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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	SIXTH REPORT OF THE PROPOSAL TRUSTEE (REPORT ON PROPOSAL) IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 C. B-3 AND IN THE MATTER OF THE DIVISION I PROPOSAL OF ENDRUM ENERGY CORP. DATED OCTOBER 16TH, 2026
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	PROPOSAL TRUSTEE: G. CHAN & ASSOCIATES INC. 201, 9426 51 AVE NW EDMONTON, ALBERTA T6E 5A6 ATTENTION: GARRETT CHAN, CIRP, LIT TELEPHONE: 780.619.7616 EMAIL: garrett@gcalit.ca COUNSEL: WITTEN LLP SUITE 2500, 10303 JASPER AVENUE EDMONTON, ALBERTA T5J 3N6 ATTENTION: BREN CARGILL / AMANDA COLEMAN TELEPHONE: 780.701.3776 / 780.441.3242 EMAIL: bcargill@wittenlaw.com / acoleman@wittenlaw.com

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Introduction

1. Endrum Energy Corp. (the **"Company"**) filed a Notice of Intention to Make a Proposal (**"NOI"**) pursuant to s. 50.4 of the Bankruptcy and Insolvency Act (**"BIA"**) on April 7, 2026 (the **"NOI Date"**), and G. Chan & Associates Inc. was appointed as Proposal Trustee (the **"Proposal Trustee"**).

2. The Court of King's Bench of Alberta (the **"Court"**) has granted the following Orders in these proceedings to date:

   a. on May 6, 2026, the First Extension Order, extending the period within which the Company may file a proposal to June 21, 2026, approving the service protocol contemplated by the Service Protocol Application, granting the Administration Charge in the maximum amount of $250,000 in favour of the Administrative Professionals, and authorizing the Company to borrow up to $250,000 under the DIP Term Sheet with the Interim Lender, Beyond Fintech Canada Ltd., secured by the Interim Lender's Charge;

   b. on June 15, 2026, the Second Extension Order, extending that period to August 5, 2026;

   c. on August 5, 2026, the Third Extension Order, extending that period to September 19, 2026;

   d. on August 28, 2026, the Injunction Order, restraining the Jake Parties from interfering with the Company's operation of the Disputed Assets and providing that the net revenues of the Disputed Assets be held in trust by Debtor Counsel pending determination of their ownership; the form of the Injunction Order had not been settled among the parties at that time and was subsequently settled by consent; and

   e. on September 17, 2026, an Order (the **"Fourth Extension Order"**) extending the period within which the Company may file a proposal to October 7, 2026, being the five-month maximum permitted by s. 50.4(9) of the BIA, and a consent Order (the **"Consent Order"**) extending the Injunction Order to the earliest of November 12, 2026, the date of any deemed assignment into bankruptcy of the Company, or the date on which the Jake Parties and the Company reach a written agreement resolving the ownership of the Disputed Assets.

3. The Proposal Trustee has issued five reports in these proceedings: the First Report dated April 30, 2026, the Second Report dated June 11, 2026, the Third Report dated July 31, 2026, the Fourth Report dated August 27, 2026 (reporting the MAC under s. 50.4(7) of the BIA) and the Fifth Report dated September 16, 2026. Copies are available on the Proposal Trustee's website at www.gcalit.ca/endrum.

4. On October 7, 2026, the Company filed with the Official Receiver a Division I proposal to its creditors (the **"Proposal"**), together with its sworn Statement of Affairs (the **"Statement of Affairs"**) and the Statement of Projected Cash Flow for the sixty-month period commencing November 1, 2026 (the **"Projected Cash Flow"**).

5. Section 51(1) of the BIA requires the Proposal Trustee to call a meeting of creditors within twenty-one days after the Proposal is filed, being on or before October 28, 2026, and to send this report and the prescribed materials, including notice of the creditor meeting, the Proposal and a condensed statement of affairs, to every known creditor at least ten days before the meeting. The meeting of creditors will be convened on Wednesday, October 28, 2026 at 10:00 a.m. (Mountain Time), to be held virtually via Google Meet at meet.google.com/jyi-qyyg-iin or by dial-in at +1 226-214-5136, PIN 670 121 365#.

