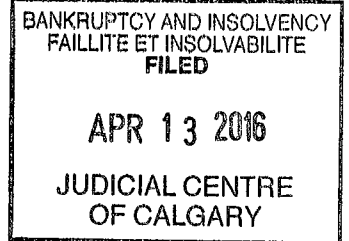


COURT FILE NUMBER **25-2101174**

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE PROPOSAL OF GAMET
RESOURCES LTD.

DOCUMENT REPORT OF THE PROPOSAL TRSUTEE

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

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INTRODUCTION

1. Ernst & Young Inc. ("EYI") the proposal trustee (the "Trustee"), under the Notice of Intention to Make a Proposal ("NOI") filed by Gamet Resources Ltd. ("Gamet") on March 18, 2016, provides this report to the Court pursuant to paragraph 50.4(7)(b) of the *Bankruptcy and Insolvency Act* ("BIA").

BACKGROUND

2. Gamet is a private company incorporated under the laws of the Province of Alberta on August 8, 2007 and is headquartered in Calgary, Alberta. Gamet is engaged in the exploitation for and development and production of oil and natural gas primarily in west central Alberta.
3. The Company operates a gas plant near Innisfail, Alberta and has approximately 70 wells, of which 30 are currently active and producing, 17 are shut in due to low commodity prices, 11 are Gross Overriding Royalties, eight are abandoned awaiting reclamation certificates and the remainder are awaiting abandonment. Gamet has significant land inventory of approximately 26,000 net acres.
4. The active wells are producing approximately 326 Barrels of Oil Equivalent per day of which 30% is oil and natural gas liquids and the balance is natural gas.
5. As commodity prices have declined over the past year and a half, Gamet's financial performance has deteriorated. Management undertook various actions to reduce its monthly cash outlays by making significant reductions in both operating expenses and general administrative expenses.

6. Unfortunately commodity prices continued to deteriorate and Gamet was unable to meet its ongoing liabilities and had neared its operating loan limit. Gamet entered into discussions with its lender and it became clear Gamet needed to file a Notice of Intention to Make a Proposal to obtain protection from its creditors and to provide it with an opportunity to sell some or all of its assets.

ONGOING MATTERS

7. Since the NOI was filed on March 18, 2016 Gamet has continued its operations in the normal course and has continued to assess its costs and taken steps to reduce those costs where possible. For example, Gamet has recently negotiated a rent reduction with its landlord.
8. Several of Gamet's creditors have been in contact with the Trustee to discuss their claims. The Trustee served notice of the NOI on Gamet's creditors, and advised creditors they would be notified following the filing of a proposal or Gamet obtaining an extension of time for filing a proposal. Other than Gamet's lender, no creditor has requested to be notified of applications to be made in these proceedings.
9. Gamet, with the assistance of the Trustee, filed a cash flow projection on March 28, 2016 with the Official Receiver as required under the BIA. A copy of that cash flow projection is attached as Appendix "A" to his Report. An updated cash flow projection as at April 13, 2016 is attached as Appendix "B".
10. As the cash flow projection is based on future events, actual results will vary and the variation may be material. There are some variances between the March 28 and April 13, 2016 cash flow projections which mainly relate to revenues. The price of natural

gas has continued to deteriorate, thereby, reducing Gamet's monthly revenues by approximately \$30,000 per month. There have been no material changes in Gamet's monthly expenses.

11. Since filing the NOI, Gamet's management have been and/or are actively engaged in:
 - a) reviewing ongoing operating expenses and assessing opportunities to reduce those expenses;
 - b) working closely with the Trustee to address creditor enquiries; and
 - c) retained Sayers Energy Advisors ("Sayer") to act as an exclusive financial advisor to undertake strategic alternatives in consideration of a sale, merger or other type of business combination in respect of the sale or farmout of some or all of its assets.
12. The Trustee is advised that a virtual data room is in place and that Sayer will commence its marketing of Gamet's assets and pursue other types of business combinations on or about April 15, 2016.
13. The Trustee is also advised that Gamet expects to receive a Stalking Horse Offer for its assets shortly.

EXTENSION APPLICATION

14. Gamet is not presently in a position to complete a proposal to its creditors, and requires an extension of time under section 50.4(9) of the BIA within which it may file its proposal. The timing of any proposal will be tied to the marketing of Gamet's assets by Sayer including the receipt of a Stalking Horse Offer.

15. The Trustee is satisfied, on the information it has received, that Gamet has conducted itself and continues to conduct itself in good faith and with due diligence. So far as the Trustee is aware, Gamet has complied with all its duties under the BIA.
16. The Trustee is also satisfied that it is likely Gamet will be able to make a viable proposal if the extension being applied for is granted, it receives the Stalking Horse Offer and Sayer, its financial advisor, has the opportunity to pursue a sale of assets or other strategic alternative. The Trustee is satisfied that no creditor would be materially prejudiced if the extension being sought by Gamet is granted.
17. The Trustee understands that the secured lender supports the extension.

