

Court File No.: CV-21-00XXXX-00CL

**ORIGINAL TRADERS ENERGY LTD. ET AL.
PRE-FILING REPORT OF KPMG INC.,
IN ITS CAPACITY AS PROPOSED MONITOR**

January 30, 2023

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
ORIGINAL TRADERS ENERGY LTD. AND 2496750 ONTARIO INC.
(collectively the "Applicants")**

Applicants

**PRE-FILING REPORT OF KPMG INC.
In its capacity as Proposed Monitor of the Applicants**

JANUARY 30, 2023

I. INTRODUCTION

1. KPMG Inc. (“**KPMG**” or the “**Proposed Monitor**”) understands that Original Traders Energy Ltd. and 2496750 Ontario Inc. (the “**Applicants**”) intend to make an application (the “**CCAA Application**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) returnable on January 30, 2023 (the “**Proposed Filing Date**”), seeking an initial order (the “**Proposed Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) granting the Applicants protection under the CCAA and to seek other related relief, with a view to allowing OTE Group an opportunity to restructure its business and affairs. The Applicants’ CCAA proceedings are referred to herein as the “**CCAA Proceedings**”.
2. While OTE Logistics LP (“**OTE Logistics**”) and Original Traders Energy LP (“**OTE LP**”) are not Applicants in this proceeding, the Applicants seek to have relief sought within the Proposed Initial Order extend to both OTE Logistics and OTE LP (collectively, the “**Limited Partnerships**”), which are related to and carry on operations that are integral to the business of the Applicants. The terms “**OTE Group**” and “**Applicants**” throughout this report refer to the Applicants and Limited Partnerships collectively.
3. The Applicants will also be seeking to appoint KPMG as the CCAA monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”).
4. The principal purpose of the CCAA Proceedings is to provide the Applicants with the opportunity to restructure their debt obligations in a stable, Court-supervised environment with the breathing space afforded by filing for protection under the CCAA. The proceedings will provide a forum to allow the OTE Group to develop a plan of compromise or arrangement (the “**Plan**”) that is intended to provide creditors with a better outcome than an immediate liquidation of the Applicants’ assets and business. The Applicants intend to move through the CCAA Proceedings expeditiously, with the goal of emerging as a going-concern business as soon as practicable.
5. At a comeback motion to be scheduled within the initial statutory ten (10) day stay period (the “**Comeback Motion**”), the Applicants intend to return to court for an extension of the initial stay of proceedings sought in the Initial Order, among other relief.

II. PURPOSE OF REPORT

6. KPMG, in its capacity as Proposed Monitor, has reviewed the Court materials filed by the Applicants in support of the CCAA Application. The purpose of this pre-filing report (the “**Report**”) of the Proposed Monitor is to provide information to this Honourable Court pertaining to:
 - (i) KPMG’s qualifications to act as Monitor;
 - (ii) background on the Applicants, including their corporate structure, current financial situation and creditors;
 - (iii) the Applicants’ decision to commence CCAA Proceedings and to seek a stay of proceedings;
 - (iv) the Applicants’ thirteen-week cash flow forecast (the “**Cash Flow Forecast**”) for the period from January 28, 2023 to April 29, 2025 (the “**Forecast Period**”);
 - (v) the relief proposed in the Initial Order;
 - (vi) an update on the Applicants’ intention to return to the Court for a motion (the “**Comeback Motion**”) seeking various other relief; and
 - (vii) the Proposed Monitor’s conclusions and recommendations.

III. TERMS OF REFERENCE

7. Capitalized terms used but not defined in this Report are as defined in the Affidavit of Scott Hill sworn January 27, 2023 (the “**Hill Affidavit**”), filed by the Applicants as part of their materials in support of the CCAA Application and the Proposed Initial Order. This Report should be read in conjunction with the Hill Affidavit, as certain information contained in the Hill Affidavit has not been included herein in order to avoid unnecessary duplication.
8. In preparing this Report, the Proposed Monitor has relied solely on information and documents provided by the Applicants and their advisors, including unaudited financial information, declarations and the Hill Affidavit (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in the Report, KPMG has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountants of Canada Handbook* and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

9. Future orientated financial information contained in the Cash Flow Forecast is based on the Applicants' estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved.
10. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

IV. KPMG'S QUALIFICATIONS TO ACT AS MONITOR

11. KPMG is a licensed insolvency trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). KPMG is not subject to any of the restrictions to act as Monitor as set out in section 11.7(2) of the CCAA and, in particular, neither KPMG nor any of its representatives has been at any time in the two preceding years:
 - (i) a director, an officer or an employee of an Applicant;
 - (ii) related to the Applicants or to any director or officer of an Applicant; or
 - (iii) the auditor, accountant or legal counsel, or a partner or employee of the auditor, accountant or legal counsel of an Applicant.
12. KPMG was engaged by Original Traders Energy LP on behalf of the OTE Group in October of 2022 to provide advisory services relating to the Applicants' financial situation and to assist the Applicants in reviewing various strategic options. Accordingly, KPMG is familiar with OTE Group's business and financial affairs and is in a position to immediately assist the Applicant in its CCAA Proceedings.
13. Should the Court grant the Applicants' request to make the Initial Order, KPMG has consented to act as Monitor. A copy of KPMG's consent to act as Monitor is attached as **Appendix "A"**. The Proposed Monitor has retained Bennett Jones LLP ("**Bennett Jones**") to act as its legal counsel in the CCAA Proceedings.

V. OBJECTIVES OF THE CCAA PROCEEDINGS

14. The primary objectives of the CCAA Proceedings are to: (i) stabilize OTE Group's business, including through a Court-ordered stay of proceedings; (ii) create a Court-supervised process to determine the quantum of liabilities and claims; and (iii) provide the OTE Group with the opportunity to explore a Plan.