Background

Notice to reader

6. In preparing this report, the Proposal Trustee has relied on unaudited financial information, the books and records of the Company, the sworn Statement of Affairs, correspondence from and discussions with the Company's management (**"Management"**), interested parties and stakeholders, and materials filed in these proceedings. Except where expressly stated, 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.

7. Certain of the information referred to herein consists of financial forecasts and projections, which are the responsibility of Management. Management's responsibility extends beyond ensuring that the individual assumptions used to prepare the projections are appropriate in the circumstances, to ensuring that the assumptions, as a whole, are appropriate. Future-oriented financial information is based upon Management's assumptions regarding future events; actual results achieved will vary and the variations may be material.

8. Capitalized terms used but not otherwise defined in this report have the meanings ascribed to them in the Proposal or in the previous reports of the Proposal Trustee. All amounts are in Canadian dollars unless otherwise stated and certain amounts have been rounded.

Purpose of this report

9. The purpose of this sixth report of the Proposal Trustee (the **"Sixth Report"**) is to provide the creditors of the Company and the Official Receiver with:

   a. the results of the Proposal Trustee's appraisal and investigation of the affairs and property of the Company, so as to enable it to estimate with reasonable accuracy the financial situation of the Company and the causes of its financial difficulties;

   b. the Proposal Trustee's report on the state of the Company's business and financial affairs, including the Proposal Trustee's opinion on the provision of the Proposal under which ss. 91 to 101 of the BIA (preferences and transfers at undervalue) are not to apply, as required by s. 50(10)(b) of the BIA;

   c. a summary of the material terms of the Proposal and the estimated recoveries to each class of creditors compared with the estimated recoveries in a bankruptcy;

   d. the Proposal Trustee's comments on the Projected Cash Flow and on the matters upon which the viability of the Proposal depends;

   e. the Proposal Trustee's comments on the conduct of the Company before and during these proceedings; and

   f. the Proposal Trustee's conclusions and recommendation to the creditors.

Proposal Trustee's activities since the Fifth Report

10. Since the date of the Fifth Report, the Proposal Trustee has attended to the following:

   a. attended the hearing of September 17, 2026, at which the Court granted the Fourth Extension Order and the Consent Order and approved the Proposal Trustee's accounts and activities to that date;

   b. participated in discussions with Management, Debtor Counsel and the Proposal Trustee's Counsel regarding the preparation of the Proposal;

   c. reviewed the Projected Cash Flow filed with the Proposal;

   d. reviewed the Proposal, the Statement of Affairs and the opinion of Sayer Energy Advisors dated October 7, 2026 on the market value of the Company's oil and natural gas interests (the **"Sayer Opinion"**);

   e. conducted a review of the Company's financial affairs and of transactions before the NOI Date, as described in this report;

   f. continued its monitoring of the Company; and

   g. prepared this Sixth Report.

The Company, its ownership and the causes of its financial difficulties

The business

11. The Company is a private Alberta corporation producing natural gas (coal-bed methane from the Edmonton and Belly River formations) and light oil in the Rumsey and Trochu areas of central Alberta. Management describes approximately 165 gas wells and 15 oil wells on a contiguous 35,000-acre land base, with Company-owned field facilities and a gas processing plant at the Rumsey Facility. Production for the quarter ended June 30, 2026 averaged approximately 482 boe/d, of which approximately 2.8 MMcf/d was natural gas and 15 bbl/d oil and liquids. Gas is sold to ACME and oil to Trafigura. Field operations are conducted by contract operators.

