



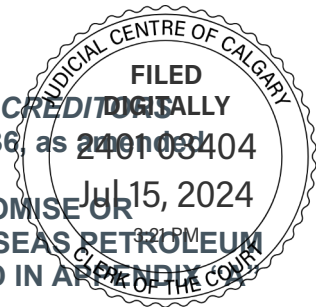
COURT FILE NUMBER **2401 – 03404**

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, 2401-03404**

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



DOCUMENT **FIFTH REPORT OF THE MONITOR
JULY 15, 2024**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **MONITOR
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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 “**COPL Entities**”) 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. KSV is filing this fifth report (the “**Fifth Report**”) in its capacity as the Monitor. The purpose of this Fifth Report is to provide the Court and the Applicants’ stakeholders with an update on these CCAA proceedings and to comment on the relief being sought by the Applicants.

1.1 CCAA Proceedings

1. 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; and (ii) Essar Exploration and Production Limited, Nigeria (collectively, the “**Non-Filing Affiliates**”);
 - c) approved the terms of debtor-in-possession (“**DIP**”) financing of US\$11 million made available to the COPL Group 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**”), provided that borrowings under the DIP Facility did not exceed US\$1.5 million;
 - 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, 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.
2. On March 19, 2024, at the Applicants’ comeback hearing (the “**Comeback Hearing**”) the Court granted:
- a) an Order (the “**SISP Approval Order**”), which, among other things:
 - i. approved the proposed sale and investment solicitation process (the “**SISP**”) for the Applicants’ business and assets, to be conducted by the Applicants, with the assistance of the Financial Advisor, and under the oversight of the Monitor;
 - ii. authorized and directed the Applicants to negotiate and finalize a definitive stalking horse purchase agreement with Summit Partners Credit Fund III, L.P., Summit Investors Credit III, LLC, Summit Investors Credit III (UK), L.P. and Summit Investors Credit Offshore Intermediate Fund III, L.P. (collectively, the “**Stalking Horse Purchaser**”) and ABC Funding LLC as administrative and

collateral agent, on substantially the terms set forth in the RSA (as defined below); and

- iii. granted a Court-ordered charge over the Property up to US\$500,000 in favour of the Stalking Horse Purchaser as security for an expense reimbursement for costs incurred by the Stalking Horse Purchaser and a break fee of US\$350,000 (the “**Bid Protections Charge**”); and
- b) an amended and restated Initial Order (the “**ARIO**”) (a copy of which is attached as **Appendix “B”**), which, among other things:
 - i. extended the Stay Period to and including May 20, 2024 (the “**Stay Extension**”);
 - ii. approved the CRO Engagement Letter and the engagement letter between Province, LLC and the COPL Group dated December 19, pursuant to which Province, LLC will act as financial advisor (in such capacity, the “**Financial Advisor**”) to the COPL Group during these CCAA proceedings, and approved the payment of fees contemplated therein;
 - iii. approved and authorized and empowered the Applicants and the Stalking Horse Purchaser, *nunc pro tunc*, to enter into the support agreement dated March 7, 2024 among the Applicants and the DIP Lender (the “**RSA**”);
 - iv. provided 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, and authorized the Applicants to postpone the requirement for any future annual or other meetings of the shareholders of COPL;
 - v. increased the maximum principal amount that the Applicants can borrow under the DIP Facility to US\$11 million;
 - vi. increased the maximum amount of the Initial Charges to: (i) \$2.5 million for the Administration Charge; (ii) \$1 million for the Directors’ Charge; and (iii) US\$11 million for the DIP Lender’s Charge; and
 - vii. provided that the CRO Charge now secured the Transaction Fee (as defined in the CRO Engagement Letter), which was previously excluded from the CRO Charge.