SUMMARY

18. The Trustee supports the application of Gamet for an extension of time within which it may file its proposal to May 31, 2016.

* * *

All of which is respectfully submitted this 13th day of April, 2016.

**ERNST & YOUNG INC.
IN ITS CAPACITY AS TRUSTEE IN THE PROPOSAL OF
GAMET RESOURCES LTD. AND NOT IN ITS PERSONAL CAPACITY**



Per: Robert J. Taylor CA CIRP

GAMMET RESOURCES LTD.
13 Week Cash Flow
 For the Periods March 25 to June 23, 2016
 \$ CDN

	Mar 25-31	Apr 1-7	Apr 8-14	Apr 15-21	Apr 22-28	Apr 29-May 5	May 6-12	May 13-19	May 20-26	May 27-Jun 2	Jun 3-9	Jun 10-16	Jun 17-23
	1	2	3	4	5	6	7	8	9	10	11	12	13
REVENUE	36,000	33,728	53,240	52,970	54,216	42,600	52,970	54,216	42,600	52,970	54,216	42,600	52,970
OIL SALES													
GAS SALES													
LIQUIDS & Other	37,822	46,221	46,221	46,221	46,221	46,221	46,221	46,221	46,221	46,221	46,221	46,221	46,221
Total Revenue	37,822	46,221	46,221	46,221	46,221	46,221	46,221	46,221	46,221	46,221	46,221	46,221	46,221
Total Royalties	148,510												
Operating Expenses													
CONTRACT OPERATOR	17,074					19,050				19,050			
TRUCKING	7,273					8,750				9,500			
GAS PROCESSING	0					15,524				20,555			
PROPERTY TAXES	0					0				19,000			
PROV REGULATORY FEES	0					0				14,122			
SURFACE LEASES - FREEHOLD + CROWN	200					10,650				16,463			
MINERAL LEASES - CROWN + FREEHOLD	0					0		2,560		0		4,704	
OTHER	5,272			5,133		5,018				5,018			
Total Operating Expenses	31,120	0	0	5,133	1,000	75,992	0	2,560	1,000	134,706	0	4,704	0
G&A	19,789					20,789		19,789		19,789			19,789
RENT	15,260					11,722				11,722			
SOFTWARE (hard, accounting, HR Infr)	0					1,347				1,747			
OTHER	1,000					3,259				3,259			
Total G&A	37,049	0	0	0	0	37,817	0	19,789	0	36,517	0	19,789	0
Contingency	5,000					5,000				5,000			
Professional Fees	51,200					27,500				25,000			
Total Expenses	125,169	0	0	5,133	2,000	135,509	0	22,349	2,000	196,215	0	24,493	0
Available Cash	23,641	0	0	-5,133	-11,289	-155,803	0	-22,349	168,235	-496,215	0	-24,493	0
COLUMBIA SALE													
Beginning Loan Balance	5,120,000	5,096,559	4,732,609	4,732,609	4,737,742	4,606,453	4,761,456	4,761,456	4,763,805	4,655,569	4,651,788	4,856,281	4,856,281
Ending Loan Balance	5,096,559	4,732,609	4,732,609	4,737,742	4,506,453	4,761,456	4,761,456	4,763,805	4,635,569	4,631,788	4,856,281	4,856,281	4,856,281

Refer to accompanying notes.

This statement of projected cash flow of Gammet Resources Ltd. has been prepared in accordance with Section 504(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash-flow statement and the Report on Cash-flow by the Passer Making the Proposal.

Gammet Resources Ltd.

Gary Mowat
 Gary Mowat, CEO
 Date: 28/03/16

Ernst & Young Inc.

[Signature]
 Per: [Signature]
 Date: 28/03/16

GAMMET RESOURCES LTD.

13 Week Cash Flow

For the Periods March 25 to June 13, 2016

\$ CDN

Revenue

1 March revenue is based on actual February prices obtained. Revenue for future periods is based on Gammet's production forecast of all wells currently on production and current spot prices. Monthly fluctuations are based on Gammet's best estimates.

Royalties

2 Royalties comprise crown, gross overriding royalties and freehold royalties. The amounts are based on past experience and taking into consideration the "stay" provided by the Bankruptcy and Insolvency Act ("BIA").

Operating Expenses

3 Operating expenses are based on past experience and taking into consideration the "stay" provided pursuant to the BIA.

General & Administrative

4 General and Administrative expenses are based on past experience and mainly comprise salaries and benefits, office rent and insurance. Vacation pay is being paid with regular salary. Rent comprises rent due for part of March and all of April.

