COURT FILE NUMBER	2401-09247
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	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 LONG RUN EXPLORATION LTD. AND CALGARY SINOENERGY INVESTMENT CORP.
DOCUMENT	**FOURTH REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS MONITOR OF LONG RUN EXPLORATION LTD. AND CALGARY SINOENERGY INVESTMENT CORP.** **October 9, 2024**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** FTI Consulting Canada Inc. Suite 1610, 520 Fifth Avenue S.W. Calgary, AB T2P 3R7 Dustin Olver / Brett Wilson Telephone: (403) 454-6032 / (403) 454-6033 Fax: (403) 232-6116 E-mail: dustin.olver@fticonsulting.com brett.wilson@fticonsulting.com **COUNSEL** Bennett Jones LLP Suite 4500, Bankers Hall East 855 2nd Street S.W. Calgary, AB T2P 4K7 Kelsey Meyer / Michael Selnes Telephone: (403) 298-3323 / (403) 298-3311 Fax: (403) 265-7219 E-mail: meyerk@bennettjones.com / selnesm@bennettjones.com

FOURTH REPORT OF THE MONITOR

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INTRODUCTION

1. On July 4, 2024 (the "**Filing Date**"), China Construction Bank Toronto Branch ("**CCBT**" or the "**Applicant**"), in its capacity as collateral agent, sought and obtained an initial order (the "**Initial Order**") from the Court of King's Bench of Alberta (the "**Court**") to commence proceedings under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**") in respect of Long Run Exploration Ltd. ("**Long Run**") and Calgary Sinoenergy Investment Corp. (the "**Guarantor**" and collectively with Long Run, the "**Debtors**"). The Initial Order, among other things, established a stay of proceedings in favour of the Debtors for an initial stay period up to and including July 14, 2024 (the "**Stay Period**"), and appointed FTI Consulting Canada Inc. as Monitor (the "**Monitor**"), with enhanced powers, pursuant to the provisions of the CCAA.

2. On July 12, 2024, this Honourable Court granted an amended and restated initial order (the "**ARIO**") in the CCAA Proceedings. The ARIO granted, among other things, an extension to the Stay Period in favour of the Debtors to July 31, 2024;

3. On July 30, 2024, this Honourable Court grated a Second Amended and Restated Initial Order ("**SARIO**") in the CCAA Proceedings. The SARIO granted, among other things, the following relief within the CCAA Proceedings:

   (a) an extension of the Stay Period from July 31, 2024 to October 31, 2024;

   (b) authorized the Debtors to obtain interim financing pursuant to terms of the DIP Financing Agreement (as defined in Schedule "A" to the SARIO), up to an amount equal to $7.0 million, and granting a DIP Lender's Charge (as defined in the SARIO) against the property of the Debtors, on the terms and priority in the proposed SARIO;

   (c) amending the ARIO granted in these proceedings on July 12, 2024, to reflect the DIP Lender's Charge (as defined in the SARIO) and the priority thereof;

(d) approving the terms of a stalking horse subscription agreement entered between the Monitor (in accordance with its court-ordered enhanced powers) on behalf of Long Run and Hiking Group Shandong Jinyue Int't Trading Corporation ("**Hiking**" or the "**Stalking Horse Bidder**") dated July 23, 2024 (the "**Stalking Horse Subscription Agreement**");

(e) approving a stalking horse sale and investment solicitation process in relation to the assets, property, and undertakings and/or business operations of the Debtors (the "**SISP**");

(f) authorizing the Debtors to reimburse the Stalking Horse Bidder for certain fees incurred by it in connection with the negotiation of the Stalking Horse Subscription Agreement and the SISP and approving certain bid protections in favour of the Stalking Horse Bidder should a bid superior to that of the Stalking Horse Subscription Agreement be selected in accordance with the SISP; and

(g) such further and other relief as counsel may advise and this Honourable Court may deem appropriate.

4. Counsel for Henenghaixin Corp. ("**H Corp.**") attended the July 30 Application and opposed certain of the relief sought. Specifically, counsel for H Corp. objected to the Stalking Horse Bid being approved, on the basis that if the Stalking Horse Bid ultimately became the Successful Bid as defined in the SISP, the Stalking Horse Bid contemplates that upon the granting of a reverse vesting order (to be applied for), the H Corp. Action would become one of the "Transferred Liabilities" transferred to a proposed Creditor Trust, and the Stalking Horse Bidder would not assume any liability in relation to the same. H Corp. objected to the vesting of the H Corp. Action in the Creditor Trust in those circumstances. H Corp.'s objections were dismissed, in part on the basis that its objections were premature.

