



**COURT FILE NUMBER** 1501-09213

**COURT** COURT OF QUEEN'S BENCH OF ALBERTA

**JUDICIAL CENTRE** CALGARY

**PLAINTIFF** COMPUTERSHARE TRUST COMPANY OF CANADA IN ITS  
CAPACITY AS COLLATERAL AGENT FOR GUGGENHEIM  
CORPORATE FUNDING, LLC

**DEFENDENT** SEKUR ENERGY MANAGEMENT CORP.

**DOCUMENT** SECOND REPORT OF THE RECEIVER AND MANAGER  
DELOITTE RESTRUCTURING INC.

DATED NOVEMBER 23, 2015

**ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT**

**Counsel**

Gowling Lafleur Henderson LLP  
1600, 421 7th Avenue SW  
Calgary, Alberta T2P 4K9  
Attention: Tom Cumming

Telephone/ Facsimile: 403-298-1000/ 403-695-3538  
Email: Tom.Cumming@gowlings.com

**Receiver**

Deloitte Restructuring Inc.  
700 Bankers Court, 850 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 0R8  
Attention: Jeff Keeble

Telephone/Facsimile: 403-503-1458/ 403-718-3681  
Email: jkeeble@deloitte.ca

# Table of Contents

Introduction and Background .....	1
Introduction .....	1
Notice to Reader .....	1
Background and Court Proceedings .....	2
Sealing of the Second Confidential Supplement .....	3
Receiver's Activities .....	4
Sales Process with AER Consent .....	7
Sales Process .....	8
Hamilton Lake Assets .....	9
Stettler Assets .....	9
Non-Licensed Assets .....	10
Interim Statement of Receipts and Disbursements .....	12
Conclusion .....	14

## **SCHEDULE**

Schedule 1 – Statement of Receipts and Disbursements for the Period Ended November 20, 2015

# Introduction and Background

## Introduction

1. Pursuant to the Order (the "**Receivership Order**") granted by the Court of Queen's Bench of Alberta (the "**Court**") on August 12, 2015 (the "**Date of Receivership**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed as receiver and manager (the "**Receiver**") of Sekur Energy Management Corp. ("**Sekur**" or the "**Company**"). A copy of the Receivership Order and further filed pleadings and proceedings can be accessed via Deloitte's website at <http://www.insolvencies.deloitte.ca>.
2. The Receivership Order was granted pursuant to an application by Computershare Trust Company of Canada (the "**Collateral Agent**") in its capacity as collateral agent for a syndicate of lenders (collectively, the "**Lenders**") in respect of whom Guggenheim Corporate Funding, LLC ("**Guggenheim**") acts as administrative agent. The Lenders were owed approximately \$39.3 million at the Date of Receivership and the Collateral Agent holds registered security over all of the Company's present and after acquired property for and on behalf of the Lenders. The Company consented to the Receivership Order.
3. The Receiver engaged independent legal counsel, McCarthy Tetrault LLP ("**McCarthy**"), to complete a review of the security held by Guggenheim. McCarthy has opined that Guggenheim's security (the "**Guggenheim Security**") is valid and enforceable and ranks in priority to the unsecured creditors of Sekur and to any subsequently appointed trustee in bankruptcy of Sekur. McCarthy also conducted searches against the petroleum and natural gas properties (the "**PNG Properties**") being sold by the Receiver and confirmed that there are no apparent competing claims to the proceeds of sale thereof which might rank in priority to the Guggenheim Security.

## Notice to Reader

4. In preparing this report, the Receiver has relied on unaudited financial information, the books and records of Sekur and discussions with the Company's former employees, interested parties and other stakeholders. The Receiver has not performed an independent review or audit of the information provided.
5. The Receiver assumes no responsibility or liability of any loss of damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report.
6. Capitalized terms not otherwise defined herein have the meanings given to them in the Pre-Filing Report and the First Report.

7. All amounts in this report are in Canadian dollars unless otherwise indicated. All amounts are rounded to the nearest \$100.

