

COURT FILE NUMBER **2101-00814**
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

Clerk's Stamp

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED

AND IN THE MATTER OF CALGARY OIL & GAS SYNDICATE GROUP LTD., CALGARY OIL AND GAS INTERCONTINENTAL GROUP LTD. (IN ITS OWN CAPACITY AND IN ITS CAPACITY AS GENERAL PARTNER OF T5 SC OIL AND GAS LIMITED PARTNERSHIP), CALGARY OIL AND SYNDICATE PARTNERS LTD., and PETROWORLD ENERGY LTD.

DOCUMENT **SUPPLEMENTAL AFFIDAVIT**

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**SUPPLEMENTAL AFFIDAVIT OF
RYAN MARTIN**

Sworn on February 26, 2021

I, Ryan Martin, of the City of Alberta, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am the President, Secretary and sole director of the Applicants, Calgary Oil and Gas Intercontinental Group Ltd., formerly Triple Five Intercontinental Group Ltd. and Petroworld Energy Ltd. I have been the President of Intercontinental and Petroworld since September 4 and 10, 2020, respectively, and have been involved with the companies since their incorporation. Through my involvement with Intercontinental and Petroworld, I have also gained personal knowledge relating to their parent companies and related entities.

2. Calgary Oil & Gas Syndicate Group Ltd., formerly Triple Five Energy Ltd., Calgary Oil and Syndicate Partners Ltd., formerly T5 Energy Partners Ltd. (all Applicants are collectively referred to herein as the “**Companies**”). As such, I have personal knowledge of the matters to which I depose in this Affidavit, except where such matters are stated to be based on information and belief, in which case I have stated the source of my information and, in all cases, I believe such information to be true.
3. I previously swore an Affidavit on February 5, 2021 in support of the Companies’ Application for an initial order for certain relief pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (the “**First Martin Affidavit**”) and an Affidavit on February 22, 2021 (the “**Third Martin Affidavit**”) in support of the Companies’ Application for a Second Amended and Restated Initial Order (the “**Second ARIO**”). I make this Affidavit to supplement the Third Martin Affidavit.
4. Unless otherwise defined herein, all capitalized meanings have the terms ascribed thereto in the First Martin Affidavit or the Third Martin Affidavit.

Updated Cash Flow Forecast

5. Further to paragraph 22 as well as Exhibit “F” of the Third Martin Affidavit, the Companies have prepared an updated 13-week consolidated cash flow forecast for the Companies and the Limited Partnership, which includes updated figures for production revenue and royalty payments for January production realized on February 25, 2021. The forecast revenues for February and March production are based on the forward strip pricing set out by Peters & Co. as of February 22, 2021. Attached hereto and marked as Exhibit “A” is the referenced updated 13-week consolidated cash flow forecast (the “**Updated Forecast**”).
6. Compared to the 13-week consolidated cash flow which was prepared by the Companies in connection with the initial application (which forecast is attached at Exhibit “24” of the First Martin Affidavit) (the “**Initial Forecast**”), the Updated Forecast illustrates that the Companies and the Limited Partnership have substantially achieved its operations revenue forecast, with only an approximate \$30,000.00 deviation.

7. Further, the Companies and the Limited Partnership have obtained an ending cash account balance of \$265,816 following receipt of January production revenues, net of expenses. This figure is comparable to the figure of \$265,885 found in the Initial Forecast.
8. The Companies and the Limited Partnership have been able to achieve this result despite actualized January production revenues that were lower than previously forecasted as a result of extreme cold weather, freeze off and hydrates, which are industry wide production problems. Given the recovery of prices seen over the last six months, the Companies and the Limited Partnership expect to exceed its initial forecast revenues for February productions over by \$200,000.00 to obtain a net ending cash balance of \$947,456.00.
9. The Updated Forecast further predicts an increase of production revenues between the week of February 1, 2021 to the week of April 26, 2021 by over \$230,000.00 when compared to the original cash flow forecast, from \$5,452,650.00 to \$5,684,127.00. Concurrently, operating and non-operating disbursements over the same period are expected to decrease from \$4,197,612.00 to \$4,193,437.00
10. As a result of the stabilization of compression and tubing maintenance operations, the Companies and the Limited Partnership expect to achieve consistent monthly production of 13,000 mcf/day over the next several months. Management also expects to exceed the PDP reserve production values previously forecasted by Sproule.
11. In addition to the Companies' and the Limited Partnership's expected ending cash balance of \$947,456.00 after receipt of the February production revenues, the Companies expect the accrual of cash by approximately \$500,000.00 per month thereafter (approximately \$800,000.00 excluding payments to Crown Capital).
12. The Companies' and the Limited Partnership's expected cash flow is sufficient pay the interest and GORR payments owing to Crown Capital under the Loan Agreement until the maturity date in March 2022, and for the next 12 months. Specifically, the Companies and Limited Partnership expect to accrue between \$4 million and \$6 million in cash by March 2022 based on current strip prices.

