(355)	(1,159)	(372)	(355)	(355)	(757)	(705)	(355)	(355)	(445)	(768)	(6,416)
Non-Operating Disbursements															
COPL America															
Revenue Distribution	10	-	(367)	-	-	-	(345)	-	-	-	(351)	-	-	-	(1,063)
Royalty Distribution	11	-	-	-	(181)	-	-	-	(184)	-	-	-	-	(184)	(548)
		-	(367)	-	(181)	-	(345)	-	(184)	-	(351)	-	-	(184)	(1,611)
Outstanding Accounts Payable															
COPL															
COPL Priority AP Clearing	12	-	(11)	-	(5)	-	(5)	-	-	-	-	-	-	-	(22)
COPL America															
COPL America Priority AP Clearing	12	-	(64)	-	(32)	-	(32)	-	-	-	-	-	-	-	(128)
Southwestern Production Priority AP Clearing	12	-	(1,202)	-	(601)	-	(601)	-	-	-	-	-	-	-	(2,405)
		-	(1,277)	-	(639)	-	(639)	-	-	-	-	-	-	-	(2,554)
Other Disbursements															
Restructuring Costs	13	-	-	-	(2,031)	-	-	-	-	(1,595)	-	-	-	(2,345)	(5,971)
Ordinary Course Professionals	14	-	-	-	(46)	(21)	(21)	(21)	(21)	(41)	(21)	(21)	(21)	(41)	(275)
DIP Facility Interest and Fees		-	(113)	-	-	(54)	-	-	-	(108)	-	-	-	(149)	(423)
Wind-Down Reserve Fees	15	-	-	-	-	-	-	-	-	-	-	-	-	(350)	(350)
		-	(113)	-	(2,077)	(75)	(21)	(21)	(21)	(1,744)	(21)	(21)	(21)	(2,885)	(7,019)
Total Disbursements		-	(2,193)	(355)	(4,056)	(447)	(1,359)	(376)	(962)	(2,449)	(726)	(376)	(466)	(3,837)	(17,601)
Net Cash Flow		464	(1,502)	114	(3,554)	22	(890)	355	(493)	(1,980)	(257)	374	3	(3,368)	(10,712)
Opening Cash Balance		375	840	837	6,952	3,397	3,419	2,529	2,884	2,391	3,911	3,654	4,028	4,031	375
Net Cash Flow		464	(1,502)	114	(3,554)	22	(890)	355	(493)	(1,980)	(257)	374	3	(3,368)	(10,712)
DIP Facility Advances		-	1,500	6,000	-	-	-	-	-	3,500	-	-	-	-	11,000
Ending Cash Balance		840	837	6,952	3,397	3,419	2,529	2,884	2,391	3,911	3,654	4,028	4,031	663	663

Notes to Projected Weekly Cash Flow Statement (Consolidated)

March 7, 2024 to June 1, 2024

(Unaudited; \$USD Thousands)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of Canadian Overseas Petroleum Limited and the following other applicant entities (collectively, the "Applicants" or the "COPL Group") from March 7 to June 1, 2024 (the "Period") in respect of the proceedings under the Companies' Creditors Arrangement Act ("CCAA"). Certain Applicants' receipts and disbursements were forecasted in CAD and GBP, converted to USD.
 - COPL America Holding Inc.
 - COPL America Inc.
 - Canadian Overseas Petroleum (UK) Limited
 - Canadian Overseas Petroleum (Ontario) Limited
 - COPL Technical Services Limited
 - Canadian Overseas Petroleum (Bermuda Holdings) Limited
 - Canadian Overseas Petroleum (Bermuda) Limited
 - Southwestern Production Corporation
 - Atomic Oil and Gas LLC
 - Pipeco LLC

The cash flow projection has been prepared based on hypothetical and most probable assumptions.

Hypothetical

3. Represents collection of revenue from operations.
4. Contains joint interest billing revenue.

Most Probable

2. Includes the expected GST refund at COPL level.
5. Represents all disbursements at the COPL level, including but not limited to payroll and benefits, rent, insurances, etc.
6. Represents all operating disbursements at the COPL America level, not including payroll and benefits, land payments, the NGL deficiency fee, or taxes.
7. Represents payments to the NGL provider under continued performance of the relevant contract. In exchange for preferential pricing on NGL purchases, COPL America owes to the NGL provider a transport fee on all NGLs that were committed but not purchased in each month up to a cap threshold.
8. Represents payments made to the surface landowners on account for the right to use land and store materials as needed.
9. Represents employee payroll, vacation pay, and benefits for the Applicants at the COPL America level.
10. Represents payments made on account of revenue distribution requirements.
11. Represents payments made on account of royalty distribution requirements.
12. Represents payments made to vendors critical to operations on account of prepetition amounts owed and unpaid.
13. Includes fees of the monitor and its counsel, the Applicants' US and Canadian counsel and financial advisor, professionals representing the secured lender, and other restructuring professional fees.
14. Includes fees to professionals through the ordinary course of business, distinct from fees on account of the restructuring costs.
15. Includes an amount to wind-down the CCAA and US proceedings.

IN THE COURT OF KING'S BENCH OF ALBERTA
IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c.C-36, AS AMENDED

IN THE MATTER OF
CANADIAN OVERSEAS PETROLEUM LIMITED
AND THOSE ENTITIES LISTED IN SCHEDULE "A"

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of Canadian Overseas Petroleum Limited, and those other applicant entities listed in Schedule "A" (collectively, the "**Applicants**"), have developed the assumptions and prepared the attached statement of projected cash flow as of the 7th day of March, 2024 for the period March 7, 2024 to June 1, 2024 (the "**Cash Flow**"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Las Vegas, Nevada this 7th day of March, 2024.

CANADIAN OVERSEAS PETROLEUM LIMITED
AND THOSE ENTITIES LISTED IN SCHEDULE "A"

DocuSigned by:



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Per: Peter Kravitz
Interim Chief Executive Officer
Canadian Overseas Petroleum Limited

SCHEDULE “A”

Applicants

1. Canadian Overseas Petroleum Limited
2. COPL Technical Services Limited
3. Canadian Overseas Petroleum (UK) Limited
4. Canadian Overseas Petroleum (Bermuda) Limited
5. Canadian Overseas Petroleum (Bermuda Holdings) Limited
6. Canadian Overseas Petroleum (Ontario) Limited
7. COPL America Holding Inc.
8. COPL America Inc.
9. Atomic Oil & Gas LLC
10. Southwestern Production Corp.
11. Pipeco LLC