VI. BACKGROUND

15. Detailed information with respect to the Applicants’ business, operations, products and causes of insolvency is provided in the Hill Affidavit. The information contained in this Report represents only a summary of that background information as is relevant to the CCAA Proceedings.
16. As noted in the Hill Affidavit, Original Traders Energy Ltd. (“**OTE GP**”) is a corporation incorporated under the *Business Corporations Act* (Ontario), on July 5, 2017. Since August 30, 2017, OTE GP has been the general partner of Original Traders Energy LP (“**OTE LP**”).
17. OTE LP is a limited partnership formed under the *Limited Partnerships Act* (Ontario) on August 30, 2017 and is primarily in the business of purchasing and blending fuel products, when required, in order to supply to petroleum stations and First Nations’ communities across Ontario.
18. OTE Logistics LP (“**OTE Logistics**”) is a limited partnership formed under the *Limited Partnership Acts* (Ontario), on August 24, 2018, and is in the business of providing fuel transportation services and logistics support to OTE LP. Except for OTE LP, OTE Logistics has no other customers. The general partner of OTE Logistics is 2496750 Ontario Inc. (“**249 Ontario**”).
19. OTE Group’s premises include a head office site, and three blending facilities are summarized further below:

Function	Location	Address	Leased/Owned	Number of Employees
Head Office	Six Nations of the Grand River Territory of Tyendinaga, ON	7273 Indian Line, Scotland, Ontario	Leased from related party	13
Six Nations Blending Location	Six Nations of the Grand River Territory, ON	7273 Indian Line, Scotland, Ontario	Leased from related party	17
Tyendinaga Blending Location	Tyendinaga Mohawks of Bay of Quinte of Shannonville, ON	184 Industrial Park Rd., Shannonville, Ontario	Leased from unrelated party	14
Whitefish Blending Location	Atikameksheng Anishnawbek Territory of Naughton, ON	Lots 13, 14 and 15 of Business Park Road, Chi-Zhiingwaak Business Park in Naughton, Ontario	Leased from unrelated party	15

20. Across all the locations, OTE LP and OTE Logistics have approximately 59 employees. OTE LP and OTE Logistics’ employees do not benefit from a company-backed pension plan, are not represented by a union and are not subject to a collective bargaining agreement.

21. An additional blending site is partially constructed in Couchiching First Nation Territory of Fort Frances, Ontario (“**Couchiching Location**”). The Proposed Monitor understands that construction for the Couchiching Location allegedly began on reserve lands without any lease or written contact between any parties. OTE Group does not own the Couchiching Location and the Proposed Monitor further understands that currently there is no intention to complete the construction.

Ontario Litigation Against a Former Executive

22. Glenn Page, until on or about July 14, 2022, was the president at OTE GP. At all material times prior to that, he was also an officer and director, or *de facto* officer and director, and had complete executive and operational control over OTE Group and their businesses. As described in the Hill Affidavit, OTE Group’s financial performance has suffered primarily as a result of the alleged misconduct and alleged misappropriation of funds by Glenn Page and other former employees of OTE LP.
23. As detailed further in the Hill Affidavit, Mr. Scott Hill noticed inconsistencies in the financial reporting related to certain OTE Group’s statements.
24. In July 2022, after a meeting with the Royal Bank of Canada (“**RBC**”), a further investigation was conducted by OTE Group and its legal advisors, which led to the discovery of numerous and significant accounting and operational irregularities, and the subsequent departure of Glenn Page and certain other former employees.
25. As described in the Hill Affidavit, the Proposed Monitor understands that a significant amount of the business and financial records of OTE Group are missing and/or are allegedly being withheld by Mr. Page. As a result, the Applicants are unable to generate accurate and complete financial information concerning their operations and business affairs and have had, and continue to have to, recreate and update their financial position over the past three months, at the same time continue to manage their business, suppliers, customers and employees. Accordingly, the Proposed Monitor has not been able to verify the historical financial information provided to date and is relying upon the limited information provided to it by the Applicants. The lack of such historical financial information further underscores the need for a CCAA proceeding to stabilize the business and create a proper Court-supervised process to establish creditors' claims.
26. The alleged misconduct has apparently resulted in the following issues and liabilities:
 - (i) unpaid liabilities to Canadian regulators, tax authorities, and certain trade suppliers;
 - (ii) potentially missing assets and/or unpaid accounts receivable owing to OTE Group;

- (iii) unfavourable commercial contracts and agreements entered into by the OTE Group;
 - (iv) litigation claims against the Applicants; and
 - (v) other potential claims which are currently unknown and need to be investigated.
27. The above challenges in addition to the incomplete books and records of the Applicants have impeded OTE Group's ability to fully assess their financial situation and operate their business effectively.
28. Litigation relating to the above noted misconduct has been initiated by OTE Group against Glenn Page and certain former employees. The Proposed Monitor further understands that Scott Hill has also sworn a second affidavit on January 27, 2023 (the "**Second Hill Affidavit**") which contains the details of litigation initiated outside of Canada (claim currently under seal) to pursue damages stemming from certain alleged misconduct. The Proposed Monitor further understands that counsel to the OTE Group will be seeking a sealing order over the Second Hill Affidavit due to the sealing order issued over the litigation in the external jurisdiction. The Proposed Monitor is supportive of the sealing order sought, in light of the sealing order made by the court having jurisdiction over the extra-territorial case.

Status of Fuel and Gas Licenses

29. Pursuant to the *Fuel Tax Act*, R.S.O. 1990, c. F. 35, OTE LP holds an exporter license (the "**Exporter License**"), an importer license (the "**Importer License**"), and an interjurisdictional transporter license (the "**IT License**") from the Ontario Ministry of Finance (the "**MOF**") (and collectively the "**Fuel Licenses**"). The Fuel Licenses allow OTE LP to conduct business as an exporter, importer and interjurisdictional transporter of fuel products within and outside of Ontario.
30. Pursuant to the *Gasoline Tax Act*, R.S.O. 1990, c. G. 5, OTE LP holds an importer license (the "**Gas Importer License**"), and an interjurisdictional transporter license (the "**Gas IT License**") from the MOF (collectively the "**Gas Licenses**"). The Gas Licenses allow OTE LP to conduct business as an importer and interjurisdictional transporter of gasoline products in bulk within and outside of Ontario.
31. As indicated in the Hill Affidavit, OTE LP failed to submit their July, August and September 2022 fuel and gas filings, and failed to pay prior amounts outstanding related to fuel and gas remittances.
32. OTE LP has since filed MOF gas and fuel returns without payments for the months of July, August and September of 2022. Returns for October, November and December have been filed and the amounts due have been remitted. The OTE Group files its MOF returns within 30 days of the previous

month-end. However, remittances for prior period returns continue to be outstanding and are part of Applicants' investigation into their incomplete books and records as noted above.

