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**Estate File No.: 11-2754113**

**IN THE MATTER OF THE BANKRUPTCY OF  
CANDAX ENERGY INC.  
OF THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA**

**TRUSTEE'S REPORT TO CREDITORS ON  
PRELIMINARY ADMINISTRATION**

**1. Introduction**

1. On July 23, 2021, Candax Energy Inc. (the "Company") filed an assignment in bankruptcy (the "Assignment") and KSV Restructuring Inc. ("KSV") was appointed by the Office of the Superintendent of Bankruptcy (Canada) as Licensed Insolvency Trustee of the Company's bankrupt estate (in such capacity, the "Trustee"), subject to affirmation of the Trustee's appointment at the first meeting of creditors to be held on August 11, 2021.

**1.2 Currency**

1. All currency references in this report ("Report") are to Canadian dollars unless otherwise noted.

**1.3 Restrictions**

1. In conducting its review and preparing this Report, the Trustee has relied upon financial and other information supplied by the Company's sole director, Hubert Roudot.
2. The Trustee has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied on in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Trustee 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 contained in this Report should perform its own diligence.
3. The Trustee accepts no responsibility for any reliance placed by any third party on the Company's financial information presented herein, nor for any information concerning potential recoveries in these proceedings, which are presently based on preliminary estimates and will be affected by various uncertainties.

## 2. Background

1. The Company was incorporated in Ontario on June 4, 2004. In 2011, the Company was continued pursuant to the *Business Corporations Act* (British Columbia). The Company is a holding company for businesses that were previously engaged in the exploration and production of oil and gas in Tunisia. The Company's registered head office is in British Columbia; however, it otherwise has no business interests, operations or assets in Canada. The Company is a wholly-owned subsidiary of Geofinance N.V., a company based out of the Netherlands ("Geofinance").
2. At the time of the Assignment, the Company's sole director was Mr. Roudot and it had no employees. The Company's former CEO/CFO resigned one month prior to the Assignment. The Company's books and records were managed by a third-party service provider.
3. On July 20, 2021, Mr. Roudot signed a resolution ("Resolution") to appoint Paul Pretlove and James Drury of Kalo (BVI) Limited as joint liquidators (the "Joint Liquidators") over the Company's wholly-owned subsidiary, Candax Energy Limited ("CEL"), a company based out of the British Virgin Islands ("BVI"). The Joint Liquidators were appointed on July 20, 2021 pursuant to the British Virgin Island Insolvency Act, 2003. On July 23, 2021, the Trustee received the Joint Liquidator's notice of the liquidation proceedings, including the Resolution, a copy of which is included as Appendix "A". A copy of the BVI filing approval is attached as Appendix "B".
4. CEL has two wholly-owned Barbados subsidiaries, Falcan Chaal Petroleum Limited ("FCPL") and Ecumed Petroleum Grombalia Ltd. ("EPGL" and together with FCPL, the "CEL Subsidiaries") with branches in Tunisia. On June 23, 2021, CEL, on behalf of the CEL Subsidiaries, delivered letters to all known creditors of the CEL Subsidiaries notifying them that each company is inactive, unable to pay its liabilities as they come due and, accordingly, is insolvent pursuant to the Barbados' Bankruptcy and Insolvency Act. Copies of CEL's letters dated July 23, 2021 are attached as Appendix "C".
5. In March 2021 and May 2021, CEL sold two of its former subsidiaries, Ecumed Petroleum Zarzis Ltd. ("Ecumed Zarzis") and Ecumed Petroleum Tunisia Ltd. ("Ecumed Tunisia" and together with Ecumed Zarzis, the "CEL Former Subsidiaries"), respectively (the "CEL Sale"). At the time of the CEL Sale, the CEL Former Subsidiaries' obligations owing to the Company were assigned to CEL (the "Assigned Debt"). Ecumed Zarzis held a 45% interest in the Tunisian onshore Ezzaouia oilfield ("Ezzaouia"). The Trustee understands that the cash proceeds of approximately US\$150,000 generated from the CEL Sale were used to pay advisor fees incurred in connection with the CEL Sale. In addition, with respect to the sale of Ecumed Zarzis, the purchaser, Zenith Energy Ltd. ("Zenith"), provided CEL, subject to certain conditions, (i) US\$100,000 of common shares in Zenith, and (ii) a royalty of US\$0.35 per barrel of hydrocarbons produced from Ezzaouia and allocable to Ecumed Zarzis, with the royalty not being less than US\$50,000 per annum for a period of ten years (the "Additional Consideration"). The Trustee understands that Zenith is entitled to set-off all or a portion of the Additional Consideration against potential claims it may have against CEL.