5. On August 28, 2024, counsel for H Corp. wrote to counsel for the Monitor and to a service list it had prepared, asserting for the first time that the Monitor's legal counsel, Bennett Jones LLP, had previously acted for H Corp. and was in a conflict of interest. In its letter to counsel for the Monitor, counsel for H Corp. requested that Bennett Jones LLP cease to act as counsel for the Monitor.

6. On September 9, 2024, this Honourable Court granted a consent Order which directed the Monitor to retain special legal counsel to advise and represent the Monitor in relation to the claim advanced by H Corp. in Court of King's Bench Action No. 2001-03353 (the "**H Corp. Action**").

7. On October 9, 2024, the Monitor filed a notice of application returnable October 18, 2024 (the "**October 18 Application**") seeking the following relief:

   (a) an extension to the Stay Period to December 31, 2024; and

   (b) authorizing and directing the Monitor and Hiking to extend the outside date in the DIP Financing Agreement from November 14, 2024 to November 30, 2024 or such other date as may be agreed upon between the Monitor and the DIP Lender.

8. Electronic copies of all materials filed in connection with the October 18 Application and other statutory materials are available on the Monitor's website at: http://cfcanada.fticonsulting.com/longrun/.

PURPOSE

9. The purpose of this report (this "**Report**") is to provide this Honourable Court and the Debtors' stakeholders with information and the Monitor's comments with respect to the following:

   (a) the activities of the Monitor since the Third Report of the Monitor dated September 6, 2024 (the "**Third Report**");

   (b) the status of the Debtors' restructuring efforts, including comments on the SISP;

(c) budget to actual cash flow results for the period ended October 6, 2024;

(d) the cash flow statement (the "**CFS#4**") for the 13-week period ending January 5, 2025, as well as the key assumption on which the CFS#4 is based;

(e) the request for an extension to the Stay Period up to and including December 31, 2024 and the outside date contained in the DIP Financing Agreement; and

(f) the Monitor's recommendations with respect to the above.

TERMS OF REFERENCE

10. Capitalized terms used but not defined herein are given the meaning ascribed to them in the SARIO.

11. In preparing this Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Debtors' books and records and discussions with various parties (collectively, the "**Information**").

12. Except as described in this Report:

(a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*;

(b) the Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*; and

(c) future oriented financial information reported or relied on in preparing this Report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.

13. The Monitor has prepared this Report in connection with the October 18 Application. This Report should not be relied on for other purposes.

14. Information and advice described in this Report that has been provided to the Monitor by its legal counsel, Bennett Jones LLP (the "**Monitor's Counsel**"), was provided to assist the Monitor in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.

15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

ACTIVITIES OF THE MONITOR

16. The Monitor's activities since the date of the Third Report include the following:

(a) considering various steps to be taken within these proceedings pursuant to the CCAA (the "**CCAA Proceedings**") in connection with the restructuring efforts in relation to the Debtors;

(b) administering the SISP including discussions with the Stalking Horse Bidder and other Qualified Bidders to assist with due diligence requests;

(c) attending to numerous telephone and email inquiries from various customers and suppliers;

(d) responding to numerous enquiries from the Debtors' creditors and other stakeholders;

(e) retaining Tory LLP as special counsel to assist the Monitor with its review and analysis of the objections of H Corp. to certain relief sought and to be sought by the Monitor from this Court;

(f) preparation of budget to actual cash flow variance reports and the CFS#4; and

(g) preparing this Report.

BACKGROUND INFORMATION

17. Detailed information with respect to the Debtors' business, operations and causes of financial difficulty are described in the Affidavit of Ziqing (Eddie) Zou, affirmed on July 2, 2024.

18. Long Run is a private corporation formed under the laws of Alberta. Long Run's petroleum and natural gas assets ("**P&NG Assets**") are located primarily in Central and Northwest Alberta. Long Run is headquartered in Calgary, Alberta and has approximately 39 employees and contractors in its head office and 79 employees and contractor in the field.

19. Long Run is a wholly owned subsidiary of the Guarantor, which is also a privately owned Alberta corporation. The Monitor was advised that the Guarantor has no operation or assets other than its investment in Long Run. The Guarantor acquired all of the issued and outstanding shares of Long Run in 2016.