2. As no LOIs (as defined in the SISP) were received in the SISP, on April 24, 2024, the Applicants made an application for:
 - a) an order which, among other things, extended the Stay Period to and including June 7, 2024 (the “**First Stay Extension Order**”); and
 - b) an approval and vesting order (the “**AVO**”) which, among things:
 - i. approved the Stalking Horse Purchase Agreement in its entirety, and the transactions contemplated therein (collectively, the “**Transaction**”);
 - ii. ordered that upon delivery of the Monitor’s Certificate (as appended to the AVO), all of the Applicants’ right, title and interest in and to the Purchased Assets vest absolutely in the Stalking Horse Purchaser, free and clear of any and all Encumbrances, other than the Permitted Encumbrances (all as defined in the Stalking Horse Purchase Agreement);
 - iii. granted certain releases with respect to the current and former directors, officers, employees, and advisors, and
 - iv. postponed the requirement for any future annual or other meeting of the shareholders of COPL during these CCAA proceedings.
3. BP Energy Company (“**BP**”) opposed the proposed AVO on a number of grounds. At the hearing of the proposed AVO, Justice Yamauchi rejected BP’s opposition and granted the AVO and First Stay Extension Order.
4. On May 14, 2024, BP filed an application with the Alberta Court of Appeal, seeking permission to appeal the AVO (the “**BP Leave Application**”).
5. On May 29, 2024, the BP Leave Application was heard by Justice de Wit of the Alberta Court of Appeal. Following submissions from BP, the Applicants, the Stalking Horse Purchaser, and the Monitor, Justice de Wit reserved his decision on the BP Leave Application. On June 4, 2024, Justice de Wit issued a decision dismissing the BP Leave Application.
6. On June 7, 2024, the Court granted a further stay extension order, extending the Stay Period to and including July 7, 2024.
7. On July 4, 2024, the Court granted a further stay extension order, extending the Stay Period

to and including July 20, 2024.

1.2 Chapter 15 Cases

1. 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 foreign main proceedings under chapter 15 of title 11 of the United States (the “**US**”) Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”) (the “**Chapter 15 Cases**”) and declaring that COPL act as foreign representative of the Applicants (the “**Foreign Representative**”).
2. On April 8, 2024, the US Court entered an order recognizing the CCAA proceedings as foreign main proceedings under Chapter 15 of the Bankruptcy Code and an order recognizing and enforcing the SISP Approval Order in the US.
3. On April 30, 2024, the Foreign Representative filed a motion in the Chapter 15 Cases seeking recognition and enforcement of the AVO by the US Court (the “**Chapter 15 AVO Recognition Order**”), as well as the Declaration in support of same.
4. On May 15, 2024, BP filed an objection with the US Court to the proposed Chapter 15 AVO Recognition Order. As a result, the Foreign Representative’s motion for approval of the Chapter 15 AVO Recognition Order was consensually postponed, pending the outcome of the BP Leave Application.
5. On June 12, 2024, the US Court heard the Foreign Representative’s motion for the Chapter 15 AVO Recognition Order. At the hearing, the US Court reserved its decision and encouraged the involved parties to try to reach a consensual resolution with respect to BP’s objection.
6. The Monitor understands that, on July 1, 2024, the Stalking Horse Purchaser and BP entered into a settlement pursuant to which BP would withdraw its objection to the Chapter 15 AVO Recognition Order, subject to the terms and conditions of the settlement. The Chapter 15 AVO Recognition Order is a condition to closing the Transaction.
7. On July 3, 2024, the US Court granted the Chapter 15 AVO Recognition Order. In addition, as part of the settlement agreement, BP sent a letter to Justice Yamauchi, seeking an Amending Order by way of desk application, approving an amendment to the AVO, such that BP’s liens and claims will be deemed to be included in the defined term Permitted Encumbrances under the Stalking Horse Purchase Agreement. The purpose of this

amendment is to exclude BP's interests from the scope of compromise under the AVO, given that BP has already agreed to a settlement and release of its liens and claims against the COPL Group, subject to the terms of the settlement agreement.

8. On July 12, 2024, the Court agreed to hear an application for the Amending Order on July 17, 2024. As the Amending Order has not yet been granted and, given the impact it may have on the Transaction structure, the Applicants are currently waiting for a determination with respect to same prior to closing the Transaction.

1.3 Purposes of this Fifth Report

1. The purposes of this Fifth Report are to:
 - a) provide an update on these CCAA proceedings;
 - b) report on the Applicants' cash flow projection for the period July 7 to August 3, 2024 (the "**Cash Flow Forecast**"); and
 - c) set out the Monitor's basis for its support of the Applicants' request that the Court issue an order (the "**Stay Extension Order**"), among other things, extending the Stay Period until and including August 2, 2024.

1.4 Scope and Terms of Reference

1. In preparing this Fifth 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 Fifth 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 outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information relied upon in this Fifth 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.

