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COURT

**COURT OF KING'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY**

JUDICIAL CENTRE

EDMONTON

FILING PARTY

G. CHAN & ASSOCIATES INC.

DOCUMENT

**FOURTH REPORT OF THE PROPOSAL
TRUSTEE**

**IN THE MATTER OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985 C. B-3**

**AND IN THE MATTER OF THE NOTICES OF
INTENTION TO MAKE A PROPOSAL OF**

**FORDEN ENERGY INC., and
2150865 ALBERTA LTD.**

DATED JANUARY 19, 2026

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

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Introduction

1. Forden Energy Inc. ("**Forden**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to s. 50.4 of the *Bankruptcy and Insolvency Act* ("**BIA**") on August 17, 2025 ("**Forden NOI Date**"), and G. Chan & Associates Inc. was appointed as Proposal Trustee ("**Proposal Trustee**").
2. On September 11, 2025, the Court made an Order ("**First Extension Order**") granting the following relief:
 - a. an extension of time for Forden to file a proposal and an extension of the stay of proceedings by 45 days to October 31, 2025 (the "**First Extension**"); and
 - b. a first-priority security interest or charge in the amount of \$150,000 over all the real and personal property of Forden ("**Administration Charge**") to secure the fees and disbursements of DLA Piper (Canada) LLP, legal counsel to Forden ("**Debtor Counsel**"), the Proposal Trustee, and legal counsel to the Proposal Trustee, Ogilvie LLP ("**Proposal Trustee Counsel**").
3. Forden is licensed by the AER to operate oil and gas assets in which 2150865 Alberta Ltd. ("**215**"), a corporation related to Forden, holds working interests. Although 215 was insolvent, 215 did not initiate insolvency proceedings at the same time as Forden. Subsequent to the granting of the First Extension Order, Forden and 215 (collectively, the "**Debtors**" or the "**Companies**") determined that unified insolvency proceedings would be appropriate, as a disjointed approach would not yield a desirable result given the intertwinement of the Debtors' assets.
4. Accordingly, 215 filed a NOI on October 1, 2025, ("**215 NOI Date**") and G. Chan & Associates Inc. was appointed as Proposal Trustee.
5. On October 29, 2025, the Companies applied to the Court and obtained an Order ("**Second Extension and SISP Order**") granting the following relief, inter alia:
 - a. administratively consolidating the Notice of Intention to Make a Proposal proceedings of Forden and 215 ("**Administrative Consolidation**");
 - b. extending the time for the Debtors to file a proposal and extending the stay of proceedings to December 15, 2025 (the "**Second Extension**");
 - c. approving a sale and investment solicitation process ("**SISP**") for the purpose of soliciting proposals to purchase or invest in some or all of the assets of the Debtors;

- d. approving the engagement of Sayer as Sales Agent to market the SISP;
 - e. authorizing the Proposal Trustee to perform certain obligations and functions in administering the SISP;
 - f. extending the Administration Charge to the assets, property, and undertakings of 215, on the same terms and with the same priority as granted in the First Extension Order ("**Administration Charge Extension**"); and
 - g. granting a priority charge ("**Sayer Charge**") in favour of Sayer as Sales Agent.
6. The Companies had also applied to the Court on October 29, 2025, for approval of the proposed Inter-Company Sale to sell and transfer 1% of the working interests held by 215 to Forden ("**Inter-Company Sale Approval Application**"). However, for the reasons set out in the Third Woollam Affidavit dated October 28, 2025 (the "**Third Woollam Affidavit**"), the Inter-Company Sale Approval Application was adjourned for the Companies to complete further diligence to confirm the working interest holdings between the Companies.
7. On December 12, 2025, the Companies applied to Court and obtained the following relief, inter alia:
- a. an Order ("**Third Extension Order**") extending the time for the Debtors to file a proposal and extending the stay of proceedings to January 29, 2026 (the "**Third Extension**"); and
 - b. an Order ("**Inter-Company Sale Approval Order**") approving the Inter-Company Sale for total aggregate consideration of \$14.00, pursuant to the terms of the Omnibus Assignment Agreement.
8. The Companies have filed an application to Court ("**Fourth Extension Application**") returnable January 23, 2026, for an Order extending the time to file a proposal and extending the stay of proceedings to February 27, 2026.
9. The purpose of this fourth report of the Proposal Trustee (the "**Fourth Report**") is to:
- a. update the Court on the Proposal Trustee's activities since the Third Report;
 - b. provide the Court with information regarding the Debtors' restructuring efforts since the Third Report;

- c. provide the Court with an update on the Proposal Trustee's monitoring of the Debtors' cash-flow to date; and
- d. provide the Court with the Proposal Trustee's views on the relief sought by the Debtors in their Fourth Extension Application.