Ownership

12. All of the Company's voting shares are held by the Parent Company, Endrum Holdings Corp., which has the same directors as the Company (Norman Morales, Mark Huang and Huimin Jenny Zhan). The shareholders of the Parent Company are Beyond Fintech Canada Ltd. (51.02%), Emtra Business Services Inc. (16.327%), Mast Energy Ltd. (16.327%) and The Coterie Partners Inc. (16.327%). Beyond Fintech Canada Ltd. is also the Interim Lender under the DIP Term Sheet approved by the First Extension Order; the DIP Loan remains undrawn.

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Financial results

13. The Company's internally prepared financial statements for the fiscal years ended July 31, 2024, 2025 and 2026 are reproduced in Appendix "B" and are summarized below. Only internally prepared statements are available: no compilation by a chartered professional accountant has been performed for any of those years, and the Company's corporate income tax returns are outstanding. Management has advised that the outstanding returns are in the process of being prepared, without compiled financial statements, and that no income tax is expected to be payable because of the Company's operating losses. The balance sheets at July 31, 2024 and July 31, 2025 have not been reproduced because the Company's year-end balance sheet reports for those years aggregate monthly balances and are unreliable.

	FY2024	FY2025	FY2026
Total revenue	$1,779,793	$2,621,318	$2,569,894
Production (operating) expenses	1,217,749	2,680,977	1,635,422
General and administrative	436,687	444,640	2,253,730
Net income (loss)	$120,691	$(510,066)	$(1,319,258)
Total assets at July 31	n/a	n/a	$5,030,540
Total liabilities at July 31 (excluding asset retirement obligations)	n/a	n/a	$3,553,983

14. The Company has not recorded an asset retirement obligation in its financial statements; the AER assessed the Company's deemed abandonment and reclamation liabilities at approximately $13.64 million.

Causes of the Company's financial difficulties

15. The Statement of Affairs attributes the Company's difficulties to a prolonged collapse in natural gas prices beginning in 2024. From its review, the Proposal Trustee considers the following to be the principal causes, in combination:

    a. sensitivity to low natural gas prices: gas represents approximately 85% of the Company's production, and the Company's fixed obligations — principally property taxes and surface lease rentals on a large well and land base — did not fall with the price of gas;

b. municipal property tax arrears across four counties, which with penalties total approximately $2.3 million and represent approximately 62% of the Company's liabilities other than the AER deemed liability; Starland holds a special lien under s. 348.1 of the Municipal Government Act for $698,585.63 of its arrears;

c. the cost overrun on the Company's 2025 drilling and workover program, which gave rise to approximately $605,000 of invoices from Harmonica Oil & Gas Ltd. (operating as Triumph Well Services) and Big Guns between July and September 2025, both of which creditors have since taken enforcement steps;

d. arrears of surface lease compensation to approximately sixty landowners, several of whom have applied to the Land and Property Rights Tribunal; and

e. reliance on external capital to backstop operating losses and working capital deficiencies.

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The Statement of Affairs

16. The Statement of Affairs sworn by Mr. Morales on October 7, 2026 reports assets of $9,683,371, liabilities of $17,336,946 and a deficiency of $7,653,575, summarized as follows:

Statement of Affairs (as sworn October 7, 2026)	**$**
Cash on hand	162,058
Insurance recovery receivable (estimate)	1,050,000
Oil and gas working interests	3,615,000
Prepaids and deposits	407,957
Accounts receivable	52,458
Machinery, equipment and plant (book value)	4,324,404
Inventory — oil	71,494
Total assets	9,683,371
Alberta Energy Regulator — deemed abandonment and reclamation liabilities	13,642,571
Municipal property taxes — Starland (including the secured portion)	2,105,812
Municipal property taxes — Stettler, Flagstaff and Kneehill Counties (preferred)	197,515
Trade creditors, surface lessors, royalty owners and other unsecured creditors	1,391,048
Contingent (The Coterie Group)	1
Total liabilities	17,336,946
Deficiency	(7,653,575)

Assets

17. The assets are stated at the values assigned by the Company. The oil and gas working interests are listed at $3,615,000 and the machinery, equipment and plant at its net book value of $4,324,404. The Sayer Opinion, which is discussed below, concludes that the market value of the Company's oil and gas properties, after taking into account the Company's asset retirement obligations, is aggregated at a nominal $1.00. The insurance recovery of $1,050,000 is Management's estimate of the net proceeds of the property insurance claim arising from the fire at the Rumsey Facility, which should be received before the end of October.