1.5 Currency

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

2.0 Background

1. The affidavits of Peter Kravitz, CRO of COPL, affirmed March 7, March 14, April 18, April 24, May 31, June 27, and July 12, 2024 (collectively, the “**Kravitz Affidavits**”), provide, *inter alia*, background information concerning the Applicants, their respective businesses, the reasons for the commencement of these CCAA proceedings, and the activities of the Applicants during these CCAA proceedings.
2. KSV’s pre-filing report dated March 8, 2024, the Monitor’s First Report to Court dated March 15, 2024, the Monitor’s Second Report to Court dated April 19, 2024, the Monitor’s Third Report to Court dated June 3, 2024, and the Monitor’s Fourth Report to Court dated July 2, 2024 (collectively, the “**Previous Reports**”) provide additional background information on these CCAA proceedings. The Court materials filed in these CCAA proceedings, including the Previous Reports, are available on the Monitor’s case website at www.ksvadvisory.com/experience/case/canadian-overseas-petroleum.

3.0 Cash Flow Forecast

1. The Applicants, with the assistance of the Financial Advisor, have prepared the Cash Flow Forecast for the period July 7 to August 3, 2024. The Cash Flow Forecast and the Applicants’ statutory report on the cash flow pursuant to Section 10(2)(b) of the CCAA is attached as **Appendix “C”**.
2. The Cash Flow Forecast reflects that the Applicants will have sufficient liquidity until and including August 3, 2024.
3. Based on the Monitor’s review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. The Applicants have been operating in accordance with previous cash flow forecasts filed with this Court, for which the underlying assumptions are consistent with this Cash Flow Forecast.
4. The Monitor’s statutory report on the Cash Flow Forecast is attached as **Appendix “D”**.
5. As noted in the cash flow forecast attached as Appendix “C” to the Monitor’s Fourth Report to Court dated July 2, 2024 (the “**Fourth Cash Flow Forecast**”), the Applicants had

forecasted that they had sufficient liquidity to fund their operations and the costs of these CCAA proceedings until July 20, 2024. As of July 7, 2024, the Applicants' cash position is approximately US\$2.817 million greater than what was reflected in the Fourth Cash Flow Forecast due to the Applicants' continued cost control measures, the deferral of certain costs, and professional fees being less than forecasted. As a result, the Applicants have sufficient liquidity to fund their operations and the costs of these CCAA proceedings until and including August 3, 2024.

4.0 Stay Extension

1. The Stay of Proceedings currently expires on July 20, 2024. The Applicants are requesting an extension of the Stay of Proceedings until August 2, 2024, to maintain stability during these CCAA proceedings and provide the time to take such other steps as may be necessary to ultimately close the Transaction. The Applicants intend to close the Transaction as soon as possible, subject to applicable conditions being satisfied.
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, and continue to act, in good faith and with due diligence;
 - b) the Monitor does not believe that any creditor will be materially prejudiced by the requested extension of the Stay Period;
 - c) it will provide the Applicants with the additional time required to complete the Transaction;
 - d) as of the date of this Fifth Report, neither the Applicants nor the Monitor is aware of any party opposed to an extension of the Stay Period; 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 proposed extension of the Stay Period.

5.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the relief sought by the Applicants.

* * *

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]

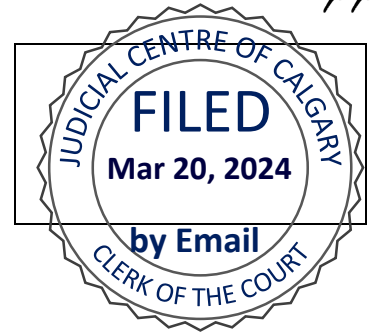
Applicants

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]

Clerk's Stamp:



COURT FILE NUMBER
COURT
JUDICIAL CENTRE OF

2401-03404
COURT OF KING'S BENCH OF ALBERTA
CALGARY

APPLICANTS:

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 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 SCHEDULE "A"

DOCUMENT
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT:

AMENDED AND RESTATED INITIAL ORDER
OSLER, HOSKIN & HARCOURT LLP
6200 - 1 First Canadian Place
Toronto, Ontario M5X 1B8
Solicitor: Marc Wasserman / Shawn Irving / Dave
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drosenblat@osler.com
File Number: 1252079