33. On or about December 6, 2022, OTE LP received notice from the MOF advising that the MOF had received a cancellation notice from Zurich Insurance Company Ltd. in respect of Surety Bond No. 6350832 in the amount of \$2.0 million which was initially issued as security for amounts owed to MOF in relation to the Fuel Licenses and the Gas Licenses (the "**Security Cancellation Notice**"). In addition, the Security Cancellation Notice stated that replacement security must be put in place by January 30, 2023 (the "**Security Deadline**").
34. On or about December 22, 2022, despite the Security Cancellation Notice and after OTE LP's negotiation discussion with the MOF, the MOF granted conditional time-limited permits for Gas Licenses and Fuel Licenses until January 31, 2023.
35. The MOF has since advised the Proposed Monitor and the Applicants via email correspondence on January 26, 2023, that the Gas Licenses and the Fuel Licenses could be potentially extended to March 31, 2023, with the discretion of the MOF to suspend or cancel the Gas Licenses at any time, pending the below:
 - (i) The Applicants' intention to provide security of \$2,000,000 to the MOF as cash security, in the following installments:
 - (A) The first installment of \$500,000 delivered no later than the latter of January 30, 2023 or a rescheduled date obtaining Court approval of the CCAA application of the Applicants, with that date to be no later than the week of January 30th to February 3rd, 2023; and
 - (B) The second installment of \$1,500,000 delivered no later than February 21st, 2023 upon obtaining Court approval of the extension of the CCAA application of the Applicants; and
 - (ii) The above security is not to be redeemed for any tax owing by the relevant Applicants for periods prior to the date of providing the security.
36. As at the date of this report, the above agreement between the Applicants and MOF has not been finalized; however, both parties continue to negotiate in good faith with the Proposed Monitor present and participating in such continued discussions. However, in the event that the MOF revoke the Fuel

Licenses and Gas Licenses, the Applicants' ability to operate and generate revenue will be severely hindered and would pose a significant risk to their restructuring efforts in addition to immediately impacting the operations, including resulting in a potential shutdown and lay-off their employees.

37. As a result, while the Applicants continue their above discussions with the MOF and restructure under the CCAA, the Applicants view it as necessary, as discussed below, to stay the MOF from terminating the Gas and Fuel Licenses. This relief is supported by the Proposed Monitor.

VII. CURRENT FINANCIAL SITUATION

38. Given the lack of audited financial statements and no access to detailed historical financial information, the Proposed Monitor is unable at this point in time, subject to further investigation, to assess the OTE Group's historical financial performance.
39. Based on the information available, and subject to further confirmation through the CCAA process, the OTE Group's estimated assets and liabilities are set out below:

Original Traders Energy	
Estimated assets and liabilities	
In C\$; unaudited	Total
Assets	
Cash	9,000,000
Accounts receivables	13,935,581
U.S. excise duty refunds	34,588,346
Fixed assets and equipment	10,000,000
Total Assets	67,523,927
Liabilities	
Royal Bank of Canada	4,499,428
Accounts payable	12,665,510
Ministry of Finance obligations	38,050,958
Canada Revenue Agency obligations	TBD
Canada Border Services Agency obligations	19,376,773
Export Development Canada claim	1,000,000
Potential litigation claims	15,800,000
Total Liabilities	91,392,669

40. As presented above, the primary assets of the OTE Group relate to the U.S. excise duties and refunds totaling \$34.6 million, with total assets of approximately \$67.5 million. The estimated total liabilities

are approximately \$91.4 million excluding potential Canada Revenue Agency obligations. The majority of the estimated liabilities relate to obligations to the respective tax authorities.

41. As at the date of this report, the Proposed Monitor can conclude that OTE Group is insolvent in that the aggregate value of its property does not appear to be sufficient to enable payment of all of its obligations, due and accruing due.

Assets

Excise Duty Refund

42. From a review of documentation provided by the OTE Group and its legal advisors, and a financial analysis completed by the Proposed Monitor, the identifiable primary assets of OTE Group as at the date of this Report relate to the U.S. excise duty refunds.
43. In 2021, OTE USA LLC (“**OTE USA**”) was established for the purpose of obtaining exemption on state and federal excise taxes paid on the purchase of bulk fuel from the U.S. on the basis that the purchased fuel would be exported to Canada and not be resold in the U.S. OTE USA received tax exemption licenses from U.S. authorities in or about late 2021 or early 2022.
44. Quarterly excise tax refund claims were completed and submitted to the U.S. taxing authorities for the entirety of 2021 and first half of 2022. OTE Group, along with its legal and tax advisors, are working to complete the outstanding returns.
45. The Applicants are anticipating receiving the refunds relating to the claims already filed and are in the process of claiming excise tax refunds for the remaining periods. The Proposed Monitor understands that the outstanding U.S. tax refund is estimated to be \$34.6 million. However, the timing and certainty of these receipts has not yet been determined.

Other Assets

46. As at the date of this report, total customer accounts receivable is estimated to be approximately \$13.9 million, of which \$8.5 million relates to Gen7 Fuel Stations (defined below) which has been outstanding since July 2022.
47. Based on OTE Group’s books and records from October 2022, fixed assets and equipment is estimated to be approximately \$10.0 million, the majority of which are located at the blending stations. Additional investigation will be required to assess the nature and value of this property.

48. Based on a preliminary review, there are certain notes receivables on the historic financial statements. Additional investigations will be required to understand the nature of these amounts. Accordingly, these amounts have been excluded for the purpose of this analysis.

Liabilities

Secured Creditors

49. As detailed in the Hill Affidavit, OTE Group's secured debt relates to a) liability to RBC, b) liability to secured lessors for various real property and equipment leases; and c) liability of 249 Ontario and OTE Logistics to OTE LP and OTE.