## Background and Court Proceedings

8. Sekur is a private junior oil and gas company, which was incorporated pursuant to the laws of Canada and extra-provincially registered in Alberta in 2012. At the Date of Receivership, the Company held PNG Properties throughout Central Alberta. These included 150,395 gross acres of land which produced approximately 430 barrels of oil equivalent per day.
9. As a result of the August 12 Hearing, the Court granted the Receivership Order and additional Orders approving the August Sales and sealing the Confidential Affidavit.
10. As a result of the September 10 Hearing, the Court granted an order permitting the payment of commissions due to NRG Divestitures Inc. ("**NRG**") on prior and future sales of the PNG Properties of Sekur that are completed by the Receiver and arise out of the Sales Process run by NRG (the "**Commission Order**"). NRG has been paid, in accordance with the Commission Order, all commissions owed to it.
11. As a result of the September 22 Hearing, the Court granted orders providing the following relief:
  - 11.1. Approval of the reported actions of the Receiver to September 17, 2015 in respect of administering these receivership proceedings;
  - 11.2. Approval of the Response Transaction and vesting the assets that were the subject of the Response Transaction in Response free and clear of all claims, liens and encumbrances;
  - 11.3. Approval of the Newcrest Transaction and vesting the assets that were the subject of the Newcrest Transaction in Newcrest free and clear of all claims, liens and encumbrances;
  - 11.4. Approval of the Vermillion Transaction and vesting the asset that was the subject of the Vermillion Transaction in Newcrest free and clear of all claims, liens and encumbrances;
  - 11.5. Approval of an interim distribution of all funds held by the Receiver and any further amounts that may be collected by the Receiver to Guggenheim up to the value of its indebtedness, subject to such reserves as the Receiver deems necessary, acting reasonably, including any amounts agreed to with the Alberta Energy Regulator (the "**AER**") related to any future transactions that negatively impact Sekur's license liability rating (the "**Distributions**"), provided that prior to making such Distributions the Receiver obtains a satisfactory report from McCarthy in respect of security and other interests potentially ranking in priority to the Guggenheim Security (as outlined previously, McCarthy subsequently provided this report and no other prior ranking interests were noted); and
  - 11.6. Approval of the Sealing Order with respect to the first confidential supplement report of the Receiver dated September 21, 2015 (the "**Supplement**").

12. This report constitutes the second report of the Receiver (the “**Second Report**”). The Second Report is being filed in support of the Receiver's application to this Honourable Court on November 27, 2015 (the “**November 27 Hearing**”) requesting the following relief:
  - 12.1. Approval of the reported actions of the Receiver since September 17, 2015 in respect of administering these receivership proceedings;
  - 12.2. Approval of the transaction contemplated in the bid from Toro Oil & Gas Ltd. (“**Toro**”, the “**Toro Transaction**”), and vesting the assets that are the subject of the Toro Transaction in Toro free and clear of all claims, liens and encumbrances;
  - 12.3. Approval of the transaction contemplated in the bid from Bearspaw Petroleum Ltd. (“**Bearspaw**”, the “**Bearspaw Transaction**”) and vesting the assets that are the subject of the Bearspaw Transaction in Bearspaw free and clear of all claims, liens and encumbrances;
  - 12.4. Approval of the transaction contemplated in the bid from TKL Consultants Ltd. (“**TKL**”, the “**TKL Transaction**”) and vesting the asset that is the subject of the TKL Transaction in TKL free and clear of all claims, liens and encumbrances; and
  - 12.5. Approval of the Second Sealing Order (defined below) with respect to the second confidential supplement report of the Receiver dated November 23, 2015 (the “**Second Confidential Supplement**”).

### Sealing of the Second Confidential Supplement

13. The Receiver will provide the Second Confidential Supplement to the Court in advance of the November 27 Hearing and request that the Second Confidential Supplement remain under seal (the “**Second Sealing Order**”), unless otherwise ordered by the Court, to avoid any negative impact that could result from the dissemination of the information contained therein. The Second Confidential Supplement is being provided to the Court, the AER and to Guggenheim and no other party. The Second Confidential Supplement contains sensitive information pertaining to transactions which have not yet closed. Should any of these transactions fail to close, then the disclosure of this information may hamper efforts to remarket the corresponding PNG Properties. Further, such disclosure may also hamper efforts of the Receiver to sell other properties for the best possible price in the circumstances.
14. Any interested party may apply, on notice to the Receiver, to vary the terms of the Second Sealing Order or to unseal the Supplement.