Liabilities

18. The Statement of Affairs lists the whole of Starland's claim of $2,105,812 as unsecured, whereas the Proposal treats $698,586 of it as secured by Starland's special lien and the balance as a preferred claim. The discrepancy is attributed to the software used to prepare the Statement of Affairs, which records any portion of a claim that exceeds the value attributed to the creditor's security as an unsecured deficiency. The other three municipalities are shown as preferred creditors because, unlike Starland, they have not registered their liens at the Personal Property Registry; the Company's position is that their claims are unsecured claims ranking as preferred under s. 136(1)(e) of the BIA. The Proposal Trustee has not yet taken a position on the classification of any municipal claim and will do so on its review of the proofs of claim filed, with the assistance of its counsel.

19. The Proposal Trustee's review of the Company's records identified balances owing to the Parent Company and to another entity in the Beyond group that are not listed as liabilities on the Statement of Affairs. Those balances arise from transactions between the Company and persons not dealing with it at arm's length. Under s. 137(1) of the BIA, a claim arising from such a transaction is postponed until the claims of all other creditors have been satisfied unless the transaction is shown to be a proper transaction. The Proposal Trustee will apply that provision in its review of any such claim that is filed.

The Proposal

20. The material terms of the Proposal are summarized below. Creditors should read the Proposal in its entirety, which governs.

    a. **Creditors affected:** the Proposal is made to Starland in respect of its secured claim, to the Municipalities in respect of their Municipal Tax Claims, and to the ordinary unsecured creditors. It is not made to any other secured creditor. A creditor that asserts a lien on the Company's property, such as Big Guns or Harmonica Oil & Gas Ltd., may either file an unsecured claim, in which case it surrenders its security for the general benefit of the creditors, or, if its security is valid and enforceable, stand outside the Proposal and enforce against the property subject to its lien, being the improvements on the affected oil and gas properties. Suppliers of goods and services after the NOI Date are Unaffected Creditors and are paid in full in the ordinary course. The Company's environmental and asset retirement obligations are also unaffected.

    b. **Classes:** three classes vote on the Proposal — the Starland Class (Starland in respect of its secured claim of $698,585.63), the Preferred Class (the Municipalities in respect of their Municipal Tax Claims of approximately $1,603,122) and the Ordinary Unsecured Class.

c. **Starland secured claim**: 60 cents on the dollar, approximately $419,151, paid without interest by a promissory note in 120 monthly instalments from November 30, 2026 to October 31, 2036; Starland's special lien continues as security for the note only.

d. **Municipal Tax Claims**: 60 cents on the dollar, approximately $961,873 in aggregate, paid without interest by promissory notes on the same 120-month terms; the Municipal Tax Claims include the 2026 levies, which cannot be compromised without consent of the municipalities.

e. **Ordinary unsecured claims**: an estimated 30 cents on the dollar, paid from monthly contributions of $16,967.31 to the Proposal Trustee from November 30, 2026 to October 31, 2028 ($407,215 in total), distributed every six months after deduction of the Administrative Fees and Expenses and the Superintendent's levy. Surface lessors and the Crown's recovery claim under the Surface Rights Act in respect of the same compensation are treated as one claim at the same rate.

f. **Accelerated Payments**: the monthly payments on the Municipal Promissory Notes increase by $5,000 if the six-month average AECO-C price reaches $2.50/GJ and by a further $5,000 at $3.00/GJ.

g. **Total contribution**: $1,788,240, comprising the $407,215 of cash contributions and the two compromise amounts.