Notice to reader

- 10. In preparing this report, the Proposal Trustee has relied on unaudited financial information, the books and records of the Debtors, and discussions with the Debtors' management ("**Management**"), interested parties, and stakeholders. The Proposal Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook. The Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report or relied upon by the Proposal Trustee in preparing this report.
- 11. Certain of the information referred to herein consists of financial forecasts and/or projections. The financial forecasts included in the report are the responsibility of Management. Management's responsibility extends beyond ensuring that the individual assumptions used to prepare the financial forecasts are appropriate in the circumstances and to ensure that assumptions as a whole are appropriate. While the Proposal Trustee has reviewed the information, the Proposal Trustee has not performed an audit or other verification of such information. The Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in the financial forecasts or relied upon by it in reporting on the financial forecasts. Future-oriented financial information included in this report is based upon Management's assumptions regarding future events. Actual results achieved may vary and these variations may be material.
- 12. The Proposal Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report. Any use which any party makes of this report, or any reliance or decision to be made based on this report, is the sole responsibility of such party.
- 13. All amounts included herein are in Canadian dollars unless otherwise stated.
- 14. All defined terms not otherwise defined in this report have the meanings given to them in the reports of the Proposal Trustee previously filed in these proceedings.

Proposal Trustee's activities

15. Since the Third Report, the Proposal Trustee has attended to the following:
 - a. answered inquiries from Forden's creditors;
 - b. obtained an agreement with Green Dawg for an independent valuation to be obtained for the Transferred Wells;
 - c. reviewed offers submitted under the SISP with the Sales Agent and the Companies;
 - d. continued to carry out its monitoring duties;
 - e. reviewed the Fourth Extension Application materials;
 - f. posted materials filed in these proceedings to its website; and
 - g. prepared this Fourth Report.

Debtors' restructuring efforts

16. The Debtors' efforts since the Third Report primarily comprise reviewing the offers received under the SISP following the deadline for non-binding LOI submissions on December 18, 2025, ("**Non-Binding LOI Deadline**") and participating in a meeting with the Sales Agent and the Proposal Trustee to discuss the offers.
17. As the Non-Binding LOI Deadline was extended to December 18, 2025, the binding bid deadline was extended to January 22, 2026, ("**Binding Bid Deadline**") to accommodate the holiday period.
18. Progress under the SISP is discussed further below and in the sixth affidavit of Nigel Woollam ("**Sixth Woollam Affidavit**") filed in these proceedings.

SISP update

23. Following the Non-Binding LOI Deadline, the Sales Agent confirmed that it received six non-binding offers ("**Initial Offers**") for various packages of assets. A summary from the Sales Agent of the Initial Offers and copies of the Initial Offers are appended as confidential Exhibit "A" to the Sixth Woollam Affidavit.

24. None of the Initial Offers conformed to the form of non-binding LOI provided to bidders under the SISF and therefore would not be Qualified LOIs as defined in the SISF. Each of the Initial Offers contained varying terms and structures for cash consideration and assumption of abandonment and reclamation obligations ("**ARO**").
25. Notwithstanding the non-conformity of the Initial Offers, further negotiation of the Initial Offers may lead to one or more viable transactions.

Cash-Flow and monitoring

26. The Proposal Trustee has completed a variance analysis comparing actual cash-flow to projected cash-flow of Forden for December 7, 2025, to January 10, 2026 ("**Third Variance Analysis**").
27. The Third Variance Analysis is attached hereto and marked as Appendix "A", and the key findings are summarized below:
 - a. There was a net cash inflow of \$16,811 during the five weeks and an ending cash balance of \$25,309 on January 10, 2026.
 - b. Receipts were \$14,365 higher than anticipated primarily due to a timing difference where wage recovery from Green Dawg was collected earlier than projected.
 - c. Disbursements were \$2,857 less than projected primarily due to unused contingency.
28. The shareholder loan remains outstanding and Forden's cash is expected to be largely consumed in the week ending January 17, 2026, as more than \$20,000 will be disbursed for payroll.
29. Forden has effectively depleted its cash balance such that it can no longer maintain operational expenses. There is minimal revenue anticipated as 3-7 has not performed as expected and is not likely to generate material revenue going forward. However, such operational expenses are minimal with nearly all sites shut-in. Only 3-7 and the Transferred Wells remain in operation and Green Dawg is bearing all associated expenses.
30. As stated in the Third Report, the main consideration in assessing Forden's cash balance is the ability to pay minimum ongoing expenses to support the SISF and proposal rather than as a going concern.