# Receiver's Activities

15. The Receiver's powers are detailed in Paragraph 3 of the Receivership Order. They include the power to take and maintain possession and control of Sekur's property, the power to manage, operate and carry on the business of Sekur and the power to market and sell Sekur's property, subject to Court approval as required by the Receivership Order.
16. The Receiver has completed many activities since the date of the First Report on September 17, 2015, as further outlined below.
17. On September 30, 2015, the Receiver proceeded with closing the Response Transaction.
18. On September 30, 2015, the Receiver proceeded with closing the sales of all wells listed in the Newcrest Transaction that were not subject to a right of first refusal ("**ROFR**") contract. There were 24 wells that were not subject to a ROFR and for which the purchase and sale transactions closed. Within the Newcrest Transaction, there were ten wells subject to one of four ROFR contracts which are each described below:
  - 18.1. The first ROFR consisted of one well whereby two parties had ROFR contracts to purchase the assets. The expiry period on the ROFR was twenty days from the date of notice. One party allowed the time period in which to exercise their rights under the ROFR to lapse, while the second party waived their ROFR rights. As such, the Receiver proceeded with closing the purchase and sale of this well with Newcrest;
  - 18.2. The second ROFR consisted of four wells whereby two parties had ROFR contracts to purchase the assets. The expiry period of the ROFR was twenty days from the date of notice. One party waived their ROFR rights while the second party, Trident Exploration Corp. ("**Trident**"), elected to exercise their right. The Receiver proceeded with closing the purchase and sale of the four wells with Trident on November 5, 2015;
  - 18.3. The third ROFR consisted of one well whereby two parties had ROFR contracts to purchase the assets. The expiry period on the ROFR was thirty days from the date of notice. Both parties waived their ROFR rights. As such, the Receiver proceeded with closing the purchase and sale of this well with Newcrest; and
  - 18.4. The fourth ROFR consisted of four wells whereby three parties had ROFR contracts to purchase the assets. The expiry period on the ROFR was thirty days from the date of notice. Two parties waived their ROFR rights while the third party, Quicksilver Resources Canada Inc. ("**Quicksilver**"), elected to exercise their right. The Receiver proceeded with closing the purchase and sale of the four wells with Quicksilver on November 17, 2015.

19. The Vermillion Transaction with Newcrest was subject to one well which had an accompanying ROFR agreement with three parties. One party waived their ROFR rights while the other two parties, Canadian Natural Resources Limited and Potts Petroleum Inc. chose to exercise. The transactions are expected to close in the coming weeks.
20. As set out in the First Report, the Receiver responded to both the August 25 Request and September 25 Request for various written confirmations from the AER within the time period specified.
21. The Receiver also entered into an arrangement with the AER pursuant to which the AER would permit the Receiver to sell wells and associated facilities and pipelines for which Sekur held licenses under the *Oil and Gas Conservation Act* (Alberta) and *Pipeline Act* (Alberta) (the “**Licensed Assets**”) notwithstanding that such sales would reduce Sekur’s overall licensee liability rating ratio (the “**LLR Ratio**”) to less than 1:1.
22. Sekur owned a working interest in several wells operated by NEO Exploration Inc. (“**NEO**”). Effective July 5, 2012, MNP Ltd. (“**MNP**”) was appointed as Receiver and Manager of NEO by the Court. As a result of NEO’s insolvency, the operated properties were not attended to prompting the AER to issue abandonment orders to the underlying working interest holders, including Sekur. The AER provided an extension of the deadline to comply with the relevant abandonment orders to on or before October 19, 2015. As Sekur did not have the financial or operational resources to comply with the AER’s notice, the Receiver renounced its interest in the NEO wells on October 19, 2015. The Receiver sent notices to both the AER and MNP renouncing any interest in such working interests pursuant to section 14.06(4) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”).
23. On October 28, 2015, the Receiver received a notification from Encana Corporation (“**Encana**”) regarding a letter from the AER. The AER served a Notice of Mineral Rights Expiry and Declaration Document to Encana with respect to a well they operated. Sekur held a 15% working interest in the well. Encana, as operator of the well, and in accordance with the AER notice, was initiating the ordered abandonment of the well and was seeking reimbursement for Sekur’s proportionate share of the abandonment costs from the Receiver on behalf of Sekur. As Sekur did not have the financial resources to comply with Encana’s request, the Receiver renounced its interest in the well on November 9, 2015 pursuant to section 14.06(4) of the BIA.
24. Other duties performed by the Receiver since September 17, 2015 include, but are not limited to the following:
  - 24.1. Reporting to and responding to inquiries from creditors and other stakeholders;
  - 24.2. Communicating with various working interest partners of Sekur;
  - 24.3. Arranging for the renewal of the Company’s insurance on the assets;
  - 24.4. Providing updates and having discussions with Guggenheim regarding the receivership process;
  - 24.5. Reviewing and analyzing offers received on the assets;