6. The Trustee understands that the causes of the Company's bankruptcy stem from the failure and ultimate insolvency of all of its direct and indirect subsidiaries, which resulted principally from the decrease in oil prices and the impact of the Covid-19 pandemic.

### 3. The Bankrupt Estate

1. Based on the Company's books and records and the Statement of Affairs filed as part of the Assignment, the book value of the Company's assets on the date of bankruptcy is summarized in the table below.

Description	Amount (\$000s)
Cash	9
Accounts Receivable, prepaid expenses and other	38
Intercompany receivable	689
Due from CEL	122,751
Investment in CEL	44,068
	<u>167,555</u>

2. Given that the intercompany receivables and investments are owing from or investments in insolvent entities, the book value of the Company's assets in no way reflects realizable value. A description of each asset is included in the following sections of this Report.

#### 3.1 Cash

1. As at the date of bankruptcy, there was approximately \$9,000 in the Company's bank accounts. The Trustee is in the process of having these funds transferred to its estate account.

#### 3.2 Accounts Receivable, Prepaid Expenses and Other

1. There does not appear to be any realizable value to these sundry assets.

#### 3.3 Intercompany Receivable

1. The Company's books and records reflect an intercompany loan owing from EPGL and FCPL of approximately \$558,000 and \$131,000, respectively. As a result of the insolvency proceedings of EPGL and FCPL, the Trustee does not anticipate to recover any value therefrom.
2. The Trustee will be filing claims in the respective estates in order to preserve its ability to receive distributions in the unlikely event that funds become available for distribution to the creditors of EPGL and/or FCPL.

#### 3.4 Due from CEL and Investment in CEL

1. The amount owing from CEL includes the Assigned Debt. As a result of CEL's insolvency proceedings, there does not appear to be any value to be realized from CEL's estate.

2. In order to diligence any potential recovery from CEL, the Trustee had preliminary discussions with the Joint Liquidators, filed a claim in that proceeding and attended the first meeting of creditors of CEL on August 10, 2021. Based on the information they have received to date, the Joint Liquidators advised that there is unlikely to be any value generated from CEL's assets. However, they advised that they are in the process of gathering information and will attempt to determine whether the Additional Consideration can be monetized. To date, two claims have been filed in CEL's insolvency proceedings, being claims filed by Geofinance and the Trustee (on behalf of CEI). The Joint Liquidators will report to its creditors and provide a statement of affairs as part of their reporting within 60 days of the filing. They will also provide material updates on an ongoing basis and seek the Trustee's direction, as needed.

## **4. Creditors**

### **4.1 Secured Creditors**

1. The Trustee is not aware of any secured creditors and no creditors have advanced a secured claim against the Company as at the date of this Report.

### **4.2 Priority Claims**

1. The Trustee is not aware of any priority and/or trust claims.

### **4.3 Unsecured Creditors**

1. According to the Company's Statement of Affairs, the Company's unsecured obligations total approximately \$70 million at the date of bankruptcy, which is comprised of an obligation owing to Geofinance of approximately \$69 million (the "Geofinance Obligation") and approximately \$640,000 owing to Caterpillar Power Ventures International Ltd.
2. The Geofinance Obligation is in respect of outstanding principal, interest and repayment fees pursuant to:
  - a) a Novation and Amendment and Restatement Agreement dated February 4, 2011 among the Company, CEL, EPGL, the Former CEL Subsidiaries and Geofinance (the "Credit Agreement"); and
  - b) an Amended and Restated Shareholder Loan Agreement dated February 4, 2011 between the Company and Geofinance (the "Shareholder Loan Agreement").
3. The Credit Agreement provided a borrowing base facility to EPGL and the Former CEL Subsidiaries and granted a charge in favour of Geofinance over the Company's shares of CEL. The Company is also a borrower under the Credit Agreement and is liable for the full outstanding balance of approximately \$52 million, which is comprised of outstanding principal and interest of approximately \$27 million and \$16.7 million, respectively, and a repayment fee of approximately \$8.6 million. Geofinance has taken enforcement steps against CEL to recover all amounts outstanding under the Credit Agreement, including by claiming against the Joint Liquidators. The Trustee understands that Geofinance does not expect to generate any recoveries from CEL.