Royal Bank of Canada

50. OTE LP, as borrower, entered into a loan agreement dated April 27, 2021, as amended on July 6, 2021 and on September 22, 2021 and as further amended on February 2, 2022 (the "**RBC Loan Agreement**") with RBC as the lender, for:
- (i) a \$3,000,000 revolving demand facility;
 - (ii) a \$1,375,000 revolving demand facility by way of letters of guarantee;
 - (iii) a \$5,000,000 revolving lease line of credit by way of certain leases; and
 - (iv) other facilities of credit card up to a maximum amount of \$30,000 and certain foreign exchange forward contracts.
51. The Proposed Monitor understands that as at the date of this report, there are no outstanding amounts related to either of the revolving demand facilities, noted above in subparagraphs 50(i) and (ii), and the outstanding balance under the lease line of credit was approximately \$3.5 million.
52. Gen7 Fuel Management Services LP, a prior name of OTE Logistics, entered into a different loan agreement with RBC, dated September 22, 2021 (the "**Second RBC Loan Agreement**") and together with the RBC Loan Agreement, the "**RBC Loan Agreements**") with RBC as lender, for:
- (i) a \$200,000 revolving demand facility;
 - (ii) a \$2,000,000 revolving lease line of credit by way of leases; and
 - (iii) other facilities of credit card up to a maximum amount of \$50,000.

53. The Proposed Monitor understands that as at the date of this report, there are no outstanding amounts related to the revolving demand facility or the credit card facilities and the outstanding balance under the lease line of credit was approximately \$1.0 million.
54. As is further detailed in the Hill Affidavit, on or about January 26, 2023, OTE LP and OTE Logistics entered into a forbearance agreement with RBC (the “**RBC Forbearance Agreement**”). Under the RBC Forbearance Agreement, both OTE LP and OTE Logistics have covenanted with RBC that, in exchange for RBC forbearing from enforcing their rights under their security (“**Security**”) during the CCAA proceedings (or the occurrence of an Intervening Event, as defined within the RBC Forbearance Agreement): (a) RBC shall enjoy the benefit of their security during the Applicants’ anticipated CCAA proceedings such that no charge shall be granted in priority to the Security within the Initial Order or during the pendency of these CCAA proceedings, without the written consent of RBC; (b) the stay period contemplated by the Initial Order or during the pendency of the CCAA proceedings shall not apply to RBC; and (c) RBC shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA.
55. The Proposed Monitor is supportive of this relief negotiated with RBC. The RBC Forbearance Agreement enables and allows a restructuring to occur for the OTE Group. Without the forbearance contemplated in the RBC Forbearance Agreement, RBC could potentially demand on the RBC Loan Agreements, which would hinder the OTE Group’s restructuring prospects.
56. The Proposed Monitor has not yet had an opportunity to review the Security. The Security is currently under review by Bennett Jones LLP, the Proposed Monitor’s independent counsel (“**Monitor’s Counsel**”). If appointed, the Monitor (in such capacity) intends to report to the Court on the results of the security review by Monitor’s Counsel, after it has been completed.

RBC OTE USA Loan and Export Development Canada

57. OTE USA was provided with a letter of credit (“**OTE USA Facility**”) in the amount of USD \$1.0 million for the purpose of providing security to Marathon Petroleum Company (“**Marathon**”) who provided petroleum to OTE LP for its fuel blending operations.
58. The OTE USA Facility was subject to an account performance security guarantee certificate of cover executed by the Export Development Canada (“**EDC**”) to RBC in the maximum aggregate liability amount of USD \$2.0 million for OTE LP and OTE USA for the period of May 6, 2022 to May 31, 2023 (the “**EDC Performance Guarantee**”).

59. On or about November 3, 2022, Marathon made a demand under the OTE USA Facility for USD \$1.0 million after which, on or about November 7, 2022, EDC received a claim application from RBC due to a call on the OTE USA Facility. EDC has subsequently requested payment from OTE Group.
60. The Proposed Monitor understands that OTE LP and OTE Logistics have subsequently advised Marathon that OTE USA Facility was obtained under false pretenses by the former executive. Given the limited information currently available, further investigations into this matter will be required to assess this liability.

Lease Obligations (Personal Property)

61. The Applicants are a party to a number of equipment leases that are used by OTE Group in its operations. These equipment leases are subject to acceleration payments which may be triggered as a result of defaults on payment terms.
62. As at the date of this Report, the Proposed Monitor is not aware of any monetary defaults in respect of the equipment leases. However, the filing of a restructuring proceeding without the protection of the stay contemplated in the Proposed Initial Order could result in a default under many of the equipment leases which may be subject to acceleration as a result of the defaults, and could trigger additional liabilities to each relevant Applicants.

Ontario Ministry of Finance

63. As detailed above, remittances for the period of April to September 2022 are outstanding. The Proposed Monitor understands that as at the date of this Report, the following approximate amounts are outstanding to the MOF (inclusive of penalty and interest): i) \$6.5 million relating to fuel tax and ii) \$31.6 million relating to gasoline tax.

Canada Border Services Agency Licenses

64. OTE LP received a Notice of Arrears on or about December 6, 2022, authorized under s. 97.22(1) of the *Customs Act*, providing of notice of outstanding payments to the Canada Border Services Agency (the “CBSA”) in the amount of approximately \$19.4 million. Further investigation will be required to understand the nature and quantum of this claim.

Canada Revenue Agency

65. In line with Canadian tax regulations, upon the sale of fuel and gasoline to customers, OTE LP is required to collect and remit excise tax and federal carbon tax to the Canada Revenue Agency (“**CRA**”). As at the date of this report, filings and remittances for the months of July 2022 to January 2023 are outstanding.
66. OTE LP is currently subject to an ongoing audit by the CRA and as a result, the amount owed relating to the outstanding returns is currently unknown. Further investigation will be required to understand the quantum of the audit and outstanding returns.

Trade Creditors

67. Based on the Applicants’ books and records, as at January 23, 2023, OTE Group’s unsecured obligations totaled approximately \$12.7 million.