- 24.6. Negotiating with interested parties with respect to the sale of the PNG Properties;
- 24.7. Working with the Contractors who have been providing assistance to the Receiver with a specific emphasis on the collection of accounts receivable, supporting the sale of the PNG Properties, updating Sekur's books and records and overseeing field operation compliance;
- 24.8. Communicating with the AER related to various requests for information and the sale of PNG Properties;
- 24.9. Providing updates to and having discussions with legal counsel regarding the receivership process; and
- 24.10. Overseeing the preparation of schedules and conveyances to complete the Final Sales Process (as defined below).



# Sales Process with AER Consent

25. As set out in the Pre-Filing Report and the First Report, Sekur had commenced a Sale Process on or about the first week of June 2015 in order to dispose of certain property and had retained NRG to act as sale agent and Deloitte to act as financial advisor. The Sale Process contemplated that any sales pursuant thereto would be completed upon the appointment of the Receiver and further sales have taken place subsequent to the Date of Receivership.
26. Pursuant to the Sale Process, certain Licensed Assets were sold where such sales did not reduce the LLR Ratio of Sekur to less than 1:1. Subsequent to the above transactions, Sekur's LLR ratio fell to less than 1:1, therefore limiting the Receiver's ability to realize on Sekur's Licensed Assets. The Licensed Assets make up roughly half of Sekur's portfolio.
27. Shortly after the initiation of the Receivership proceedings, Gowling Lafleur Henderson LLP ("**Gowlings**") began discussions on behalf of the Receiver and Guggenheim with counsel for the AER with respect to the consensual sale of the remaining Licensed Assets of Sekur notwithstanding that its LLR Ratio is less than 1:1. The Receiver successfully negotiated an arrangement with AER to permit such sales and Guggenheim consented to the arrangement. The arrangement permits the sale of productive wells to licensees in good standing and reduces the number of wells transferred by the AER to the orphan well fund.
28. Once that arrangement had been made, and prior to initiating a final sales process, the Receiver, Gowlings and the AER met on October 19, 2015 to discuss the parameters of such a sales process. Subsequent to the meeting, it was apparent that certain elements of the arrangement required clarification. This delayed the initiation of a sales process for the Licensed Assets, but the required clarifications were accomplished in a series of letters exchanged on October 27, 28 and 29 between Gowlings and the AER's counsel. The Receiver then commenced a sales process for the Licensed Assets of Sekur, as detailed later in this Second Report.

# Sales Process

29. Throughout the Receivership process, multiple parties have reached out to the Receiver to express an interest in acquiring the remaining assets of Sekur. Each time a party reached out, the Receiver would take the interested parties' contact information in the event it was deemed economically feasible to pursue a final sales process. With the high level of interest being expressed in the remaining assets and with an arrangement in place with the AER to obtain its consent to such sales, the Receiver determined that a final sales process (the "**Final Sales Process**") was warranted for the remaining Licensed Assets and other PNG assets.
30. Because of the requirement to clarify the arrangements between the AER, the Receiver and Guggenheim between October 19, 2015 and October 29, 2015, as described above, the Final Sales Process for the Licensed Assets was delayed.
31. However, the Receiver determined that it should initiate the Sales Process with respect to the PNG assets which were not Licensed Assets (the "**Non-Licensed Assets**") because of the cost of carrying the estate and concerns over losing market interest in the PNG Assets. On October 26, 2015, the Receiver circulated to fifteen potential bidders a sales package for Sekur's remaining Non-Licensed Assets. Given the fact that the Non-Licensed Assets had been openly canvassed to the market through the NRG Process and the Re-Bid Process, the Receiver and Guggenheim felt a compressed timeline was warranted. The bid deadline was set for 12pm Mountain Time on October 30, 2015.
32. On October 29, 2015, the issues with respect to the arrangement with the AER were clarified and therefore the Receiver initiated communication with all fifteen potential bidders that Sekur's Licensed Assets had been added to the Non-Licensed Assets listed for sale. In order to provide the potential bidders time to evaluate the Licensed Assets, the Final Sales Process bid deadline was extended to 12pm Mountain Time on November 10, 2015.
33. In consultation with the AER, the Receiver added wording to the Final Sales Process document to address concerns of the AER. Specifically, the Final Sales Process document explicitly stated that preference would be given by the Receiver to offers which permit acceptance with respect to all, or a portion of, the wells subject to the offer. The objective with respect to the Licensed Assets was to incentivize potential bidders to take on more assets and liabilities in order to minimize the volume of abandoned wells upon termination of the Receivership.