Crown Capital's Proposed Strategic Alternative Process

13. I have reviewed the application materials for Crown Capital's Cross-Application for approval of a strategic alternative process (the "SAP") in the within CCAA Proceedings, which would provide for a sale and investment solicitation process that would be triggered if a certain milestone respecting a potential transaction with a third party. The Companies and the Limited Partnership have serious concerns with the milestone deadlines set out in Crown Capital's proposed form of Order and, particularly, the deadline for the closing of the potential transaction by March 31, 2021.
14. The target date of March 31, 2021 does not contemplate the requirement for the determination of Crown Capital's entitlement in respect of the secured debt, nor closing of the transaction without certainty that the asset would be free and clear of claims and encumbrances.
15. Further, monthly production revenues are not actualized by the Companies until the 25th day of the following month. A March 31, 2021 deadline does not provide counsel with sufficient time to prepare a proper restructuring plan which respects the rights of all stakeholders. In particular, a March 31, 2021 deadline does not provide sufficient time to negotiate a transaction which would address the concerns of both trade creditors and the Sunchild First Nation.
16. The Companies are of the view that a March 31st deadline for the closing of a restructuring transaction does not provide sufficient time for the Companies to negotiate a transaction that would address the concerns of all stakeholders, including the trade creditors and the Sunchild First Nation. The forced deadline of March 31st may well result in the breakdown of the potential transaction entirely as the third party would have no reassurance that all existing and contingent claims have been dealt with.

Conclusion

17. Given the foregoing, The Companies are of the view that there is no prejudice to Crown Capital in extending the stay of proceedings in the within Action to allow the Companies and the Limited Partnership to continue operations in the ordinary course, and that the imposition of a deadline of March 31, 2021 for the closing of a transaction

18. I swear this Supplemental Affidavit in support of the Companies' Application for a Second ARIO, and for no improper purpose.

SWORN BEFORE ME at Calgary, Alberta,
this 26th day of February 2021



A Commissioner for Oaths in and for Alberta

COLIN LAROCHE
A Commissioner for Oaths
in and for Alberta
Student-At-Law, Notary Public

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RYAN MARTIN

This is Exhibit "A"
Referred to in the Supplemental Affidavit of Ryan Martin
Sworn before me this 26th day of February, 2021



A Commissioner for Oaths in and for Alberta

COLIN LAROCHE
A Commissioner for Oaths
in and for Alberta
Student-At-Law, Notary Public

Calgary Oil and Gas Intercontinental Group Ltd.

13-week Cash Flow Forecast- Consolidated

For the 13-week period ending April 30, 2021.

	Notes	Week 1 01-Feb Proj.	Week 2 08-Feb Proj.	Week 3 15-Feb Proj.	Week 4 22-Feb Proj.	Week 5 01-Mar Proj.	Week 6 08-Mar Proj.	Week 7 15-Mar Proj.	Week 8 22-Mar Proj.	Week 9 29-Mar Proj.	Week 10 05-Apr Proj.	Week 11 12-Apr Proj.	Week 12 19-Apr Proj.	Week 13 26-Apr Proj.	Total Proj.
Operating Receipts															
Production Revenue	1				\$ 1,118,723	\$ 620,609			\$ 1,999,305					\$ 1,945,490	\$ 5,684,127
Total Operating Receipts					1,118,723	620,609			1,999,305					1,945,490	5,684,127
Operating Disbursements															
Royalty Expense	2					208,200			254,210					248,395	710,806
Production Royalty payment to CC	3					64,634			75,974					73,929	214,536
Operating Expense	4		3,656			283,294			72,962					72,962	432,873
Transportation Expense	5					40,146			45,386					45,386	130,918
G&A Contractors	6					50,178			50,178					50,178	150,533
G&A- Head Office Rent	6		(162)			15,479			12,000					12,000	39,317
Gas processing fees	7					353,636			299,748					356,351	1,009,735
GST Remittance						49,636			62,000					70,000	181,636
Professional Fees	8					116,666			116,666					116,666	349,998
Total Operating Disbursements			3,494			1,181,868			989,123					1,045,866	3,220,352
Non-Operating Disbursements															
Finance Leases	9					83,261			83,261					83,261	249,782
Interest Expense	10					221,545			245,282					250,000	716,826
Capital costs	11		6,476												6,476
Total Non-Operating Disbursements			6,476			304,805			328,542					333,261	973,085
Total Disbursements			9,971			1,486,673			1,317,666					1,379,127	4,193,437
Net Change in Cash			(9,971)		1,118,723	(866,064)			681,640					566,363	1,490,691
Opening Cash	12	23,128	23,128	13,157	13,157	1,131,880			265,816					947,456	13,157
Ending Cash		\$ 23,128	\$ 13,157	\$ 13,157	\$ 1,131,880	\$ 265,816			\$ 947,456					\$ 1,513,819	\$ 1,503,848