h. **Security for performance**: a deposit of $150,000 to be provided to the Proposal Trustee of which $50,000 was received initially to file the NOI and the balance of $100,000 has not yet been received. Management has advised that the balance of the deposit will be paid imminently.

i. **Administrative Fees and Expenses**: the Proposal Trustee's fees of $127,616.53 plus disbursements and GST, with legal fees, are paid in priority from the funds contributed.

j. **Disputed Assets**: the Net Revenues held in trust under the Injunction Order are not available to fund the Proposal unless and until the Disputed Assets Proceeding is resolved in the Company's favour.

k. **Non-application of ss. 91 to 101 of the BIA**: the Proposal provides that the preference and transfer-at-undervalue provisions of the BIA shall not apply and that neither the Proposal Trustee nor the creditors may avail themselves of them. The Proposal Trustee's opinion on this provision is set out later in this report.

l. **Monitoring**: the Proposal Trustee provides no monitoring or supervision other than receiving and distributing the monthly contributions and giving notice of default; the Municipal Promissory Notes are enforceable solely by their holders.

m. **Claims Bar Date**: April 7, 2027. Claims are valued as at the NOI Date.

21. A creditor who has not filed a proof of claim with the Proposal Trustee by 5:00 p.m. on April 7, 2027 (the Claims Bar Date) will not receive any payment under the Proposal and its claim against the Company will be extinguished. Landowners should note that the Proposal does not affect their right to apply to the Land and Property Rights Tribunal for payment of unpaid compensation under the Surface Rights Act.

22. Article 18.2 of the Proposal describes the dividend to ordinary unsecured creditors as an estimated 30 cents on the dollar, whereas the Comparative Analysis in Exhibit "A" computes it at 26.0% ($362,222 on claims of $1,392,667). Creditors should regard 26 cents, before the effect of any additional claims proven, as the correct estimate.

Estimated recoveries — the Proposal compared with a bankruptcy

23. The Company engaged Sayer Energy Advisors to opine on the market value of the Company's oil and natural gas interests. The Sayer Opinion, dated October 7, 2026 with an effective date of July 1, 2026, considered the production-basis and cash-flow-multiple methods customary in the industry, which would attribute $1.1 million to $3.6 million to the properties before liabilities, and concluded that because the AER's deemed abandonment and reclamation liabilities of $13.64 million (with a present value of $5.3 million to $6.9 million) substantially exceed those values, and because of the compressor fire and the oil offtake interruption, the properties have a nominal market value of $1.00. Sayer valued the Disputed Assets separately and these values are not disclosed as they are the subject of litigation. For the purposes of this report and the Proposal, the values do not materially impact the conclusions drawn herein.

24. The Comparative Analysis comparing a bankruptcy and the Proposal is attached as Appendix "A" and is summarized below.

Class	Claim	Proposal — estimated recovery	Bankruptcy — estimated recovery
Environmental and asset retirement obligation super-priority	$13,642,571	Not compromised; remain with the Company as licensee	Realizations absorbed by end-of-life obligations
Starland — secured	$698,586	$419,151 (60%) over 10 years, no interest	Nil
Municipalities — preferred	$1,603,122	$961,873 (60%) over 10 years, no interest	Nil
Ordinary unsecured	$1,392,667	$362,222 (26.0%) over 24 months	Nil

25. In a bankruptcy, the Company's end-of-life obligations would rank ahead of all creditors in the application of any realizations (the Redwater Decision), the Company's licences would be subject to the processes of the AER and the Orphan Well Association, and the Proposal Trustee's estimate is that no creditor other than the Orphan Well Association would receive a distribution. The dividend to ordinary unsecured creditors will vary with the claims ultimately proven: it would rise if Big Guns' lien is valid and that claim leaves the unsecured class, and it would fall if claims not listed on the Statement of Affairs are proven and admitted.