31. The SISP is able to continue as the expenses associated with same comprise professional fees secured by the Administration Charge and Sayer Charge.
32. However, given the financial position of Forden, the Proposal Trustee is of the view that a material adverse change ("**MAC**") has occurred.
33. Notwithstanding the MAC, the Proposal Trustee does not recommend that the stay of proceedings be terminated for the reasons stated below.

Fourth Extension Application

34. The Proposal Trustee agrees that an extension of the stay of proceedings and time to make a proposal for the Debtors would be appropriate to allow time for further consideration and negotiations of offers to take place after the January 22, 2026, bid deadline passes.
35. The completion of the SISP remains a pre-condition necessary to the formulation of any proposal by the Companies and remains the best prospect of recovery for creditors.
36. While the Companies' cash position has depleted, allowing the SISP to continue would be in the best interests of creditors. A deemed bankruptcy would delay the SISP, create uncertainty, and would not enhance creditor recovery. A bankruptcy trustee would not be in a better position to deal with the present issues.
37. Accordingly, the Proposal Trustee makes note of the MAC to comply with s. 50.4(7)(b)(i) of the BIA but is of the view that the requested extension of time is reasonable and that:
 - a. the Companies have acted, and are acting in good faith and with due diligence;
 - b. the Companies would likely be able to make a viable proposal if the extension being applied for were granted; and
 - c. no creditor would be materially prejudiced if the extension being applied for were granted.

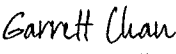
Conclusions and recommendations

38. The Proposal Trustee is of the view that the financial condition of the Companies constitutes a MAC but does not recommend that the stay of proceedings be terminated. Terminating the stay would impede the SISP, which remains the best prospect of recovery. Further, a deemed bankruptcy would not improve liquidity.
39. The time needed to consider and negotiate the Initial Offers will likely exceed the extension of time provided by the Third Extension Order. It is reasonable to obtain additional time for the negotiation of Initial Offers up to and potentially past the Binding Bid Deadline, which is extendable at the Proposal Trustee's discretion in the SISP.
40. The Proposal Trustee is supportive of the relief sought in the Fourth Extension Application, but notes that:
 - a. the maximum extension that may be obtained by Forden under s. 50.4(9) of the BIA is February 15, 2026, being five months after the expiry of the initial stay of proceedings (September 16, 2025).
 - b. 215's maximum extension would be to March 30, 2026, five months after the expiry of its initial stay of proceedings (October 31, 2025).
 - c. for administrative congruency, it is appropriate for 215's stay to be extended in tandem to February 15, 2026.

Respectfully submitted this 19th day of January 2026.

G. CHAN & ASSOCIATES INC.

Trustee in the Matter of the Notice of Intention to Make a Proposal of
Forden Energy Inc., and
2150865 Alberta Ltd.
And not in its personal capacity

Signed by:

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Per: Garrett Chan, CIRP, LIT
President

Appendix “A”

In the Matter of the Proposal of
Forden Energy Inc.

Cash-Flow Variance
For the Five Week Period from December 7, 2025 to January 10, 2026

(\$CAD)					
Actual / Forecast Week Number	Forecast	Actual Weeks 17 to 21	Variance	Variance notes	
Receipts					
Operating agreement	10,000	6,177	(3,823)	Volume variance and shut-in of 3-7.	
Production settlement	-	2,786	2,786	Not forecasted.	
Wage and contractor expense recovery	46,095	61,497	15,402	Timing. Three pay period recoveries instead of two forecasted.	
Total Receipts	\$ 56,095	\$ 70,460	\$ 14,365		
Disbursements					
Contractors	3,750	3,932	(182)	Not material.	
Wages	46,688	46,195	493	Not material.	
Bank Fees	158	100	58	Not material.	
Lease rentals	896	896	-	Not material.	
WCB	514	514	(0)	No variance.	
Accounting Land Software	1,809	1,919	(110)	Not material.	
Contingency / Other	2,691	92	2,599	Unused contingency.	
Total Disbursements	\$ 56,506	\$ 53,649	\$ 2,857		
Net Cash Flow	\$ (411)	\$ 16,811	\$ 17,222		
Opening Book Cash	37,848	8,498	(29,350)	See Second Variance Analysis attached to Third Report as Appendix "B".	
Net Cash Flow	(411)	16,811	17,222		
Ending Book Cash	\$ 37,437	\$ 25,309	\$ (12,128)		