20. Operation of the P&NG Assets has continued in the normal course since the Filing Date and Long Run's current production is approximately 5,700 barrels of oil equivalent per day. Production has declined in recent months given the limited cash flow available to Long Run.

SALE AND INVESTMENT SOLICITATION PROCESS

21. The Monitor, with the assistance of Long Run, was authorized to administer the SISP to broadly canvas potential purchasers and investors in a structured manner to maximize value for the benefit of the Debtors' creditors and stakeholders.

22. For ease of reference, key dates included in the SISP are set out in the table below:

Milestone	Deadline
Long Run, the Monitor and Stalking Horse Bidder to create list of Known Potential Bidders and distribute Teaser Letters and NDAs to Known Potential Bidders	August 1, 2024
Long Run and the Monitor to prepare and have available for Potential Bidders access to the VDR	August 1, 2024
Phase 1 Bid Deadline	September 5, 2024
Phase 2 Bid Deadline	October 3, 2024
Closing Date Deadline	October 31, 2024

23. The Monitor can advise that the milestones set out in SISP have been met to date and the Monitor and Long Run have continued to advance the SISP. A summary of Phase 1 of the SISP is set out below:

(a) Teaser Letter was distributed to Known Potential Bidders on August 1, 2024;

(b) VDR was made available to Potential Bidders on August 1, 2024;

(c) 52 parties executed a non-disclosure agreement and were granted access to the VDR; and

(d) 20 LOIs, in addition to the Stalking Horse Bid, were received by the Phase 1 Bid Deadline.

24. The Monitor, in consultation with Long Run, reviewed the LOIs and determined that one Phase 1 Qualified Bidder, in addition to the Stalking Horse Bidder, had submitted a Qualified LOI and was determined to be a Phase 2 Qualified Bidder.

25. The Monitor determined that the other 19 LOIs were not Phase 2 Qualified Bidders as the proposals were for specific or select assets and were not competitive with the Stalking Horse Subscription Agreement as an individual offer or combination of offers.

26. The Monitor and Long Run assisted the Phase 2 Qualified Bidder and the Stalking Horse Bidder with due diligence requests during Phase 2 and prior to the Phase 2 Bid Deadline, the Monitor sent a bid instruction letter to the Phase 2 Qualified Bidder (and posted it to the VDR) setting out the requirements for a Phase 2 Bid.

27. The Monitor did not receive any Qualified Bids, besides the Stalking Horse Subscription Agreement, on or before the Phase 2 Bid Deadline.

28. Pursuant to paragraph 35 of the SISP, the Monitor shall notify each Phase 2 Qualified Bidder in writing as to whether its Phase 2 Bid constitutes a Qualified Bid within ten business days of the Phase 2 Bid Deadline.

29. The Monitor notified the Stalking Horse Bidder on October 4, 2024, that no other Qualified Bids were received by the Phase 2 Bid Deadline and that the Stalking Horse Subscription Agreement was selected as the Successful Bid.

BUDGET TO ACTUAL RESULTS

30. The Monitor has reviewed the operations and cash flow of Long Run since the date of the Second Monitor's Report. The actual cash flow results for Long Run for the 11-week period of July 22, through to October 6, 2024, are presented below. These actual results have been compared to the cash flow statement ("**CFS#3**") outlined in the Second Monitor's Report dated July 23, 2024.

Budget to Actual Results July 22, 2024 to October 6, 2024	Budget	Actual	Variance
($MM)			$
Receipts			
Revenue	$ 16.9	$ 15.2	**$ (1.7)**
New Star Energy operations	0.3	0.1	**(0.2)**
Other Receipts	-	1.8	**1.8**
Total - receipts	**17.2**	**17.1**	**(0.1)**
Disbursements			
Royalties	(1.5)	(1.3)	**0.2**
Processing and transportation	(2.1)	(0.8)	**1.3**
Operating expense	(10.7)	(5.2)	**5.5**
Lease rentals	(1.5)	(1.3)	**0.2**
G&A expense	(2.4)	(2.3)	**0.1**
Insurance	(0.8)	(0.8)	**(0.0)**
Property taxes	(1.0)	(1.0)	**(0.0)**
Abandonment costs	(0.3)	(0.6)	**(0.2)**
Professional fees	(1.3)	(1.2)	**0.1**
GST	(0.6)	(0.4)	**0.2**
Total - disbursements	**(22.2)**	**(14.9)**	**7.3**
Net cash flow	**(5.0)**	**2.2**	**7.2**
Opening cash	2.3	2.3	**-**
Net cash flow	(5.0)	2.2	**7.2**
DIP Funding Required	5.0	2.0	**(3.1)**
Ending cash	**$ 2.3**	**$ 6.5**	**$ 4.2**