**DATE ON WHICH ORDER
WAS PRONOUNCED:**
**NAME OF JUDGE WHO
MADE THIS ORDER:**
LOCATION OF HEARING:

March 19, 2024
The Honourable Justice Johnston
Calgary, Alberta

UPON THE APPLICATION of CANADIAN OVERSEAS PETROLEUM LIMITED and those entities listed in Schedule “A” hereto (collectively, the “**Applicants**”); **AND UPON** having read the Application, the Affidavit of Peter Kravitz, affirmed March 7, 2024 (the “**First Kravitz Affidavit**”), the Affidavit of Peter Kravitz affirmed March 14, 2024 (the “**Second Kravitz Affidavit**”) and the Affidavit of Thomas Richardson sworn March 14, 2024; **AND UPON** reading the Pre-Filing Report of KSV Restructuring Inc. (“**KSV**”) dated March 8, 2024, the First Report of KSV in its capacity as monitor of the Applicants (the “**Monitor**”), dated March 15, 2024 (the “**First Report**”); **AND UPON** reviewing the initial order (the “**Initial Order**”) granted by the Honourable Justice E.J. Sidnell on March 8, 2024; **AND UPON** being advised that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this application and either do not oppose or alternatively consent to the within Order; **AND UPON** hearing counsel for the Applicants, counsel for the Monitor, and counsel for any other party present at the application; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPLICATION

2. The Applicants are companies to which the *Companies’ Creditors Arrangement Act* of Canada (the “**CCAA**”) applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. The Applicants shall:
 - (a) remain in possession and control of their current and future assets, licenses, permits, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”);
 - (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property;

- (c) be authorized and empowered to continue to retain and employ the employees, contractors, consultants, agents, advisors, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order; and
 - (d) be entitled to continue to utilize the central cash management system currently in place as described in the Affidavit of Peter Kravitz sworn March 7, 2024 or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any plan of compromise or arrangement (a “**Plan**”) with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.
4. Subject to the terms of the Definitive Documents (as defined herein) and to the extent permitted by law, the Applicants shall be entitled but not required to make the following advances or payments of the following expenses, incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

- (b) the reasonable fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges, including for periods prior to the date of this Order; and
 - (c) with the written consent of the Monitor, amounts owing for goods and services actually supplied to the Applicants prior to the date of this Order, if in the opinion of the Applicants the supplier is critical to the Business and ongoing operations of the Applicants.
- 5. Subject to the terms of the Definitive Documents and except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
 - (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
 - (b) payment for goods or services actually supplied to the Applicants following the date of this Order.
- 6. The Applicants shall remit, in accordance with legal requirements, or pay:
 - (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority that are required to be deducted from employees' wages, including, without limitation, amounts in respect of:
 - (i) employment insurance,
 - (ii) Canada Pension Plan, and
 - (iii) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

- (b) all goods and services or other applicable sales taxes (collectively, “**Sales Taxes**”) required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
 - (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and that are attributable to or in respect of the carrying on of the Business by the Applicants.
7. Until such time as a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of any of the Applicants, the making of this Order or the commencement of any insolvency proceeding) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order (“**Rent**”), but shall not pay any rent in arrears.
8. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their respective creditors as of the date of this Order;
- (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and
- (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

9. The Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined in paragraph 37), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any portion of its business or operations and to dispose of redundant or non-material assets not exceeding CAD \$150,000 in any one transaction or CAD \$500,000 in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan or a further Order of the Court;
- (c) disclaim or resiliate, in whole or in part, with the prior consent of the Monitor (as defined below) or further Order of the Court, their arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the Applicants deem appropriate, in accordance with section 32 of the CCAA; and
- (d) pursue all avenues of refinancing of their Business or Property, in whole or part,

subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

10. The Applicants shall provide each of the relevant landlords with notice of the Applicants’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days’ notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliate the lease governing such leased premises in accordance with section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants’ claim to the fixtures in dispute.

11. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
 - (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours’ prior written notice; and

 - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify

the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

RESTRUCTURING SUPPORT AGREEMENT

12. The Restructuring Support Agreement (in the form attached to the First Kravitz Affidavit as Exhibit “P”) is hereby approved and the Applicants are authorized and empowered to enter into the Restructuring Support Agreement subject to minor amendments as may be consented to by the Monitor and each of the parties thereto in accordance with the Restructuring Support Agreement. The Applicants are further authorized, empowered and directed to take all steps and actions in respect of, and to comply with all of their obligations pursuant to, the Restructuring Support Agreement.

13. Notwithstanding the Stay Period (as hereinafter defined), a counterparty to the Restructuring Support Agreement may exercise any termination right that may become available to such counterparty pursuant to the Restructuring Support Agreement, provided that such termination right must be exercised pursuant to and in accordance with the Restructuring Support Agreement.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

14. Until and including May 20, 2024, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the prior written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants, or their employees or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court or the prior written consent of the Applicants and the Monitor.