## Hamilton Lake Assets

34. The largest portion of Sekur's Licensed Assets reside in the Hamilton Lake area of Alberta ("**Hamilton Lake**"). As a part of the Final Sales Process, the Receiver specifically identified the Hamilton Lake area for potential bidders and encouraged en-bloc offers for the assets.
35. Pursuant to the Final Sales Process, several offers were received that included Licensed Assets in the Hamilton Lake area. After reviewing the offers and discussing the proposed transactions with Guggenheim and Gowlings and considering the AER's stated concerns from previous meetings, the Receiver decided to pursue the offer from Toro.
36. The Toro Transaction has the highest purchase price when comparing competing bids. In addition, the Toro transaction involves Toro assuming the most liabilities for wells in the Hamilton Lake area. Further details on the offers are included in the Second Confidential Supplement.
37. The Receiver reports as follows with respect to the Toro Transaction:
  - 37.1. The Toro Transaction includes Licensed Assets in the Hamilton Lake area of Alberta, which are being sold on an "as is, where is" basis;
  - 37.2. Toro has paid a deposit in the amount of 10% of the offered purchase price into trust with the Receiver;
  - 37.3. Toro and the Receiver have agreed to the form of purchase and sale agreement (a "**PSA**"), which has been executed by Toro and will be executed by the Receiver in the event that the Court approves the Toro Transaction. A copy of the PSA executed by Toro is attached as "Appendix 2" to the Second Confidential Supplement;
  - 37.4. The closing date is set to occur within ten business days following Court approval of the Toro Transaction (unless otherwise agreed in writing by the parties); and
  - 37.5. The Receiver has reviewed the Toro Transaction with the assistance of the Contractors and in consultation with Deloitte's Resources Evaluation Advisory group. The Receiver is satisfied that the Final Sales Process adequately exposed the PNG Properties included in the Toro Transaction to the market and that the Toro Transaction is commercially reasonable. Guggenheim and the AER have consented to the Toro Transaction.

## Stettler Assets

38. These assets reside in the Stettler area of Alberta ("**Stettler**"). The Bears paw Transaction involves a higher purchase price when compared to competing bids. Additionally, the Bears paw transaction involves Bears paw assuming more liabilities for wells in the Stettler area. Further details on the offers are included in the Second Confidential Supplement.
39. The Receiver reports as follows with respect to the Bears paw Transaction:
  - 39.1. Bears paw complied with the terms and conditions of the Final Sales Process;

- 39.2. The Bearspaw Transaction includes Licensed Assets and Non-Licensed Assets, which are being sold on an “as is, where is” basis;
- 39.3. Bearspaw has paid a deposit in excess of 10% of the offered purchase price into trust with the Receiver;
- 39.4. Bearspaw and the Receiver have agreed to the form of PSA, which has been executed by Bearspaw and will be executed by the Receiver in the event that the Court approves the transaction. A copy of the PSA executed by Bearspaw is attached as “Appendix 3” to the Second Confidential Supplement;
- 39.5. The closing date is set to occur within ten business days following Court approval of the Bearspaw Transaction (unless otherwise agreed in writing by the parties); and
- 39.6. The Receiver has reviewed the Bearspaw Transaction with the assistance of the Contractors and in consultation with Deloitte’s Resources Evaluation Advisory group. The Receiver is satisfied that the Final Sales Process adequately exposed the PNG Properties included in the Bearspaw Transaction to the market and that the Bearspaw Transaction is commercially reasonable. Guggenheim and the AER have consented to the Bearspaw Transaction.