4. Advances under the Shareholder Loan Agreement were used for general corporate and working capital purposes. The outstanding balance of approximately \$17 million is comprised of outstanding principal and interest of approximately \$12.6 million and \$4.3 million, respectively.
5. As at the date of this Report, proofs of claim totaling approximately \$69 million have been filed against the Company, principally comprised of the claim filed by Geofinance.

## **5. Books and Records**

1. The Trustee has taken possession of the books and records it requires to complete its duties and obligations under the BIA, including bank statements for the year preceding the date of bankruptcy, and is in the process of obtaining the Company's minute books.

## **6. Preferences and Transfers at Undervalue**

1. As part of its statutory duties, the Trustee conducted a review for preferences and transfers at undervalue by reviewing the Company's bank statements and records for the year preceding the date of bankruptcy.
2. Based on the Trustee's review, it appears that the payments made by the Company during that period were for normal course operating expenses, including consulting, legal, accounting, corporate secretary and other administrative expenses. Other than fees paid to retain the services of a Chief Executive Officer, the most material payments during that period were director fees of approximately \$108,000 paid to a former director in accordance with an agreement between the Company and its former director.
3. The Trustee will advise the Inspector(s), once appointed, and/or creditors should it become aware of any transaction(s) which require further investigation.

## **7. Anticipated Realization and Projected Distribution**

1. Based on the facts and circumstances known to the Trustee at this time, it appears unlikely that there will be any funds available for distribution to the Company's creditors.

## **8. Other Matters**

1. In consideration of KSV agreeing to act as Trustee in these bankruptcy proceedings, Geofinance guaranteed the Trustee's fees, expenses and costs of administration of the bankrupt estate up to \$35,000, which funds have been deposited with the Trustee.

2. The Trustee has been advised that a representative of Geofinance will be nominated to be appointed as an Inspector in this estate.
3. There are no other matters to discuss at this time.

\* \* \*

DATED at Toronto, Ontario, this 11<sup>th</sup> day of August, 2021.

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF  
CANDAX ENERGY INC.  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “A”**

**TO ALL KNOWN CREDITORS**

23 July 2021

Dear Sirs,

**Candax Energy Limited – In Liquidation (the Company)**

I understand that you may be a creditor of the Company.

On 20 July 2021, Paul Pretlove and I were appointed as Joint Liquidators of the Company (the **Joint Liquidators**) by Qualifying Resolution (the **Resolution**) passed by the sole member of the Company, pursuant to section 159(2) of the British Virgin Islands Insolvency Act, 2003 (the **Act**). A copy of the Resolution is attached.

I also attach a notice regarding the first meeting of creditors which will be held virtually, on 10 August 2021 at 10:00 a.m. Due to the COVID-19, the meeting will only be held virtually, and arrangements can be made for creditors, or their representative, to attend the meeting by telephone or videoconferencing.

Should you wish to attend the meeting, please complete the attached Claim Form setting out the particulars of your claim, including the supporting documentation. At the meeting, creditors, or their representatives will be invited to vote on a number of resolutions as set out on the Proxy Form attached. If you are not attending the meeting and wish to vote, please submit your Proxy Form in accordance with the attached notice.

Please note that there will be an opportunity at the meeting to establish a creditors' committee (the **Committee**), pursuant to Section 421(1)(c) of the Act, provided there are a minimum of three and maximum of five creditors willing to be appointed to the Committee. In the event more than five creditors express interest in being appointed to the Committee, the creditors of the Company will each be required to vote for only five among them; the five creditors with the most votes, expressed in dollar value of claims voting for them, will be appointed to the Committee.