NO PROCEEDINGS AGAINST THE NON-FILING AFFILIATES

15. During the Stay Period, no Proceeding shall be commenced or continued against or in respect of those entities listed in Schedule “B” hereto (the “**Non-Filing Affiliates**”), or any of their current and future assets, businesses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the “**Non-Filing Affiliates’ Property and Business**”) by reason of:

- (a) the insolvency of the Applicants;
- (b) any of the Applicants having made an application to this Court under the CCAA;
- (c) any of the Applicants being a party to these proceedings;
- (d) any of the Applicants taking any step related to these CCAA proceedings; or
- (e) any default or cross-default arising from the matters set out in subparagraphs (a), (b), (c) or (d) above, or arising from the Applicants breaching or failing to perform any contractual or other obligations (collectively, the “**Non-Filing Affiliates’ Default Events**”),

except with the prior written consent of the Applicants and the Monitor, or with leave of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall:

- (a) empower the Applicants to carry on any business that the Applicants are not lawfully entitled to carry on;
 - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
 - (c) prevent the filing of any registration to preserve or perfect a security interest;
 - (d) prevent the registration of a claim for lien; or
 - (e) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment.
17. Nothing in this Order shall prevent any party from taking an action against the Applicants, or any of them, where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor and the Applicants at the first available opportunity.
18. During the Stay Period, all rights and remedies of any Person against or in respect of the Non-Filing Affiliates, or affecting the Non-Filing Affiliates' Property and Business, as a result of a Non-Filing Affiliates' Default Event, are hereby stayed and suspended except with leave of this Court, provided that nothing in this Order shall:
- (a) empower the Non-Filing Affiliates to carry on any business that the Non-Filing Affiliates are not lawfully entitled to carry on;
 - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
 - (c) prevent the filing of any registration to preserve or perfect a security interest;
 - (d) prevent the registration of a claim for lien; or
 - (e) exempt the Non-Filing Affiliates from compliance with statutory or regulatory provisions relating to health, safety or the environment.

NO INTERFERENCE WITH RIGHTS

19. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicants, or the Non-Filing Affiliates (as a result of a Non-Filing Affiliates' Default Event), except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

20. During the Stay Period, all persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Applicants (or any of them), including without limitation all supply arrangements pursuant to purchase orders and historical supply practices, computer software, communication and other data services, centralized banking services, cash management services, payroll and benefit services, insurance, transportation, services, logistics services, security services, management services, utility or other services to the Business or the Applicants

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

21. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any person, other than the Interim Lender (as hereinafter defined) where applicable, be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

22. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 17 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date of this Order and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS INDEMNIFICATION AND CHARGE

23. The Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors and/or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
24. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of CAD \$1,000,000, as security for the indemnity provided in paragraph 23 of this Order. The Directors' Charge shall have the priority set out in paragraphs 43 and 45 herein.

25. Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 24 of this Order.

APPOINTMENT OF MONITOR

26. KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business, and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein. The Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of their powers and discharge of their obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
27. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
 - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants or any of them;
 - (c) assist the Applicants, to the extent required by the Applicants, in their dissemination to the Interim Lender and its counsel on a periodic basis as required by the Definitive Documents of financial and other information as agreed to between the Applicants and the Interim Lender which may be used in these

proceedings, including reporting on a basis as reasonably required by the Interim Lender;

- (d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel on a periodic basis as required by the Definitive Documents;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to the extent that is necessary to adequately assess the Property, Business, and financial affairs of the Applicants or to perform its duties arising under this Order;
- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (g) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

28. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination (the

“**Environmental Legislation**”), provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation or regulation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order be deemed to be in Possession of any of the Property within the meaning of any federal or provincial environmental legislation.

29. The Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
30. In addition to the rights and protections afforded the Monitor under the CCAA or as an Officer of this Court, neither the Monitor nor its employees and representatives acting in such capacities shall incur any liability or obligation as a result of the Monitor’s appointment or the carrying out by it of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.
31. The Monitor, counsel to the Monitor, and counsel to the Applicants shall be paid their reasonable fees and disbursements (including any pre-filing fees and disbursements related to these CCAA proceedings), in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Applicants on a bi-weekly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.
32. The Monitor and its legal counsel shall pass their accounts from time to time.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