### **Non-Licensed Assets**

40. Non-Licensed Assets are PNG assets in which Sekur owns a working interest but for which Sekur does not hold the AER operating license. As a part of the Final Sales Process, the Receiver received several binding offers for various remaining Non-Licensed Assets. After evaluating the bids with the Consultants, the Receiver determined that the best offer was from TKL. Further details on the offers are included in the Second Confidential Supplement.
41. The Receiver reports the following with respect to the TKL Transaction:
  - 41.1. The TKL Transaction includes Non-Licensed Assets which are being sold on an “as is, where is” basis;
  - 41.2. TKL has paid a deposit in the amount of 10% of the offered purchase price into trust with the Receiver;
  - 41.3. TKL and the Receiver have agreed to the form of PSA for the TKL Transaction, which will be executed by TKL in advance of the November 27 Hearing and will be executed by the Receiver in the event that the Court approves the TKL Transaction. A copy of the draft and unexecuted PSA in respect of the TKL Transaction is attached as “Appendix 4” to the Second Confidential Supplement;
  - 41.4. The closing date is set to occur within ten business days following Court approval of the TKL Transaction (unless otherwise agreed in writing by the parties); and

- 41.5. The Receiver has reviewed the TKL Transaction with the assistance of the Contractors and in consultation with Deloitte's Resources Evaluation Advisory group. The Receiver is satisfied that the Final Sales Process adequately exposed the PNG Properties included in the TKL Transaction to the market and that the TKL Transaction is commercially reasonable. Guggenheim has consented to the TKL Transaction.
42. The Receiver does not anticipate being able to sell any other assets and there appear to be no remaining wells of any value.

# Interim Statement of Receipts and Disbursements

43. The Receiver has prepared an Interim Statement of Receipts and Disbursements (the “**Interim R&D**”) for the period ended November 20, 2015, a copy of which is attached as “**Schedule 1**”. As reflected therein, as at November 20, 2015, approximately \$750,900 was being held in trust by the Receiver.
44. The Interim R&D reflects total receipts of approximately \$2,564,200. The Receiver highlights the following with respect to the more significant receipts:
- 44.1. At the date of Receivership, Sekur held approximately \$656,900 in the ATB Accounts. Subsequent to the date of Receivership, these accounts were closed and all funds were provided, in trust, to the Receiver;
  - 44.2. Net sale proceeds of approximately \$1,330,600 have been collected to date;
  - 44.3. Deposits of \$153,400 have been collected from the Final Sales Process;
  - 44.4. Net production receipts from operations of approximately \$269,000 have been collected to date; and
  - 44.5. Accounts receivable, including joint interest billings, of \$112,500 have been collected to date.
45. The Interim R&D reflects disbursements of approximately \$1,813,300. The Receiver highlights the following with respect to the more significant disbursements:
- 45.1. Pursuant to an order granted at the September 22 Hearing, an interim distribution payment was made to Guggenheim for approximately \$1,258,100;
  - 45.2. The Receiver’s professional fees and disbursements totalling approximately \$175,600 for the period ended October 2, 2015 and the Receiver’s legal counsel’s professional fees and disbursements total approximately \$84,400 for the period ended September 9, 2015 have been paid to date;
  - 45.3. Payment to office contractors for services provided throughout the receivership period total approximately \$87,900;
  - 45.4. Commissions totalling \$66,300 related to the August Sales were paid to NRG pursuant to the Commission Order. Upon the closing of the Final Sales Process transactions, the Receiver will calculate and submit the commissions payable to NRG in line with the terms of the Commission Order;

- 45.5. Payment for field operating expenses totalling approximately \$38,000 have been paid to date;  
and
- 45.6. Rent for approximately \$34,600 has been paid for the continued occupation of the office premises.
46. As outlined in the First Report, the Company has indicated that there are no payroll source deductions owing to the Canada Revenue Agency (“**CRA**”) as there were no employees and that there is an outstanding pre-receivership GST liability for approximately \$2,500. CRA has indicated that a GST trust audit will not be performed on pre-receivership transactions.