Professional fees

5 Professional fees include the retention of Sayer Energy Advisors to market Gammet's assets and the fees

GAMET RESOURCES LTD.
 13 Week Cash Flow (with actual results to April 13, 2016)
 For the Periods March 14 to July 17, 2016
 \$ CDN

Actual	17-Apr-16	24-Apr-16	1-May-16	8-May-16	15-May-16	22-May-16	29-May-16	5-Jun-16	12-Jun-16	19-Jun-16	26-Jun-16	3-Jul-16	10-Jul-16
Week Beginning	1	2	3	4	5	6	7	8	9	10	11	12	13
REVENUE	47,656	28,922	34,577	46,350	44,107					30,194	46,350		
OIL SALES	73,900	46,350								46,350			
GAS SALES	36,994	36,998								99,118			
LIQUIDS & Other													
Total Revenue	138,460	113,920	0	0	0	125,804	0	0	0	115,642	0	0	0
Total Royalties		1,000					12,000				12,100		
Operating Expenses	20,436		19,050	18,840			19,050				19,050		
CONTRACT OPERATOR	8,551		8,750				9,500				10,750		
TRUCKING	0		0				25,524				26,342		
GAS PROCESSING	0		0				13,000				42,100		
PROPERTY TAXES	0		0				14,172				0		
PROV REGULATORY FEES	15,410		16,463				11,341				15,510		
SURFACE LEASES - FREEHOLD + CROWN	4,306		2,560				6,496				2,183		
MINERAL LEASES - CROWN + FREEHOLD	3,873		9,018				9,018				9,018		
OTHER Opex	52,577	0	55,841	0	0	0	98,051	0	0	0	124,953	0	0
Total Operating Expenses	41,543	25,602	41,543	18,840	24,602	24,602	18,840	18,840	18,840	24,602	6,485	1,747	18,840
G&A	12,046		6,485				6,485				6,485		
RENT	0		1,747				1,747				1,747		
SOFTWARE (incl. accounting, JIB link)	3,381		3,253				3,253				3,253		
OTHER G&A	55,994	0	25,602	18,840	24,602	24,602	11,485	0	18,840	0	36,987	0	18,840
Total G&A	0	13,000	27,500				5,000				25,000		
CONTINGENCY & GST	46,268						25,000				25,000		
PROFESSIONAL FEES	155,640	0	39,602	18,840	0	24,602	151,536	0	18,840	0	205,140	0	18,840
Total Expenses	-18,179	0	74,318	-18,840	0	100,412	-151,536	0	-18,840	115,642	-205,140	0	-18,840
Operational Weekly Cash Change	362,698												
COLUMBIA SALE	344,509	0	74,318	-99,826	-18,840	0	100,412	-151,536	0	-18,840	115,642	-205,140	0
Weekly Cash Change	5,120,000	4,775,491	4,701,173	4,800,999	4,819,838	4,819,838	4,719,426	4,870,962	4,870,962	4,889,802	4,774,160	4,977,300	4,977,300
Beginning Loan Balance	4,775,491	4,775,491	4,701,173	4,800,999	4,819,838	4,819,838	4,719,426	4,870,962	4,870,962	4,889,802	4,774,160	4,977,300	4,977,300
Ending Loan Balance	4,732,609	4,732,742	4,606,453	4,761,456	4,783,805	4,655,569	4,831,788	4,831,788	4,856,281	4,856,281	4,856,281	4,856,281	4,856,281
Prior Forecast	42,882	37,749	94,720	39,543	58,382	36,033	83,857	39,175	39,175	33,522	(82,120)	121,019	
Loan Balance - Higher (Lower)													

Refer to accompanying notes.

GAMET RESOURCES LTD.
13 Week Cash Flow (with actual results to April 13, 2016)
For the Periods March 14 to July 17, 2016
\$ CDN

Revenue

- 1 March revenue is based on actual February prices obtained. Revenue for future periods is based on Gamet's production forecast of all wells currently on production and current spot prices. Monthly fluctuations are based on Gamet's best estimates.

Royalties

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Operating Expenses

- 3 Operating expenses are based on past experience and taking into consideration the "stay" provided pursuant to the BIA.

General & Administrative

- 4 General and Administrative expenses are based on past experience and mainly comprise salaries and benefits, office rent and insurance. Vacation pay is being paid with regular salary. Rent comprises rent due for part of March and all of April.

Professional fees

- 5 Professional fees include the retention of Sayer Energy Advisors to market Gamet's assets and the fees of the Trustee Ernst & Young Inc. and Gamet's legal counsel.

Loan Balance

- 6 The loan balance as compared to the 13 week cash flow filed on March 28, 2016 is higher than projected mainly due to the deterioration of natural gas prices and some timing differences in respect of certain expenditures. Well production has remained constant.