In accordance with Section 422 of the Act, the function of the Committee is to consult with the Joint Liquidators about matters relating to the liquidation, receive and consider the reports of the Joint Liquidators, assist the Joint Liquidators in discharging their functions and to discharge any other functions assigned to them under the Act, including approving the Joint Liquidators' fees and disbursements in accordance with Section 430 (1)(a) of the Act.





Should the Committee be formed, the first members of the Committee will be appointed at the meeting. Should any creditor wish to be appointed, they should indicate so by voting on resolution four of the attached Proxy Form. They should also complete a Consent to Act Form and if they are a corporate entity, complete the Authority to Act Form, electing an individual to represent them.

All necessary forms are attached. These should be completed and returned by no later than 12:00 noon on the business day before the meeting.

Should you have any queries in relation to the meeting of the creditors or the liquidation generally, please contact me colleague Leanne Passant at [lpasant@kaloadvisors.com](mailto:lpasant@kaloadvisors.com) or +1 284 541 2389.

Yours faithfully,

**James Drury**  
Joint Liquidator

Enclosure  
Qualifying Resolution, dated 20 July 2021  
Notice of meeting  
Claim Form  
Proxy Form  
Consent to Act Form  
Authority to Act Form

**Candax Energy Limited**  
**Company No. 616505**  
(the **Company**)

**Written resolutions of the Member of the Company**  
Pursuant to Section 159(2) of the BVI Insolvency Act 2003 (the **Act**)

I, Candax Energy Inc., being the Sole Member of the Company holding a majority of more than 75% of the shares of the Company entitled to vote on the matters the subject of these resolutions and having the right to receive notice of, attend and vote at general meetings hereby **RESOLVE THAT:**


Paul Pretlove and James Drury of Kalo (BVI) Limited, P.O. Box 4571, 4<sup>th</sup> Floor LM Business Centre, Fish Lock Road, Road Town, Tortola, British Virgin Islands, VG1110, are hereby appointed as Joint Liquidators of the Company subject to their confirmation of formal consent.

The liquidation of the Company is deemed to commence on the day that the resolution by the Sole Member of the Company is passed;

Subject to Section 182 of the Act the Joint Liquidators, once appointed, have all the duties and powers conferred on a liquidator under Section 185 and 185 of the Act and as set out in Schedule 2 of the Act;

The directors of the Company and/or the lawyer Mrs. Heuvelmans Perret are individually authorised to provide the Joint Liquidators with (i) a copy of this resolution; and (ii) a copy of their appointment, in the form appended to this resolution, in accordance with Rule 154 of the Insolvency Rules 2005.

A general power is granted in this effect to the directors of the Company and/or to the lawyer Mrs. Heuvelmans Perret who are authorized individually to do and sign all acts, deeds, forms, confirmation of Joint Liquidators' appointment and all documents required or necessary.

Signature:   
Name of Signatory: \_\_\_\_\_  
Hubert Roudot  
For and on behalf of Candax Energy Inc.

Date: 20 July 2021

**In the matter of the BVI Insolvency Act, 2003 (the Act)**  
**Candax Energy Limited – In Liquidation (the Company)**

BC# 616505

NOTICE IS HEREBY GIVEN pursuant to Section 178(1) of the Act, that on 20 July 2021, Paul Pretlove and I, James Drury, of Kalo (BVI) Limited, P.O. Box 4571, 2<sup>nd</sup> Floor, 4<sup>th</sup> Floor, LM Business Centre, Fish Lock Road, Road Town, Tortola, British Virgin Islands, VG1110, were appointed as Joint Liquidators of the Company by a qualifying resolution of the sole member dated 20 July 2021, in accordance with Section 159(2) of the Act.

NOTICE IS HEREBY GIVEN pursuant to Section 179(1) of the Act, that a first meeting of the creditors of the Company will be held on 10 August 2021 at 10 a.m. for the purposes provided for in Sections 179(3) and (4) of the Act. Due to the COVID-19, the meeting will only be held virtually, and arrangements can be made for creditors, or their representative, to attend the meeting by telephone or videoconferencing.

Creditors should lodge particulars of their claims for voting purposes before the meeting. Claims may be lodged by facsimile and email at the details below. Secured creditors (unless they surrender their security) should also include a statement giving details of their security, the date(s) on which it was given and the estimated value at which it is assessed.