31. The variances in actual receipts and disbursements as compared to the Cash Flow Statement are primarily due to the following:

(a) Receipts: negative variance of approximately $100,000 primarily due to lower realized pricing for the Long Run's oil and natural gas liquids and average production than forecast due to lower natural gas pricing. This variance was partially offset by other receipts which were not forecast including proceeds from seismic license agreements for non-producing properties;

(b) Disbursements: positive variance of approximately $7.2 million primarily comprised of the following:

- lower processing and transportation payments than forecast in the period as certain counterparties had letters of credit that were drawn reducing cash expenses; and

- lower operating costs than forecast, a portion of which is timing relating and expected to reverse in futures periods. The forecast also included certain deposits/prepayments and contingencies which were ultimately not required and therefore have not be paid;

32. As at October 7, 2024, Long Run had approximately $6.5 million of cash on hand.

CASH FLOW STATEMENT

33. Long Run, in consultation with the Monitor, prepared the CFS#4 to estimate the Debtors' liquidity for the period from October 7, 2024, to January 5, 2025 (the "**Forecast Period**"), a summary of which is presented below. A copy of the Cash Flow Statement is attached hereto as Appendix "**A**".

Cash Flow Statement October 7, 2024 to January 5, 2025	13 Week
($MM) Week Beginning	Total
Receipts	
Revenue	$ 12.6
New Star Energy operations	0.5
Other Receipts	0.2
Total - receipts	13.3
Disbursements	
Royalties	(0.4)
Processing and transportation	(3.2)
Operating expense	(11.7)
Lease rentals	(2.2)
G&A expense	(2.8)
Insurance	(0.3)
Property taxes	(1.2)
Abandonment costs	(1.4)
Professional fees	(3.1)
GST	(0.6)
Total - disbursements	(27.0)
Net cash flow	(13.7)
Opening cash	6.5
Net cash flow	(13.7)
DIP Funding Required	5.0
Ending cash	$ (2.2)
DIP Funding Opening Balance	2.0
DIP Funding Required	5.0
DIP Funding Ending Balance	$ 7.0

34. The CFS#4 projects Long Run will have net cash flow of approximately negative $13.7 million over the Forecast Period, including:

(a) cash receipts of approximately $13.3 million, primarily related to the collections from the sale of petroleum and natural gas substances;

(b) cash disbursements of approximately $27.0 million primarily related to trade payments, payroll and benefits, other operating disbursements and professional fees.

35. The Monitor expects to draw on the remaining $5.0 million authorized amount under the DIP Financing Agreement during the Forecast Period.

36. The CFS#4 has been prepared by Long Run using probable and hypothetical assumptions set out in the notes to the CFS#4, including assumptions that goods and services incurred after the Filing Date are paid when incurred.

37. The Monitor's review of the CFS#4 consisted of inquiries, analytical procedures and discussions related to the Information supplied to it by Long Run. Since probable and hypothetical assumptions need not be supported, the Monitor's procedures were limited to evaluating whether they were consistent with the purpose of the CFS#4, and there are no material assumptions contained therein which seem unreasonable in the circumstances.

38. Based on the Monitor's review, as at the date of this Fourth Report, nothing has come to its attention that causes it to believe that, in all material respects:

(a) the probable and hypothetical assumptions are not consistent with the purpose of the CFS#4; and

(b) the probable and hypothetical assumptions developed by Long Run are not supported and consistent with the plan of the Debtors or do not provide a reasonable basis for the CFS#4.

39. For illustrative purposes the CF#4 shows normal course operations until January 5, 2025. The Monitor notes that the CFS#4 projects the Debtors requiring additional liquidity in the amount of approximately $3.5 million in week 12 (as shown in Appendix "**A**").

40. The Monitor and the DIP Lender have agreed to extend the maturity date of the DIP Facility to November 30, 2024 (or such other date as may be agreed upon between the Monitor and the DIP Lender), subject to approval from this Honourable Court. The Monitor expects to bring an application for approval of the Stalking Horse Subscription Agreement on November 14, 2024. In the event the closing date extends past November 30, 2024, the Monitor anticipates further discussions with the DIP Lender to amend the maximum amount available under the DIP Facility (currently $7.0 million).