Litigation Claims Against OTE Group

68. The Proposed Monitor understands that OTE Group has been subject to a number of litigation claims including, *inter alia*:
 - (i) Claybar Claim: Claybar Contracting Inc., a fuel station construction company (“**Claybar**”), initiated a claim against OTE LP and certain other defendants due to outstanding amounts relating to the construction of certain retail gas stations located on First Nation reserves in Ontario. The Claybar Claim also includes allegations relating to construction issues pertaining to the Couchiching Blending Location, previously discussed herein.
 - (ii) McDougall Claim: McDougall Energy Inc. (“**McDougall**”) filed a claim against OTE GP, OTE LP and certain other defendants due to an alleged violation of an exclusive supply agreement between McDougall and certain other defendants resulting from an agreement to supply petroleum products to those defendants by OTE GP and OTE LP.
 - (iii) Employee Claims: OTE Group has received claims from former employees relating to employment issues and anticipates that further issues from other employees may arise in the future.
 - (iv) U.S. Claim: A complaint by OTE USA was filed against OTE LP in the United States District Court for the Eastern District of Michigan regarding amounts owed for the supply of fuel under a certain fuel supply agreement. The Applicants also are aware of other ongoing disputes with

suppliers over the alleged actions of OTE USA and anticipate that additional litigation may arise in the future on these matters.

69. The Proposed Monitor understands that the total liability of the above litigation claims against the Applicants is approximately \$15.8 million. These litigation claims have not been proven; however, for the purpose of this Report, an estimate has been provided.
70. Based on a preliminary review, there are certain notes payables on the historic financial statements. Additional investigations will be required to understand the nature of these amounts. Accordingly, these amounts have been excluded for the purpose of this analysis.
71. Due to the uncertainty around the OTE Group's books and records and alleged misconduct of the former executive, there may be additional litigation and/or other claims against the Applicants which are currently unknown. A Court-supervised claims process will be required as part of the CCAA Proceedings.

VIII. OTHER MATTERS

72. Glenn Page owned and operated a group of petroleum stations ("**Gen7 Fuel Stations**") which purchased fuel from OTE LP. Since the departure of Glenn Page from OTE GP, the Gen7 Fuel Stations have ceased conducting any business with OTE Group which has reduced sales volumes by approximately 45%.
73. As noted earlier, as of July 2022, there were outstanding receivables from Gen 7 Fuel Stations of \$8.5 million which have not been collected to date. This has further impacted the Applicants' liquidity.
74. It was also uncovered by OTE Group that the profitability and liquidity of the Applicants has been further exacerbated by inadequate invoicing practices and the extension of unfavourable terms to a number of customers, which OTE Group is currently working to correct with KPMG's assistance.
75. OTE Group, with the assistance of KPMG, has taken steps to better understand the financial situation and implement business improvement strategies including, but not limited to:
 - (i) stabilizing the financial functions (i.e., financial reporting, forecasting, liquidity management);
 - (ii) getting access to and updating the accounting records and related systems (i.e., human resources), however as noted above, historical financial information is still largely missing;

- (iii) working to ensure appropriate controls and processing are in place for more accurate and timely reporting;
- (iv) correcting invoicing processes that have, in the past, incorrectly allowed for the invoicing of lower than prescribed tax rates related to fuel sales;
- (v) reviewing and assessing product costing; and
- (vi) revising operating structure and related costs.

IX. THE APPLICANTS’ CASH FLOW FORECAST

76. OTE Group, in consultation with the Proposed Monitor, has prepared the Cash Flow Forecast for the purpose of projecting the Applicants’ estimated liquidity needs during the Forecast Period. A copy of the Cash Flow Forecast is attached hereto as **Appendix “B”**.

Original Traders Energy 13-Week Cash Flow Forecast In C\$; unaudited		Total
Receipts		
Customer collections		85,708,251
Tax refunds		2,882,257
Total receipts		88,590,508
Operating disbursements		
Purchases		59,190,444
Pre-filing payments/deposits		6,375,000
Operating expense		5,342,848
Rent and royalties		492,771
Payroll		1,218,674
Professional fees		875,000
Tax remittances		19,275,835
Bank payments		382,164
Total operating disbursements		93,152,736
Net cash flow		(4,562,228)
Opening cash		9,000,000
Net cash flow		(4,562,228)
Ending cash		4,437,772

77. The Cash Flow Forecast projects that the Applicants will experience a net cash outflow of approximately \$4.6 million over the Forecast Period, comprised of:

- (i) cash receipts of approximately \$88.6 million, primarily related to the collection of existing receivables and new sales generated from the sale of goods to customers;

- (ii) cash receipts also include the collection of \$2.9 million of U.S. tax refunds; and
 - (iii) cash disbursements of approximately \$93.2 million, primarily related to the purchase of fuel materials, tax remittances, critical supplier payments, payroll and benefits, bank payments and the costs of the CCAA Proceedings.
78. The Proposed Monitor understands the OTE Group is dependent on continuous and uninterrupted supply of fuel and production related services from certain third-party suppliers. An interruption to the OTE Group's supply chain could have an immediate and adverse impact on the OTE Group's business and ability to restructure. The OTE Group believes that the payment of certain pre-filing amounts to certain suppliers may be necessary to avoid significant disruption to its supply chain.
79. As noted in the Hill Affidavit, the Applicants have proposed in the Initial Order that they be authorized to, in consultation and with consent of the Monitor, pay for amounts owing for goods and services supplied prior to the Filing date by certain third-party suppliers, up to a maximum aggregate amount of \$6.4 million (the "**Pre-Filing Critical Supplier Payments**").
80. The Proposed Monitor is of the view that the uninterrupted, timely supply of fuel and other critical supplies and services is necessary to preserve the OTE Group's business and that payment of certain pre-filing amounts will be necessary. The majority of the Pre-Filing Critical Supplier Payments relate to fuel suppliers. Accordingly, the Proposed Monitor supports the Applicants' request for Initial Order to authorize it to make Pre-Filing Critical Supplier Payments, subject to the Monitor's consent.
81. As outlined in the above chart, the OTE Group is expected to have sufficient liquidity during the Forecast Period. The Applicants' operations are anticipated to be funded by cash on hand, U.S. tax refunds and cash generated from operations.
82. The Cash Flow Forecast has been prepared by the Applicants on a conservative basis using probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast. The Cash Flow Forecast reflects the Applicants' estimates of receipts and disbursements on a weekly basis over the Forecast Period.
83. The Proposed Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA and the Canadian Association of Insolvency and Restructuring Professionals' standards of professional practice. Section 23(1)(b) requires a monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the monitor's findings. The Canadian Association of Insolvency and Restructuring Professionals'

standards of professional practice include standards for CCAA monitors in connection with their statutory responsibilities under the CCAA in respect of a monitor's report on the Cash Flow Forecast.