33. A chief restructuring officer of the Applicants shall be appointed on the following terms:

- (a) the agreement dated as of December 19, 2023, as amended by agreements dated December 29, 2023 and January 17, 2024, pursuant to which Province Fiduciary Services, LLC (“**Province**”) was engaged to provide the Applicants with services including the provision of Peter Kravitz to act as chief restructuring officer of the Applicants (the “**CRO**”), a copy of which is attached as Exhibit “R” to the First Kravitz Affidavit (the “**CRO Engagement Letter**”), and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, the payment of all fees contemplated therein;
- (b) the CRO shall have the powers and obligations set out in the CRO Engagement Letter;
- (c) Province shall be entitled, in accordance with the terms of the CRO Engagement Letter, to payment from the Applicants for obligations owing thereunder and the disbursements contemplated therein (collectively, the “**CRO Fees**”);
- (d) the CRO shall be responsible for performing its functions and obligations as set out in the CRO Engagement Letter for the benefit of the Applicants and shall provide timely updates to the Monitor in respect of such functions and obligations;
- (e) in addition to the rights and protections afforded the CRO as an officer of this Court, the CRO shall not be or be deemed to be a director, *de facto* director, or employee of any entity of the Applicants;
- (f) nothing in this Order shall be construed as resulting in Province (or any director, officer or employee thereof) or the CRO being an employer, successor employer, a responsible person, operator or person with apparent authority within the meaning of any statute, regulation or rule of law, or equity (including any Environmental Legislation) for any purpose whatsoever;

- (g) neither Province (nor any director, officer or employee thereof) nor the CRO shall, as a result of the performance of their respective obligations and duties in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation; provided however, if either of Province or the CRO are nevertheless later found to be in Possession of any Property under Environmental Legislation, then Province or the CRO, as the case may be, shall be entitled to the benefits and protections in relations to the Applicants and such Property as are provided to a monitor under section 11.8(3) of the CCAA; provided further however, that nothing in this sub-paragraph 33(g) shall exempt Province or the CRO from any duty to report or make disclosure imposed by a law and incorporated by reference in section 11.8(4) of the CCAA;
- (h) Province and the CRO shall not incur any liability or obligation as a result of the appointment or carrying out duties as CRO, whether before or after the granting of this Order, save and except for any gross negligence or willful misconduct, provided that any liability of Province and the CRO with respect to carrying out duties as CRO shall in no event exceed the quantum of the fees paid under the CRO Agreement;
- (i) no action or other proceeding shall be commenced in relation to the Applicants directly, or by way of counterclaim, third party claim or otherwise, against or in respect of Province, its officers, directors, employees, or the CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on notice to the Applicants, the Monitor and the CRO, provided, however, that nothing in this Order, including this subparagraph 33(i) shall affect such investigations, actions, suits or proceedings by a regulatory body that are permitted by section 11.1 of the CCAA or the ability of any interested party to apply to this Court to vary or amend this Order pursuant to paragraph 59. Notice of any such application seeking leave of this Court shall be served on the Applicants, the

Monitor and the CRO at least seven (7) days prior to the return date of any such application for leave; and

- (j) for the purpose of carrying out the functions and duties set out in the CRO Engagement Letter, the CRO (i) shall have full and complete access to the property of the Applicants, including the premises, books, records, data (including data in electronic format) and other financial documents of the Applicants, and (ii) is hereby authorized to meet with any employee, director, representative or agent of the Applicants. The employees, directors, representatives, and agents of the Applicants are hereby directed to fully cooperate with the CRO in connection with the functions and duties set out in the CRO Engagement Letter.
34. Province and the CRO shall be entitled to the benefit of and are hereby granted a charge on the Property (the “**CRO Charge**”), which shall not exceed an aggregate amount of USD \$500,000, to secure the monthly, hourly and transaction fees, and disbursements, provided for under the CRO Engagement Letter. The CRO Charge shall have the priority set out in paragraphs 43 and 45 hereof.

INTERIM FINANCING

35. The Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from Summit Partners Credit Fund III, L.P.; Summit Investors Credit III, LLC; and Summit Investors Credit III (UK), L.P. (collectively, the “**Interim Lender**”) in order to finance the Applicants’ working capital requirements and other general corporate purposes (including payment of fees of the Applicant’s counsel, the Monitor and its counsel, the Interim Lender’s counsel, and the Financial Advisor) and capital expenditures, provided that the principal amount of borrowings under such credit facility shall not exceed US \$11,000,000 unless permitted by further order of this Court.
36. Such credit facility shall be on the terms and subject to the conditions set forth in the Interim Financing Term Sheet between the Applicants and the Interim Lender dated as of March 7, 2024 (the “**Commitment Letter**”), filed.

37. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the Commitment Letter or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
38. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the “**Interim Lender’s Charge**”) on the Property to secure all obligations under the Definitive Documents incurred prior to, on or after the date of this Order which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the Definitive Documents and will in addition include all interest, fees, and expenses accruing and/or becoming owing thereunder on or after the date of this Order. The Interim Lender’s Charge shall not secure any obligation existing before the date of the Initial Order. The Interim Lender’s Charge shall have the priority set out in paragraphs 43 and 45 hereof.
39. Notwithstanding any other provision of this Order:
 - (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender’s Charge or any of the Definitive Documents;
 - (b) upon the occurrence of an event of default under the Definitive Documents or the Interim Lender’s Charge, the Interim Lender, upon five (5) days’ notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the Interim Lender’s Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Commitment

Letter, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

(c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

40. The Interim Lender shall be treated as unaffected in any Plan filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

41. The agreement dated December 19, 2023 engaging Province, LLC (the "**Financial Advisor**") as financial advisor to the Applicants and attached as Appendix "S" to the First Kravitz Affidavit (the "**Financial Advisor Agreement**"), and the retention of the Financial Advisor under the terms thereof, is hereby ratified and approved and the Applicants are authorized and directed to make the payments contemplated thereunder in accordance with the terms and conditions of the Financial Advisor Agreement.

ADMINISTRATION CHARGE

42. The Monitor, counsel to the Monitor, the Applicants' counsel, and the Financial Advisor, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of CAD \$2,500,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor, such counsel, and the Financial Advisor, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 43

and 45 hereof.

VALIDITY AND PRIORITY OF CHARGES

43. The priorities of the Directors' Charge, the Administration Charge, the CRO Charge and the Interim Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of CAD \$2,500,000) and the CRO Charge (to the maximum amount of USD \$500,000), on a *pari passu* basis;

Second – Directors' Charge (to the maximum amount of CAD \$1,000,000); and

Third – Interim Lender's Charge.

44. The filing, registration or perfection of the Directors' Charge, the Administration Charge, the CRO Charge or the Interim Lender's Charge (collectively, the "**Charges**") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

45. Each of the Directors' Charge, the Administration Charge, the CRO Charge and the Interim Lender's Charge (all as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person notwithstanding the order of perfection or attachment.

46. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Charges, or further order of this Court.

47. The Charges and the Definitive Documents shall not be rendered invalid or unenforceable

and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) and/or the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:

- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
- (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications;
- (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
- (d) the provisions of any federal or provincial statutes; or
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) that binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a new breach by any of the Applicants of any Agreement to which any of the Applicants is a party;
 - (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, the Applicants entering into the Commitment Letter or the execution, delivery or performance of the Definitive Documents; and
 - (iii) the payments made by the Applicants pursuant to this Order, including the

Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

ALLOCATION

48. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the Charges amongst the various assets comprising the Property.

RELIEF FROM REPORTING OBLIGATIONS

49. 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, including, without limitation, the *Securities Act* (Alberta), RSA 2000, c S-4 and comparable statutes enacted by other provinces of Canada (collectively, the “**Securities Legislation**”), provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Legislation.
50. None of the directors, officers, employees, and other representatives of the Applicants nor the Monitor shall have any personal liability for any failure by the Applicants to make any Securities Filing required by the Securities Legislation during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action 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 the Applicants. For greater certainty, nothing in this Order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the “**Regulators**”) in the matter of regulating the

conduct of market participants and to issue cease trade orders if and when required pursuant to applicable securities law.

SERVICE AND NOTICE

51. The Monitor shall (i) without delay, provide notice of these proceedings to the Non-Filing Affiliates; (ii) without delay, publish in the New York Times, the Calgary Herald and the Globe and Mail a notice containing the information prescribed under the CCAA; (iii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than CAD \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available.
52. The Monitor shall establish a case website in respect of the within proceedings at www.ksvadvisory.com/experience/case/canadian-overseas-petroleum (the “**Monitor’s Website**”).

GENERAL

53. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
54. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Monitor’s reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.

55. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager or a trustee in bankruptcy of the Applicants, the Business or the Property.
56. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States of America, or in any foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor 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 and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
57. Each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
58. Subject to local laws, rules and regulations:
 - (a) Canadian Overseas Petroleum Limited is hereby authorized and empowered, but not required, to act as the foreign representative (in such capacity, the “**Foreign Representative**”) in respect of these proceedings for the purpose of having these proceedings recognized and approved in a foreign jurisdiction.
 - (b) The Foreign Representative is hereby authorized to apply for foreign recognition and approval of these proceedings, as necessary, in any jurisdiction outside Canada, including in the United States pursuant to Chapter 15 of the *United State Bankruptcy Code*, 11 U.S.C. §§ 101 – 1532, as amended.

59. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
60. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

BB Johnston

Justice of the Court of King's Bench of Alberta

SCHEDULE “A”

Applicants

Canadian Overseas Petroleum Limited

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

SCHEDULE “B”

Non-filing Affiliates

Shoreline Canoverseas Development Corporation Limited

Essar Exploration and Production Limited

APPENDIX C

[ATTACHED]

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 15th day of July, 2024 for the period July 7, 2024 to August 3, 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 15th day of July, 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

Canadian Overseas Petroleum Limited**Weekly Cash Flow Budget - Actual and Forecast (Consolidated)**

July 7, 2024 to August 3, 2024

(Unaudited; \$USD Thousands)

Week # Week Ending	Notes	Forecast	Forecast	Forecast	Forecast	Forecast Total
		19 2024-07-13	20 2024-07-20	21 2024-07-27	22 2024-08-03	
RECEIPTS						
<u>COPL</u>						
Miscellaneous	2	-	-	-	-	-
<u>COPL America</u>						
Revenue	3	438	438	438	438	1,752
Joint Interest Billing	4	-	150	-	-	150
Other Inflows and Refunds		-	-	-	-	-
		438	588	438	438	1,902
DISBURSEMENTS						
<u>Operating Disbursements</u>						
<u>COPL</u>						
General and Administrative	5	(26)	-	(40)	-	(66)
Miscellaneous Operating Disbursements	5	-	-	-	-	-
<u>COPL America</u>						
Expenditures	6	(305)	(305)	(305)	(328)	(1,241)
NGL Deficiency Fee	7	-	(320)	-	(160)	(480)
Surface Land Usage Payments	8	(14)	(14)	(14)	(14)	(55)
Payroll and Benefits	9	-	-	-	(150)	(150)
Sales Tax		-	-	-	-	-
		(344)	(638)	(358)	(651)	(1,992)
<u>Non-Operating Disbursements</u>						
<u>COPL America</u>						
Revenue Distribution	10	(248)	-	-	(309)	(557)
Royalty Distribution	11	-	(169)	-	(162)	(330)
		(248)	(169)	-	(471)	(887)
<u>Other Disbursements</u>						
Restructuring Costs	12	(824)	(1,589)	-	(2,080)	(4,493)
Ordinary Course Professionals	13	-	-	-	(70)	(70)
DIP Facility Interest and Fees		-	-	-	(149)	(149)
Wind-Down Reserve Fees	14	-	(500)	-	-	(500)
		(824)	(2,089)	-	(2,299)	(5,212)
Total Disbursements		(1,416)	(2,896)	(358)	(3,421)	(8,091)
Net Cash Flow		(978)	(2,308)	80	(2,983)	(6,189)
Opening Cash Balance		6,244	5,266	2,958	3,038	6,244
Net Cash Flow		(978)	(2,308)	80	(2,983)	(6,189)
Interim Facility Advances		-	-	-	-	-
Ending Cash Balance		5,266	2,958	3,038	55	55

Canadian Overseas Petroleum Limited et al.

Appendix "1-1"

Notes to Projected Weekly Cash Flow Statement (Consolidated)

July 7, 2024 to August 3, 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 July 7 to August 3, 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. Represents joint interest billing revenue.

Most Probable

2. Includes the expected GST refund at the 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. Includes fees of the monitor and its counsel, the Applicants' US and Canadian counsel and financial advisor, professionals representing the secured lender, and professionals supporting the sale process.
13. Includes fees to professionals through the ordinary course of business, distinct from fees on account of the restructuring costs.
14. Includes an amount to wind-down the CCAA and US proceedings.

APPENDIX D

[ATTACHED]

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"

MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash flow of Canadian Overseas Petroleum Limited, and those other applicant entities listed in Schedule "A" (collectively, the "**Applicants**"), as of the 15th day of July, 2024, consisting of a weekly projected cash flow statement for the period July 7, 2024 to August 3, 2024 (the "**Cash Flow**") has been prepared by the management of the Applicants for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures, and discussions related to information supplied by the management and employees of the Applicants. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 of the Cash Flow and readers are cautioned that it may not be appropriate for other purposes.

Dated at Calgary, Alberta this 15th day of July, 2024.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS CCAA MONITOR OF
CANADIAN OVERSEAS PETROLEUM LIMITED
AND THOSE ENTITIES LISTED IN SCHEDULE "A"
AND NOT IN ITS PERSONAL CAPACITY**

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
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