Any creditor entitled to attend and vote at the meeting is entitled to do so either in person or by proxy. Completed proxy forms must be lodged with the Joint Liquidators by no later than 12 noon on the business day before the meeting.

The resolutions to be tabled at the meeting may include a resolution to appoint a creditors' committee of the Company. The meeting attendees will also receive an explanation of the current circumstances of the Company, including the actions taken by the Joint Liquidator since their appointment. The majority required to pass a resolution at the meeting is not less than 50% by value of the claims of those attending in person or by proxy.

Before the date of the meeting of the creditors, any creditor may request a list of the Company's creditors and such other information concerning the affairs of the Company as is available and this may be requested from the contact below.



**James Drury**  
Joint Liquidator

Contact details:	Kalo (BVI) Limited
Contact:	Sharayah John
Telephone:	+(1) 284 542 1170
Email:	<a href="mailto:sjohn@kaloadvisors.com">sjohn@kaloadvisors.com</a>

## Candax Energy Limited - In Liquidation

The Insolvency Act, 2003  
The Insolvency Rules, 2005

**Form R184**

Claim Form

Rule 184

Name of Proceeding: Candax Energy Limited - In Liquidation

Date of Appointment of Liquidator: 20 July 2021

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim as at the date of appointment of liquidator	\$
4	If total amount above includes outstanding uncapitalised interest, please state amount	\$
5	Give details of whether or not the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts set out in the Insolvency Rules, 2005.	Category: Amount(s) claimed as preferential (\$):
6	Particulars of how and when debt incurred	
7	Details of any documents by reference to which the debt can be substantiated [Note: the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
8	Particulars of any security held, the date it was given and the value of the security	
9	Signature of creditor or person authorised to act on his behalf  Name in BLOCK LETTERS  Position or relation to creditor  Address	:  :  :  :

Notes to help completion  
of this form

Please give full name  
and address for  
communication.

NAME OF CREDITOR \_\_\_\_\_

ADDRESS \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please insert name of  
person (who must be 18  
or over) or the  
"Chairman of the  
Meeting" (see note  
below). If you wish to  
provide for alternative  
proxy-holders in the  
circumstances that your  
first choice is unable to  
attend please state the  
name(s) of the  
alternative(s).

NAME OF PROXY FOR CREDITOR

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

Please delete words in  
brackets if the proxy-  
holder is only to vote as  
directed i.e. if he/she  
has no discretion.

I appoint the above person to be my/the\* creditor's proxy-holder at the meeting of creditors to be held on 10 August 2021 or at any adjournment of that meeting. The proxy-holder is to propose or vote as below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her\* discretion).

Please complete  
paragraph 1 if you wish  
to nominate or vote for a  
specific person as  
liquidator.

VOTING INSTRUCTIONS FOR RESOLUTIONS

Please indicate with an 'X' your voting preference:

Any other resolutions  
which the proxy-holder  
is to propose or vote in  
favour of or against  
should be set out in  
numbered paragraphs  
on the other side of this  
form.

For Against

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------

1) To appoint a Creditors' Committee

For Against

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------

2) To act on the Creditors' Committee

**This form must**

SIGNATURE \_\_\_\_\_

**be signed**

DATE \_\_\_\_\_

NAME IN CAPITAL LETTERS \_\_\_\_\_

Only to be completed if  
the creditor has not  
signed in person.

POSITION WITH MEMBER OR RELATIONSHIP TO CREDITOR OR OTHER AUTHORITY FOR  
SIGNATURE

PLEASE NOTE THAT IF YOU NOMINATE THE CHAIRMAN OF THE MEETING TO BE YOUR PROXY-HOLDER HE WILL BE THE LIQUIDATOR APPOINTED BY THE MEMBER OF THE COMPANY.

(\* - Delete as applicable)

To be valid, this form of proxy, duly completed and signed (together with any power of attorney or other authority under which it is signed or a notarised and certified copy of it), must be deposited with the Liquidator, c/o Kalo BVI Limited, P.O. Box 4571, LM Business Centre, 4<sup>th</sup> Floor, Fish Lock Road, Road Town, Tortola, BVI VG1110, not later than 12.00am on the business day before the meeting. Proxies can also be submitted by email to [lpasant@kaloadvisors.com](mailto:lpasant@kaloadvisors.com).