84. The Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Applicant. Since the probable and hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor also reviewed the support provided by management of the Applicants for the probable and hypothetical assumptions, and the preparation and presentation of the Cash Flow Forecast. Based on the Proposed Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:
- (i) the probable and hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast.
 - (ii) as at the date of this Report, the probable and hypothetical assumptions developed by the Applicants are not suitably supported and consistent with the restructuring plan of the Applicants or do not provide a reasonable basis for the Cash Flow Forecast, given the probable and hypothetical assumptions; or
 - (iii) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
85. The Proposed Monitor notes that the Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

X. RELIEF SOUGHT IN THE INITIAL ORDER

86. As described herein, the Applicants are seeking the following relief within the Initial Order, *inter alia*:
- (i) declaring that OTE GP and 249 are entities to which the CCAA applies;
 - (ii) declaring that the Limited Partnerships enjoy the benefit of the protections provided to the Applicants under the Initial Order;
 - (iii) granting an administration charge and a directors' charge;
 - (iv) granting a stay of proceedings;
 - (v) appointing KPMG Inc. as Monitor with the additional power to compel documents, evidence and witnesses;

- (vi) ordering the stay and suspension of all rights and remedies of any regulators which have authority in respect of regulations pertaining to the fuel and/or gasoline industry against the OTE Group, or their respective employees and representatives acting in such capacities, or affecting their business or property, except with the written consent of the OTE Group, the Monitor and on notice to the service list, or leave of the Court;
 - (vii) authorizing payments to certain critical suppliers for pre-filing expenses up to a maximum aggregate amount of \$6,375,000, any such payment to be made only with the consent of the Monitor and the Applicants, and as are necessary to facilitate the Applicants' ongoing operations and preserve value during the CCAA proceedings;
 - (viii) sealing the second affidavit of Scott Hill sworn January 27, 2023, which contains information that has been sealed by court order in another jurisdiction; and
 - (ix) such further and other relief as this Court may deem just and equitable.
87. This section of this Report discusses the Proposed Monitor's views on this relief; as noted previously in this Report, the Proposed Monitor is supportive of the sealing order sought, in light of the sealing order made by the court having jurisdiction over the extra-territorial case.

Extension of Protection to the Limited Partnerships

88. The Initial Order provides that the OTE Group be granted all of the protections and authorizations provided thereunder, including the listed limited partnerships, notwithstanding that OTE LP and OTE Logistics are not "companies" within the meaning of the CCAA.
89. The Proposed Monitor understands that OTE LP and OTE Logistics hold certain licenses that permit the OTE Group to conduct business operations, and that the business operations of the Applicants and OTE LP and OTE Logistics are intertwined on a day-to-day basis.
90. For the above reasons, the Proposed Monitor is of the view that protections and authorizations permitted to the Applicants should be extended to both OTE LP and OTE Logistics under the CCAA.

Stay of Proceedings, including in respect of MOF

91. The OTE Group is seeking relief that, notwithstanding section 11.1 of the CCAA, the stay of proceedings should apply to MOF as a regulator, except for the written consent of the OTE Group and the Proposed Monitor or leave of the Court.

92. As described further in the Hill Affidavit, the OTE Group believes that an insolvency event or the filing of these CCAA Proceedings may entitle the MOF to enforce certain of their rights and remedies to revoke the Gas Licenses and the Fuel Licenses. Any such enforcement would have material adverse consequences for the OTE Group, including the revocation of OTE Group's operational rights, which would severely harm or shut-down OTE Group's existing operations. If such actions are implemented by the MOF, this could impair the OTE Group's viability to continue as a going concern and would very likely derail any restructuring efforts.
93. As noted above, the OTE Group is continuing constructive discussions with the MOF; however, given the unique circumstances facing the OTE Group, the Proposed Monitor is of the view that the MOF should be temporarily stayed from exercising their rights and remedies in accordance with the Initial Order, provided that they are paid amounts owing to them in the ordinary course post-filing which will provide the OTE Group with a stable environment in which it can seek to restructure.

Expanded Powers of the Monitor

94. The Proposed Initial Order provides that KPMG be granted additional investigatory powers in addition to the regular powers ordinarily held by the Monitor in a traditional CCAA Proceeding.
95. In light of the lack of reliable historical information limited books and records of the Applicants and the alleged misappropriation of property and/or funds of the Applicants, such additional investigatory powers will aid the Monitor in seeking to identify and potentially recover assets of the Applicants for the benefit of their creditors, in addition to the Monitor's traditional statutory powers pursuant to sections 95 and 96 of the *Bankruptcy and Insolvency Act*, which are incorporated via reference within the CCAA. Accordingly, the Proposed Monitor supports the additional provisions in the Proposed Initial Order in this regard. The Monitor notes that such investigative powers afforded to the Monitor are not unusual in situations where a company's books and records are deficient, the historical financial information is unreliable and there are matters that merit further investigation, as is the case with the OTE Group.

Court-Ordered Charges

96. The Proposed Initial Order provides for certain charges (collectively, the "**Charges**"), on the current and future assets, undertakings and properties of the Applicants, including all proceeds thereof (the "**Property**"). As noted above, as per the requirements of the RBC Forbearance Agreement, any and all Charges will rank behind RBC's security position.

Administration Charge

97. The proposed Initial Order provides for a priority charge up to a maximum amount of \$500,000 to secure the fees and disbursements incurred in connection with services rendered to the Applicants both before and after the commencement of the CCAA Proceedings in favour of the Monitor, Monitor's Counsel, and legal counsel to the Applicants (the "**Administration Charge**").
98. The quantum of the Administration Charge sought by the Applicants was determined in consultation with the Proposed Monitor.
99. The Proposed Monitor further understands that an increase in the amount of the Administration Charge, if necessary, will be considered in the Comeback Motion.
100. The Proposed Monitor believes that the Administration Charge is reasonable and appropriate in the circumstances given the complexities of the Applicants' business. Accordingly, the professionals require the benefit of the Administration Charge to protect them for their anticipated fees related to both preparing for these proceedings, as well as for their fees and costs during these proceedings. Without such protection, the professionals are not prepared to continue to provide services in these proceedings.