CONCLUSIONS AND RECOMMENDATIONS

41. The Stay Period expires on October 31, 2024. At the October 18 Application, the Monitor is requesting an extension of the stay of proceedings to December 31, 2024.

42. The Monitor has considered the impact of extending the Stay Period up to and including December 31, 2024, and has the following comments:

(a) the Monitor is of the view that no creditor will be materially prejudiced by an extension of the Stay Period;

(b) the CFS#4 indicates that the Debtors will have sufficient liquidity to continue to fund critical operations and the cost of these CCAA Proceedings until the anticipated closing of the Stalking Horse Subscription Agreement on or around November 30, 2024; and

(c) the Debtors and their management have and continue to act in good faith and with due diligence in taking steps to facilitate a restructuring of the business.

43. The maturity date of the DIP Facility is currently November 14, 2024, and the Monitor and Hiking have agreed to extend the outside date of the DIP Facility to November 30, 2024 or such other date as may be agreed upon between the Monitor and the DIP Lender, to align with the anticipated closing date of the Stalking Horse Subscription Agreement.

RECOMMENDATIONS

44. Based on the foregoing, the Monitor is of the view that the relief being sought is reasonable and justified in the circumstances and respectfully recommends that this Honourable Court approve the extension of the Stay Period up to and including December 31, 2024, and the extension of the outside date of the DIP Facility to November 30, 2024 or such other date as may be agreed upon between the Monitor and the DIP Lender.

All of which is respectfully submitted this 9th day of October 2024.

FTI Consulting Canada Inc., LIT, in its capacity as Monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp., not in its personal or corporate capacity

Name: Dustin Olver, CPA, CA, CIRP, LIT
Title: Senior Managing Director
FTI Consulting Canada Inc.

Name: Brett Wilson, CFA
Title: Managing Director
FTI Consulting Canada Inc.

Appendix “A” – Cash Flow Statement for the period ending January 5, 2025

Long Run Exploration Ltd,
Cash Flow Statement
For the 13 week period ending January 5, 2025