**Creditors' Committee**  
**Form of Agreement to act as Member**  
**Candax Energy Limited – In Liquidation**

I, \_\_\_\_\_ of, \_\_\_\_\_  
\_\_\_\_\_ having at the meeting of creditors' held on 10 August 2021, been appointed a  
member of the creditors' committee, hereby agree to act as such member.

Signed

\_\_\_\_\_

for and on behalf of

\_\_\_\_\_

Director/Secretary  
Duly authorised

**Creditors' Committee**  
**Authority to Act as Creditor's Representative**  
**Candax Energy Limited – In Liquidation**

We hereby authorise:

\_\_\_\_\_

of \_\_\_\_\_

to act as our representative on the creditors' committee generally.

Signed

\_\_\_\_\_

for and on behalf of  
Director/Secretary  
Duly authorised

## **Appendix “B”**



## Sharayah John

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**From:** VIRRGIN@bvifsc.vg  
**Sent:** Friday, July 23, 2021 4:06 PM  
**To:** Sharayah John  
**Subject:** General Filing - Approved

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged



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### British Virgin Islands Financial Services Commission

Pasea Estate, Road Town, Tortola, British Virgin Islands • Tel: 284 494 1324 • Fax: 284 494

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General Filing (Registration of Insolvency Documents) has been approved.

Company Name: CANDAX ENERGY LIMITED  
BVI Co. No.: 616505  
Transaction No.: T210540143  
Filing Date: 22/07/2021

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Please do not reply to this message. If you have questions you may contact us at [support@bvifsc.vg](mailto:support@bvifsc.vg), (284) 852-4067, or [www.bvifsc.vg](http://www.bvifsc.vg).

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## **Appendix “C”**

**To whom it may concern**

23 June 2021

Dear Sirs,

**RE: ECUMED PETROLEUM GROMBALIA, LTD.**  
**NOTIFICATION OF INSOLVENCY**

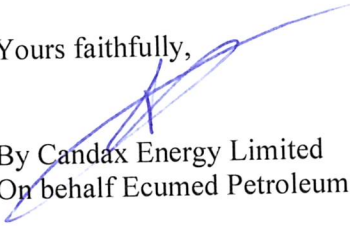
We write on behalf of our subsidiary Ecumed Petroleum Grombalia, Ltd., Company No. 12381 (the “**Company**”), with its registered office at c/o The Corporate Secretary Limited, Whitepark House, White Park Road, Bridgetown, Barbados.

This letter serves to notify you that the Company is inactive and is unable to pay its liabilities as they become due and is accordingly insolvent pursuant to the Bankruptcy and Insolvent Act Cap. 303 of the Laws of Barbados.

The Company is therefore unable to pay the debt owed to you and must regrettably suspend all payments to you. We do not expect that the Company will become active in the future and will therefore not be in a position to make any future payments to you.

Kindly direct any correspondence or inquiries regarding this notification to the registered office mentioned above.

Yours faithfully,

  
By Candax Energy Limited  
On behalf Ecumed Petroleum Grombalia

**To whom it may concern**

23 June 2021

Dear Sirs,

**RE: FALCAN CHAAL PETROLEUM LIMITED**  
**NOTIFICATION OF INSOLVENCY**

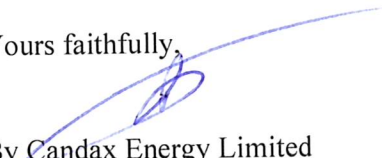
We write on behalf of our subsidiary Falcan Chaal Petroleum Limited, Company No. 25077 (the “**Company**”), with its registered office at Whitepark House, White Park Road, Bridgetown, Barbados.

This letter serves to notify you that the Company is inactive and is unable to pay its liabilities as they become due and is accordingly insolvent pursuant to the Bankruptcy and Insolvent Act Cap. 303 of the Laws of Barbados.

The Company is therefore unable to pay the debt owed to you and must regrettably suspend all payments to you. We do not expect that the Company will become active in the future and will therefore not be in a position to make any future payments to you.

Kindly direct any correspondence or inquiries regarding this notification to the registered office mentioned above.

Yours faithfully,



By Candax Energy Limited  
On behalf Falcan Chaal Petroleum