Notes: Please refer to attached assumptions and notes

Representations

The hypothetical assumptions are reasonable and consistent with the purpose of the projections described in the attached notes and the probable assumptions are suitably supported and consistent with the plans of the debtor company and provide a reasonable basis for the projections.

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

The projections have been prepared using probable and hypothetical assumptions. Consequently readers are cautioned that it may not be appropriate for other purposes.

Calgary Oil and Gas Intercontinental Group Ltd.

Per: Ryan Martin

Triple Five Intercontinental Group Ltd.
Notes to the Cash Flow Statement
For the period of February 5th to April 30th

Note 1- Production revenue: relates to revenues associated with the sale of natural gas and natural gas liquids. Triple Five has done a recent maintenance operation with new tubing on 4 wells and an additional compressor and anticipates increased production rates and higher revenues moving forward. Sproule engineering reports were used for production estimates and Peter's & Co. price decks were used for pricing estimates. The January production is now known and reflects actual to cash to be received. Revenue to be received in March is based on up to date known production numbers and up dated actual pricing.

Note 2- Royalties: Crown, freehold and GORR royalties are a function of production prices, volumes and mix.

Note 3- Production royalty expense- This relates to a production payment being paid to Crown Capital Partners on production revenue currently averaging about 4% of revenues. This payment is a result of the master loan agreement.

Note 4- Operating expense: Expected operating expenses over the forecast period total \$483,715 for the 13 weeks ending April 30, 2021. These disbursements consist of vendor payments (and prepayments) for hauling and transportation, parts, consumables (glycol, methanol and lubricants), chemicals, repairs, regulatory costs and licenses, and rentals.

Includes arrears payments to 4 key suppliers in order to ensure continuity of operations and avoid production downtime.

On Feb. 8th, a payment was made to Alberta Treating & Chemicals for glycol necessary to avoid freeze offs. This was not anticipated on the original cash flow projections.

Note 5- Transportation expense: This relates to firm service unabsorbed demand charges on the TC\Nova pipeline system. These costs are based a contractual arrangement with the pipeline company and are the maximum based on current forecasted production levels.

Note 6- General & administrative: Consists of rent, contractor fees and accounting system fees. Rent is currently being negotiated with the landlord and could be reduced and contractor and accounting system fees are fixed.

Note 7- Gas processing: Consists of gas processing costs to Keyera via their Strachan gas plant. These costs are set under a master processing agreement and are variable based on throughput plant volumes.

Note 8- Professional fees: Estimated legal and monitor fees throughout the restructuring period.

Note 9- Finance leases: Relates to rentals on 3 compressor units, 1 gen set unit, 1 4.5mmbtu line heater and 2 separator units. This equipment is required to keep production flowing on a daily basis.

Note 10- Interest expense: Relates to interest payable to Crown Capital Partners on the \$27.0 mil loan agreement. They have a fixed floating charge over all present and after acquired assets of the entity and any subsidiaries of joint venture, providing a first lien on all assets.

Note 11- Pursuant to a judgement obtained by Pason Well Systems, these funds were garnisheed from our account 1 day before the CCAA filing.

Note 12- Opening cash: Opening cash is the cash remaining in the company's bank accounts after all issued cheques have cleared as it is assumed that all issued cheques will be honoured. Opening cash does not include funds totalling \$866,977 which is held in term deposits as Letters of Credit for Nova and Keyera or funds in the Lockbox account controlled by Crown Capital, as such funds are not accessible by the company.