Cash Flow Statement October 7, 2024 to January 5, 2025 ($MM)	Forecast Week 1	Forecast Week 2	Forecast Week 3	Forecast Week 4	Forecast Week 5	Forecast Week 6	Forecast Week 7	Forecast Week 8	Forecast Week 9	Forecast Week 10	Forecast Week 11	Forecast Week 12	Forecast Week 13	13 Week
Week Beginning	7-Oct	14-Oct	21-Oct	28-Oct	4-Nov	11-Nov	18-Nov	25-Nov	2-Dec	9-Dec	16-Dec	23-Dec	30-Dec	Total
Receipts														
Revenue	$ -	$ -	$ -	$ 4.0	$ -	$ -	$ -	$ 4.3	$ -	$ -	$ -	$ -	$ 4.3	**$ 12.6**
New Star Energy operations	(0.1)	-	-	0.1	(0.1)	-	-	0.1	(0.1)	-	-	(0.2)	0.8	**0.5**
Other Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.2**
Total - receipts	**(0.1)**	**0.0**	**0.0**	**4.2**	**(0.1)**	**0.0**	**0.0**	**4.4**	**(0.1)**	**0.0**	**0.0**	**(0.2)**	**5.1**	**13.3**
Disbursements														
Royalties	(0.1)	-	-	(0.0)	-	(0.1)	-	(0.1)	-	(0.1)	-	-	(0.1)	**(0.4)**
Processing and transportation	(0.5)	-	(0.1)	(0.9)	-	-	-	(1.0)	(0.0)	-	-	(0.1)	(0.6)	**(3.2)**
Operating expense	(0.9)	(0.8)	(0.6)	(1.8)	(0.9)	(0.7)	(0.5)	(1.7)	(1.0)	(0.7)	(0.7)	-	(1.1)	**(11.7)**
Lease rentals	-	(0.2)	(0.4)	-	-	(0.2)	-	(0.4)	-	-	(0.2)	-	(0.8)	**(2.2)**
G&A expense	(0.4)	(0.1)	-	(0.4)	(0.0)	(0.5)	(0.0)	(0.4)	(0.0)	(0.4)	(0.1)	(0.4)	(0.1)	**(2.8)**
Insurance	(0.0)	-	-	-	(0.3)	-	-	-	-	-	-	-	-	**(0.3)**
Property taxes	-	-	(0.2)	(0.1)	(0.1)	(0.1)	-	(0.4)	(0.1)	-	-	-	(0.3)	**(1.2)**
Abandonment costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	-	-	**(1.4)**
Professional fees	(0.5)	(0.2)	-	(0.8)	-	-	-	(0.8)	-	-	-	-	(0.8)	**(3.1)**
GST	-	-	-	(0.2)	-	-	-	(0.2)	-	-	(0.2)	-	-	**(0.6)**
Total - disbursements	**(2.4)**	**(1.4)**	**(1.3)**	**(4.3)**	**(1.5)**	**(1.8)**	**(0.7)**	**(5.1)**	**(1.3)**	**(1.5)**	**(1.5)**	**(0.5)**	**(3.8)**	**(27.0)**
Net cash flow	**(2.5)**	**(1.4)**	**(1.3)**	**(0.2)**	**(1.6)**	**(1.7)**	**(0.7)**	**(0.7)**	**(1.4)**	**(1.4)**	**(1.4)**	**(0.6)**	**1.3**	**(13.7)**
Opening cash	6.5	3.9	2.6	4.3	4.1	2.5	2.8	2.1	1.4	(0.0)	(1.4)	(2.9)	(3.5)	**6.5**
Net cash flow	(2.5)	(1.4)	(1.3)	(0.2)	(1.6)	(1.7)	(0.7)	(0.7)	(1.4)	(1.4)	(1.4)	(0.6)	1.3	**(13.7)**
DIP Funding Required	-	-	3.0	-	-	2.0	-	-	-	-	-	-	-	**5.0**
Ending cash	**$ 3.9**	**$ 2.6**	**$ 4.3**	**$ 4.1**	**$ 2.5**	**$ 2.8**	**$ 2.1**	**$ 1.4**	**$ (0.0)**	**$ (1.4)**	**$ (2.9)**	**$ (3.5)**	**$ (2.2)**	**$ (2.2)**
DIP Funding Opening Balance	2.0	2.0	2.0	5.0	5.0	5.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	**2.0**
DIP Funding Required	-	-	3.0	-	-	2.0	-	-	-	-	-	-	-	**5.0**
DIP Funding Ending Balance	**$ 2.0**	**$ 2.0**	**$ 5.0**	**$ 5.0**	**$ 5.0**	**$ 7.0**	**$ 7.0**	**$ 7.0**	**$ 7.0**	**$ 7.0**	**$ 7.0**	**$ 7.0**	**$ 7.0**	**$ 7.0**

Per: Wendy Barber, Interim CEO
Long Run Exploration Ltd.

Notes:

Management of Long Run Exploration Ltd. (**"Long Run"**) has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of Long Run during the period of October 7, 2024 to January 5, 2025. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in Note 1-12. Consequently, actual results will likely vary from actual performance and such variances may be material.

1 Revenue relates to the sale of Long Run's petroleum and natural gas production. Production is based on current forecast production. The forecast sales prices are based on third party price forecasts and Long Run's quality discount to benchmark pricing. Crown royalties on oil are paid in kind.
2 New Star Energy ("NSE") operations relates to Long Run's collection of revenue, payment of operating expenses of NSE as a sister company and management fee paid to Long Run from NSE.
3 Royalties expense relates to royalties paid to the crown and freehold land owners and are based on historical rates.
4 Processing and transportation relates to transmission tariffs and trucking fees of Long Run's petroleum and natural gas production. It is based on projected production volumes.
5 Operating expenses are based on Long Run's annual operating budget and relates to the costs associated with the operation of oil and natural gas wells and facilities.
6 Lease rentals relates to surface and mineral leases held by the crown and freehold for producing assets.
7 G&A expense relates costs associated with Long Run's head office, employees, field office lease and overhead based on its annual budget.
8 Insurance expense relates to Long Run's insurance premiums.
9 Property taxes relates to Long Run's property taxes with municipalities.
10 Abandonment costs relates to estimate cost to abando/reclaim wells.
11 Professional fees include estimates for Long Run's legal counsel, the Monitor, the Monitor's Counsel, counsel to the Applicant and counsel to the Stalking Horse Bidder.
12 GST relates to goods and services tax incur by Long Run during the forecast period.