Directors' Charge

101. The proposed Initial Order provides for a priority charge up to the maximum of \$250,000 to indemnify the current directors and officers of the Applicants (the "**Directors and Officers**") against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of these CCAA Proceedings (the "**Directors' Charge**") during the interim period prior to the granting of the Amended and Restated Initial Order.
102. The Directors and Officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent such coverage is insufficient to pay an indemnified amount. The Proposed Monitor understands that the Applicants maintains directors' and officers' liability insurance.
103. The amount of the Directors' Charge was calculated taking into consideration employee payroll and related expenses (including source deductions) as well as other employment-related liabilities that attract potential liability for the Directors and Officers.

104. As the Applicants will require the participation and experience of the Directors and Officers to consider and develop a restructuring plan and facilitate the successful completion of the CCAA Proceedings. The Proposed Monitor believes that the Directors' Charge (both the amount and the priority ranking) is required and reasonable in the circumstances and will advise the Court if a change in the amount or priority ranking is required.

XI. SUMMARY AND PROPOSED RANKING OF THE COURT-ORDERED CHARGES

105. It is contemplated that the priorities of the Charges sought by the Applicants will be as follows, subject to the existing security held by RBC:

- (i) the Administration Charge; and
- (ii) the Directors' Charge.

XII. COMEBACK MOTION

106. Should the Court grant the proposed Initial Order, the Proposed Monitor understands that the Applicants intend to return to the Court on or before February 9, 2023 for the Comeback Motion seeking:

- (i) an extension of the stay of proceedings established by the Initial Order;
- (ii) increases to the Administration Charge and the Directors' Charge as may be necessary; and
- (iii) certain other relief as may be required to advance the Applicants restructuring.

107. Subsequent to the granting of the Initial Order, KPMG (in its then capacity as Monitor) will report to the Court in connection with the Comeback Motion, as well as any other relief sought by the Applicants.

XIII. PROPOSED MONITOR'S CONCLUSION AND RECOMMENDATIONS

108. Without CCAA protection, a shut-down of the Applicants' operations is inevitable, which would have an adverse impact on OTE Group's stakeholders, including employees, customers and First Nation communities located within Southern Ontario. The stay of proceedings and related relief granted under the CCAA will provide the Applicants with an opportunity to restructure their business and affairs for the benefit of their stakeholders.

109. Based on the estimated assets and liabilities as noted above, OTE Group is balance sheet insolvent and does not have sufficient realizable assets and funds required to meet its obligations as they become due, including accrued obligations to certain tax authorities, employee obligations, trade debt, rent and other contractual commitments. Given these circumstances, OTE is seeking protection under the CCAA to afford itself the necessary time under a Court-supervised proceeding to stabilize its business and create a process to understand the quantum of liabilities and claims. The CCAA Proceedings would also provide OTE Group an opportunity to explore a Plan under the CCAA that would seek to maximize creditor recoveries.

110. For the reasons set out in this Report, the Proposed Monitor is of the view that the relief requested by the Applicants is both appropriate and reasonable. The Proposed Monitor is also of the view that granting the relief requested in the Proposed Initial Order will provide the Applicants the best opportunity to restructure under the CCAA, thereby preserving value for the benefit of the Applicants' stakeholders. As such, the Proposed Monitor supports the Applicants' application for CCAA protection and respectfully recommends that the Court grant the relief sought by the Applicants in the Proposed Initial Order.

All of which is respectfully submitted this 30th day of January, 2023.

KPMG Inc.
In its capacity as Proposed Monitor of
Original Traders Energy Group
And not in its personal or corporate capacity

Per:



Paul van Eyk
CPA, CA-IFA, CIRP, LIT, Fellow of INSOL
President



Duncan Lau
CPA, CMA, CIRP
Senior Vice President

Appendix “A”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
ORIGINAL TRADERS ENERGY LTD. AND 2496750 ONTARIO INC.
(collectively the "Applicants")**


CONSENT TO ACT AS MONITOR

KPMG INC. hereby consents to act as the Court-appointed Monitor of the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in respect of these proceedings.

Dated at Toronto this 27th day of January, 2023.

KPMG INC.

Per:



Name: Paul van Eyk
Title: President

Appendix “B”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
ORIGINAL TRADERS ENERGY LTD. AND 2496750 ONTARIO INC.
(collectively the "Applicants")**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)**

The management of Original Traders Energy Ltd. and 2496750 Ontario Inc. (collectively referred to herein as "**OTE Group**" or the "**Applicants**") have developed the assumptions and prepared the attached statement of projected cash flow as of the 30th day of January 2023, consisting of the period from January 30, 2023 to April 30, 2023 (the "**Cash Flow Forecast**").

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow Forecast described in the notes therein, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow Forecast. All such assumptions are disclosed in the notes therein.

Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The Cash Flow Forecast has been prepared solely for the purpose described in the notes therein, using the probable and hypothetical assumptions set out therein. Consequently, readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 30th day of January 2023.

