

**COURT FILE NUMBER KBG-SA-00151-2022**

**COURT OF KING'S BENCH FOR SASKATCHEWAN  
IN BANKRUPTCY AND INSOLVENCY**

**JUDICIAL CENTRE SASKATOON**

**IN THE MATTER OF THE RECEIVERSHIP OF ABBEY RESOURCES CORP.**

**NOTICE OF APPLICATION**

**(Increase to the Receiver's Borrowings Charge and Other Relief)**

**NOTICE TO RESPONDENTS: All parties listed on the Service List**

This application is made against you. You are a respondent. You have the right to state your side of this matter before the Court. To do so, you must be in Court when the application is heard as shown below:

Where: Court of King's Bench for Saskatchewan  
Judicial Centre of Saskatoon  
520 Spadina Crescent East  
Saskatoon, SK S7K 3G7

Date: June 14, 2024

Time: 10:00 a.m.

**This chambers application will be heard by Webex. If you wish to appear at this chambers application you must immediately contact Craig Frith via email at [cfrith@mcdougallgauley.com](mailto:cfrith@mcdougallgauley.com) or the Court of King's Bench by telephone at 306-933-5135 in order to obtain the Webex particulars.**

*(Read the Notice at the end of this document to see what else you can do and when you must do it.)*

**Remedy claimed or sought:**

1. The applicant, MNP Ltd. ("MNP" or the "Receiver"), in its capacity as the court-appointed receiver of all the assets, undertakings, and properties (the "Property") of Abbey Resources Corp. (the "Debtor"), seeks an order pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "BIA"):

- (a) deeming service of this notice of application and all other materials filed in support of the same on the parties listed in the service list to be good, valid, timely, and sufficient;
- (b) increasing the Receiver's borrowing limit and the Receiver's Borrowings Charge from \$3,000,000 to \$4,171,920;
- (c) discharging, terminating, and releasing the Administration Charge;
- (d) authorizing and empowering the Receiver to utilize the net sale proceeds from the Debtor's court-approved asset sales in QBG-00733-2021 (the "**CCAA Proceedings**") to partially repay amounts the Receiver has borrowed from the Saskatchewan Oil and Gas Orphan Fund (the "**Orphan Fund**");
- (e) approving the professional fees and disbursements of the Receiver and the Receiver's counsel, McDougall Gauley LLP, as set out in the Fifth Report without the necessity of a formal passing of their accounts;
- (a) approving and confirming the actions of the Receiver, as set out in the Fifth Report; and
- (b) granting such further and other relief as counsel may request and this Honourable Court may allow.

**Grounds for making this application:**

***(i) Background and Procedural History***

2. These proceedings arose following the Debtor's attempt to restructure and come to a compromise with its creditors in the *CCAA Proceedings*, which were commenced by the Initial Order of this Court dated August 13, 2021. MNP was the court-appointed monitor in the *CCAA Proceedings*.

3. In the course of the *CCAA Proceedings*, the Debtor applied for and was granted two Sale Approval and Vesting Orders that authorized the Debtor to sell certain assets, with MNP, as monitor, to hold the net proceeds of the sales (the "**Net Proceeds**") in trust until further order of the Court.

4. The Debtor's restructuring was unsuccessful and MNP was appointed receiver of the Property by Order of this Court dated February 28, 2022 (the "**Receivership Order**"). The *CCAA* Proceedings were terminated pursuant to a subsequent Order dated March 4, 2023. The Net Proceeds were not addressed as part of that Order and the Receiver has continued to hold the same in trust since the conclusion of the *CCAA* Proceedings.

5. Since the Receivership Order, the Receiver has applied for and been granted the following orders:

- (a) the Sale Approval, Vesting, and Sealing Order dated June 10, 2022;
- (b) the Auction Approval, Vesting, and Sealing Order dated August 31, 2022;
- (c) the Order Approving the Sales Solicitation Process dated October 11, 2022; and
- (d) the Sale Approval and Vesting Order (the "**SAVO**") dated November 2, 2023; and
- (e) the Order (Sealing and Other Relief) dated November 2, 2023 (the "**Sealing Order**").

(ii) **Increase to the Receiver's Borrowings Charge**

6. Since the granting of the SAVO and Sealing Order, the Receiver's work has included:

- (a) closing the transaction approved by the SAVO;
- (b) working in consultation with its consultant, Sproule Asset Management Limited, and the Ministry of Energy and Resources (the "**MER**") to prepare the Unsold Natural Gas Assets (as defined in the Fifth Report) for abandonment in accordance with the Minister's Order MRO 181/23 dated November 7, 2023; and
- (c) completed numerous sales of the Residual Assets (as defined in the Fifth Report).

7. As discussed in detail in the Fifth Report, the MER has requested that the Receiver complete additional work in relation to the Unsold Natural Gas Assets prior to seeking its discharge. The Receiver estimates that an additional \$1,171,920 will be required to complete this work, and the Orphan Fund is prepared to provide the necessary funding. The Receiver is therefore requesting that the borrowing limit and Receiver's Borrowings Charge be increased from \$3,000,000 to \$4,171,920.

***(iii) Authorization to Utilize the Net Proceeds***

8. As of the date of the Fifth Report, the Net Proceeds, inclusive of interest, total \$79,958.71. The Receiver is requesting authorization to distribute the Net Proceeds to the Orphan Fund as a partial repayment of the amounts borrowed from that entity to date.

9. The Net Proceeds are the Debtor's Property, and are therefore subject to the Receiver's Borrowings Charge, which is subordinate only to the Administration Charge from the CCAA Proceedings and the Receiver's Charge (as defined in the Receivership Order (paragraphs 20, 24A, and 24B)).

10. The Receiver's Borrowings Charge otherwise has priority to all security interests, trusts, liens, charges, and encumbrances, statutory or otherwise, in favour of any Person (as defined in the Receivership Order) (*Ibid.*).

11. The possible exceptions to this priority noted in paragraph 24A of the Receivership Order are not engaged on the facts, the amounts secured by the Administration Charge from the CCAA proceedings were paid early in the receivership proceedings, and the Receiver's accounts have been paid on an ongoing basis; consequently, the Orphan Fund has priority to the Net Proceeds by virtue of the Receiver's Borrowings Charge.

**Material or evidence to be relied on:**

12. In making this application, the Receiver relies on the following:

- (a) this Notice of Application;
- (b) the Fifth Report;
- (c) the Receiver's brief of law;
- (d) Affidavit of Service in respect of items (a) to (c);
- (e) the pleadings and proceedings had and taken herein; and
- (f) such further and other material as this Honourable Court may allow.

**Applicable Rules:**

13. N/A

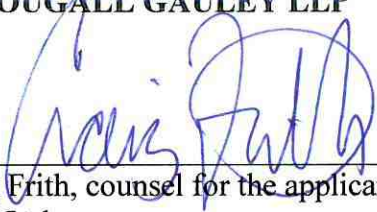
**Applicable Acts and Regulations**

14. The Receiver relies upon sections 31(1) and 243(1)(c) of the *BIA* in making this application.

Dated at the City of Saskatoon, in the Province of Saskatchewan this 11<sup>th</sup> day of June, 2024.

**McDOUGALL GAULEY LLP**

Per:

  
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Craig Frith, counsel for the applicant,  
MNP Ltd.

**NOTICE**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

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