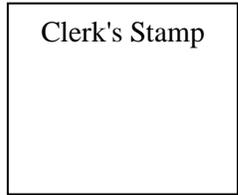


Clerk's Stamp


ESTATE NUMBER 25-2624152

COURT COURT OF QUEEN'S BENCH OF ALBERTA IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE CALGARY

PROCEEDINGS IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY OF DIRECT OIL & GAS INC.

APPLICANT MNP LTD., IN ITS CAPACITY AS TRUSTEE IN BANKRUPTCY OF DIRECT OIL & GAS INC.

DOCUMENT **SUPPLEMENTAL REPORT OF TRUSTEE**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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1. Direct Oil & Gas Inc. (“**Direct Oil**” or the “**Bankrupt**”) filed an assignment on February 28th, 2020. At the First Meeting of Creditors, MNP Ltd. was affirmed as Trustee (the “**Trustee**”) of the Estate of Direct Oil, a bankrupt.
2. The Trustee filed its first report to the Court (the “**First Report**”) with this Honourable Court on August 14, 2020. The purpose of this supplemental report to the Court is to correct two

misstatements contained in the First Report and to note a change to the facilities included in the Sale Properties. All capitalized terms not otherwise defined herein have the definitions given to them in the First Report.

3. Paragraph 21 of the First Report indicates that it is the Trustee's understanding that the AER has provided approval for the license transfers for the Sale Properties, subject to the approval of the Successful Bid by this Honourable Court. This statement is incorrect as the AER retains its statutory discretion on licence transfers and has not approved the licence transfer at this time. As noted in the draft order filed together with the First Report, the sale of the Sale Properties is subject to approval of the license transfer by the AER.
4. Paragraph 26 of the First Report is replaced with the following (modified text emphasized):

"The Trustee advises that the sale of the Sale Properties contemplated by the Successful Bid would be more beneficial for the creditors of Direct Oil and if the properties remain unsold by the time that the Trustee completes its administration of Direct Oil's Estate and is discharged by the Court, the properties would be surrendered to the Orphan Well Association, an industry-funded organization."

5. Finally, Schedule "C" to the Blue Sky APA, a redacted copy of which was attached as Appendix "C" to the First Report, included three facilities in the Lovet area which were not intended to be included in the Sale Properties. Attached to this supplemental report is a revised Schedule "C" from which the three facilities have been deleted.

All of which is respectfully submitted this 18th of August 2020.

MNP Ltd., in its sole capacity as Trustee of
the Estate of Direct Oil & Gas Inc., a
bankrupt and not in its personal capacity.



Per: _____
Victor P. Kroeger, CPA, CA, CIRP, LIT, CFE
Senior Vice President

APPENDIX A

THE FOLLOWING COMPRISES SCHEDULE "C" attached to and forming part of a Purchase and Sale Agreement dated the 17th day of June, 2020 between MNP LTD., solely in its capacity as the trustee in bankruptcy of DIRECT OIL & GAS LTD., and not in its personal or corporate capacity, and BLUE SKY RESOURCES LTD.

FACILITIES

Licence No.	Location	Facility	Operator	Area	WI
F17420	12-05-089-05W6M	Compressor	Direct	Charlie	100%
F21155	02-32-087-01W6M	Compressor	Direct	Dixonville	100%
F25499	13-09-089-06W6M	Battery	Direct	Charlie	100%
F28623	12-29-094-25W5M	Compressor	Direct	Hotchkiss	96.1684%
F31877	16-33-084-08W6M	Battery	Direct	Cecil	40%
F38618	08-25-096-10W6M	Gas Plant	Direct	Chinchaga	100%
F41029	02-32-087-01W6M	Injection Plant	Direct	Dixonville	100%
F41919	06-23-088-06W6M	Battery	Direct	Habay	100%
F41949	11-14-088-06W6M	Satellite	Direct	Habay	100%
F50682	10-30-089-05W6M	Battery	Direct	Charlie	100%
F23478	12-24-096-03W6M	Compressor	CNRL	Cranberry	13.58752%
F46384	15-03-097-04W6M	Battery	CNRL	Cranberry	13.58752%
F23625	10-34-093-01W6M	Battery	Surge	Hotchkiss	6.6667%