# Conclusion

47. The Receiver is recommending approval of the Toro Transaction, the Bearspaw Transaction and the TKL Transaction for the following reasons:
- 47.1. The Receiver believes that the PNG Properties have been sufficiently exposed to the market to ensure that interested parties were made aware of and had the opportunity to participate in the Sale Process, the Re-Bid Process and the Final Sales Process, where applicable;
  - 47.2. The Receiver has discussed the details of the Toro Transaction and the Bearspaw Transaction with Guggenheim and the AER, has complied with its arrangement with the AER, and both Guggenheim and the AER have consented to accept the transactions;
  - 47.3. The Receiver has discussed the details of the TKL Transaction with Guggenheim and Guggenheim has consented to accept the transaction; and
  - 47.4. The Receiver believes that the Toro Transaction, the Bearspaw Transaction and the TKL Transaction are reasonable given current market conditions when considering the Sale Process and Re-Bid Process that were undertaken prior to the Final Sales Process.
48. As a result of the foregoing, the Receiver respectfully requests the following:
- 48.1. Approval of the reported actions of the Receiver since September 17, 2015 to date in administering these receivership proceedings;
  - 48.2. Approval of the Toro Transaction, the Bearspaw Transaction and the TKL Transaction; and
  - 48.3. Approval of the Second Sealing Order with respect to the Second Confidential Supplement.

**DELOITTE RESTRUCTURING INC.,**  
in its capacity as Receiver of Sekur Energy  
Management Corp. and not in its personal or  
corporate capacity



---

Jeff Keeble, CA • CIRP, CBV  
Senior Vice President



Schedule 1 –  
Statement of Receipts and  
Disbursements for the Period  
Ended November 20, 2015

**Sekur Energy Management Corp.**  
**Profit and Loss Statement**  
**For the period ended November 20, 2015**

Description	Amount	Notes
<b>Receipts</b>		
Cash on hand	\$ 656,927	i
Sale of PNG assets	1,330,553	ii
Deposits on pending asset sales	153,400	iii
Production revenue receipts	269,036	iv
Collection of accounts receivable / joint interest billings	112,496	v
Alberta Government royalty refund	6,472	vi
GST refund	6,150	vii
GST collected	29,214	viii
Miscellaneous receipts	5	
<b>Total receipts</b>	<b>2,564,253</b>	
<b>Disbursements</b>		
Interim disbursement to Guggenheim	1,258,076	ix
Receiver's fees and costs	175,566	x
Contractor services	87,853	xi
Commission to NRG Divestitures Inc.	66,300	xii
Legal fees	84,406	xiii
Rent for office premises	34,645	xiv
GST paid	24,136	xv
Office operating expenses	35,899	xvi
Field operating expenses	38,039	xvii
Government of Alberta Mineral and Surface leases	8,395	xviii
<b>Total disbursements</b>	<b>1,813,315</b>	
<b>Excess of revenues over disbursements</b>	<b>\$ 750,938</b>	

**Notes:**

- i Represents cash on hand in ATB bank as at August 12, 2015, subsequently transferred to Receiver's account.
- ii Represent actual cash receipts after closing adjustments for asset sales to Signalta Resources Limited, Twin Butte Energy Ltd. and Head First Energy Inc. in September 2015, and to Response Energy Corporation and Newcrest Resources Ltd in October 2015.
- iii Represents funds received from purchasers for sales not yet completed.
- iv Represents collection of production revenues from operated properties.
- v Represents collection of general trade and joint interest receivables.
- vi Represents a refund on Government of Alberta royalty deposits as a result of lower than expected production.

**Sekur Energy Management Corp.**  
**Profit and Loss Statement**  
**For the period ended November 20, 2015**

**Notes (cont'd):**

- vii Represents GST refund for the month of June 2015.
- viii Represents GST collected on asset sales and production revenues.
- ix Represents an Interim distribution to Guggenheim pursuant to an order granted at the September 22, 2015 Court hearing.
- x Represents fees and disbursements for Receiver's activities completed for the period ended October 2, 2015.
- xi Represents payments to office contractors for services rendered for the period ended October 30, 2015.
  
- xii Represents commissions paid to NRG Divestitures Inc. in the month of October 2015 as set out in an agreement with Sekur dated May 7, 2015 and approved by an Order of the Court of Queen's Bench on September 10, 2015.
- xiii Represents legal fees incurred for the period ended September 9, 2015.
- xiv Represents occupation rent of office premises for the month of for the period ended November 30, 2015.
- xv Represent GST paid on disbursements disbursed to date.
- xvi Represents general office and IT expenses disbursed to date.
- xvii Represents payments to field operators for monitoring and repairs on Sekur operated properties.
- xviii Represents payments to the Government of Alberta for Mineral and Surface rentals for Sekur operated properties.