**Original Traders Energy Ltd. and 2496750 Ontario
Inc.**

Scott Hill
President



Original Traders Energy															
13-Week Cash Flow Forecast															
In C\$; unaudited															
	Notes	1 2/5/22	2 2/12/22	3 2/19/22	4 2/26/22	5 3/5/22	6 3/12/22	7 3/19/22	8 3/26/22	9 4/2/22	10 4/9/22	11 4/16/22	12 4/23/22	13 4/30/22	Total
Receipts															
Customer collections	2	5,833,293	5,974,355	5,974,355	5,974,355	6,086,937	6,408,763	6,408,763	6,408,763	6,408,763	6,753,309	7,825,532	7,825,532	7,825,532	85,708,251
Tax refunds	3	-	-	-	-	-	-	-	-	1,441,317	-	1,440,940	-	-	2,882,257
Total receipts		5,833,293	5,974,355	5,974,355	5,974,355	6,086,937	6,408,763	6,408,763	6,408,763	7,850,079	6,753,309	9,266,472	7,825,532	7,825,532	88,590,508
Operating disbursements															
Purchases	4	-	4,358,740	4,358,740	4,358,740	4,663,759	4,663,759	4,663,759	4,663,759	4,663,759	5,698,857	5,698,857	5,698,857	5,698,857	59,190,444
Pre-filing payments/deposits	5	5,500,000	218,750	218,750	218,750	218,750	-	-	-	-	-	-	-	-	6,375,000
Operating expense	6	940,639	186,783	186,783	1,690,494	438,705	183,660	183,660	187,370	183,660	480,550	225,611	225,611	229,322	5,342,848
Rent and royalties	7	144,164	-	-	-	175,767	-	-	-	-	172,840	-	-	-	492,771
Payroll	8	93,620	93,620	93,620	93,620	84,863	84,863	84,863	84,863	84,863	104,970	104,970	104,970	104,970	1,218,674
Professional fees	9	135,000	85,000	65,000	65,000	90,000	45,000	45,000	45,000	100,000	50,000	50,000	50,000	50,000	875,000
Tax remittances	10	100,000	100,000	5,227,557	100,000	100,000	100,000	5,515,719	100,000	100,000	100,000	7,532,559	100,000	100,000	19,275,835
Bank payments	11	127,388	-	-	-	127,388	-	-	-	-	127,388	-	-	-	382,164
Total operating disbursements		7,040,812	5,042,894	10,150,451	6,526,605	5,899,231	5,077,281	10,493,000	5,080,992	5,132,281	6,734,605	13,611,997	6,179,438	6,183,149	93,152,736
Net cash flow		(1,207,518)	931,461	(4,176,096)	(552,250)	187,706	1,331,482	(4,084,237)	1,327,771	2,717,798	18,704	(4,345,525)	1,646,094	1,642,383	(4,562,228)
Opening cash		9,000,000	7,792,482	8,723,943	4,547,847	3,995,597	4,183,303	5,514,785	1,430,547	2,758,318	5,476,116	5,494,820	1,149,295	2,795,389	9,000,000
Net cash flow		(1,207,518)	931,461	(4,176,096)	(552,250)	187,706	1,331,482	(4,084,237)	1,327,771	2,717,798	18,704	(4,345,525)	1,646,094	1,642,383	(4,562,228)
Ending cash		7,792,482	8,723,943	4,547,847	3,995,597	4,183,303	5,514,785	1,430,547	2,758,318	5,476,116	5,494,820	1,149,295	2,795,389	4,437,772	4,437,772

**Original Traders Energy Group
13-Week Cash Flow Forecast
Notes and Summary of Assumptions**

**In the Matter of the CCAA Proceedings of Original Traders Energy Ltd. and 2496750 Ontario Inc.
(collectively the “Applicants”)**

Disclaimer

In preparing this cash flow forecast (the “**Cash Flow Forecast**”), the Applicants have relied upon unaudited financial information and have not attempted to further verify the accuracy or completeness of such information. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty, or other assurance that any of the estimates, forecasts or projections will be realized.

The Cash Flow Forecast is presented in Canadian dollars. All defined terms that are not otherwise defined herein are to have the same meaning ascribed to them in the pre-filing report of the Proposed Monitor dated January 30, 2023.

Note 1 Purpose of the Cash Flow forecast

The purpose of the Cash Flow Forecast is to present the estimated cash receipts and disbursements of the Applicants for the period from January 30, 2023 to April 30, 2023 (the “**Forecast Period**”), in respect of its proceedings under the CCAA. The Cash Flow Forecast has been prepared by management of OTE Group (“**Management**”), in consultation with the Proposed Monitor based on available financial information at the date of OTE Group’s application for the Initial Order in accordance with Section 10(2)b) of the CCAA. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

Note 2 Customer Collections

Customer collections are comprised of income earned from the collection of existing receivables and new sales generated from the sale of fuel products to petroleum stations and First Nations’ communities across Southern Ontario.

Note 3 U.S. Tax Refunds

These receipts relate to the collection of U.S. tax refunds.

Note 4 Purchases

OTE Group purchases inventory from various third-party suppliers. Forecasted purchases are reflective of current operating levels.

Note 5 Pre-Filing Payments/Deposits

These disbursements relate to amounts owing for goods and services supplied prior to the filing date by certain third-party suppliers, up to a maximum aggregate amount of \$6.375 million (the “**Pre-Filing Critical Supplier Payments**”), if in the opinion of OTE Group, the supplier is critical to the ongoing operations and OTE Group’s business.

Note 6 Operating Expenses

Operating expenses are comprised of production expenses related to blending fuel products and general business expenses, including insurance, utilities, freight, general and administrative, among others.

Note 7 Rent and Royalties

These disbursements represent rental payments for the Applicant’s four leased facilities. Rental payments include base rent and other costs provided for in the respective leases. Royalties are payable to the unrelated third parties which OTE Group leases two of its blending sites from and

are based on quantities sold out of each location. Rent and royalties are forecasted based on historical run-rates and paid on the first day of each month.

Note 8 **Payroll**

Payroll expenses include salaries and wages, payroll taxes and remittances, accrued vacation, and employee benefits paid to OTE Group Employees. Payroll expenses are forecasted based on current headcount levels and are paid weekly.

Note 9 **Professional Fees**

Professional fees include payments to the Applicant's legal counsel, the Proposed Monitor, and the Proposed Monitor's legal counsel.

Note 10 **Tax Remittances**

Tax remittances relate to federal and provincial tax payments made on the fifteenth day of each month related to the month prior.

Note 11 **Bank Payments**

Bank payments represent lease payments made to the secured lender, Royal Bank of Canada ("RBC"), during the Forecast Period.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
ORIGINAL TRADERS ENERGY LTD. AND 2496750 ONTARIO INC.
(collectively the "Applicants")**

**MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash flow of Original Traders Energy Ltd. and 2496750 Ontario Inc. (collectively referred to herein as "**OTE Group**" or the "**Applicants**") prepared as of the 30th day of January 2023, consisting of the period from January 30, 2023 to April 30, 2023 (the "**Cash Flow Forecast**"), has been prepared by management of the Applicants, in consultation with the Proposed Monitor for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast.

Our review and consultation consisted of inquiries, analytical procedures and discussions related to information supplied by management and employees of the Applicant. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow Forecast.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
- c) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Forecast will be achieved.

The Cash Flow Forecast has been prepared solely for the purpose described in the notes thereto and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 30th day of January 2023.

KPMG Inc.
In its capacity as Proposed Monitor of
Original Traders Energy Group
And not in its personal or corporate capacity

Per: 

Paul van Eyk
CPA, CA, CIRP, IFA, Fellow of INSOL