The Company's projected cash flow and the viability of the Proposal

26. The Projected Cash Flow covers the sixty months from November 1, 2026 and projects net operating cash flow of approximately $400,000 in each of the first two years rising to approximately $733,000 in year five, from which the Proposal payments of approximately $342,000 per year in years one and two and $138,000 per year thereafter are made. It assumes receipt of a $1,050,000 insurance recovery in November 2026, which funds the overhaul of the replacement compressor, surface lease arrears accrued since the NOI Date, winterization and well repairs; without that recovery the year-one cash flow is negative. The Projected Cash Flow shows a closing cash deficiency of approximately $10,700 at October 31, 2027.

27. The Proposal Trustee reported on the Projected Cash Flow under s. 50(6)(b) of the BIA when the Proposal was filed. For the purposes of this report the Proposal Trustee draws the following matters to the creditors' attention:

    a. the Projected Cash Flow treats municipal property taxes levied after 2026 and surface lease compensation falling due after December 2026 as obligations to be compromised and negotiated with the Municipalities and the landowners;

    b. the gas volume of approximately 2,925 mcf/d from November 2026 assumes restoration of compression to pre-fire rates by the overhauled replacement compressor;

    c. no natural gas hedge is assumed after October 31, 2026, and the price assumption rises from $1.95/GJ to $3.00/GJ over five years; the Accelerated Payments to the Municipalities are conditional on prices reaching $2.50/GJ and $3.00/GJ; and

    d. the insurance recovery, the restoration of gas processing and the continuity of oil offtake are assumptions upon which the projection depends and which are not within the Company's control.

28. In the Proposal Trustee's view, the Proposal's viability materially depends on the Company receiving the insurance recovery as projected, gas processing being restored, the ongoing municipal tax and surface lease obligations being compromised by agreement, and the Company's commodity price assumptions being realized.

Conduct of the Company before and during these proceedings

Transactions before the NOI Date

29. Section 101.1 of the BIA applies ss. 95 to 101 to a Division I proposal, with the date of the NOI treated as the date of bankruptcy, unless the proposal provides otherwise. Article 26 of the Proposal so provides. Because the Proposal Trustee is required by s. 50(10)(b) of the BIA to give its opinion on that provision, the Proposal Trustee has reviewed the Company's transactions over the twelve months before the NOI Date with arm's-length creditors and related parties.

30. The review identified transactions that may potentially come within the purview of ss. 95 to 101 of the BIA.

    a. Payments to trade creditors: In the three months before the NOI Date the Company paid approximately $186,000 to some thirty suppliers, principally field-services, compression, equipment-rental, and utility providers for invoices over 60 days old. The individual payments ranged from a few hundred dollars to $25,000. Under s. 95(1)(a) a payment of this kind is presumed to have been made with a view to giving the creditor a preference; however, the presumption may be rebutted and payments may have been to ensure continued services the Company required to keep its wells producing, which would not be preferential.

    b. Payments to related and non-arm's-length parties — approximately $235,000. In the twelve months before the NOI Date the Company made the following payments to persons who are, or may be, related to or not dealing at arm's length with it: approximately $120,000 paid in the two weeks before the NOI Date to two entities connected with the shareholders of the Parent Company; cash transfers of approximately $68,000 to the Parent Company; and payments of approximately $46,500 to entities connected with the Company's former Chief Executive Officer or with the Jake Parties. Under s. 95(1)(b) a payment to a person not at arm's length within twelve months that has the effect of giving that person a preference is void against a trustee in bankruptcy without proof of intent.

    c. Transfers at undervalue: The transactions relating to the Disputed Assets, described in the next section, took the Company's interests in three wells out of the Company for no cash consideration; the interests were subsequently transferred for aggregate consideration of approximately $342,500, none of which was received by the Company. Whether those transactions are effective is the subject of the dispute with the Jake Parties.

d. Payments of pre-NOI obligations after the NOI Date: As reported in the Second Report, the Company made the Pre-NOI Payments of $93,855 between April 1 and May 29, 2026, in most cases to secure continued supply from essential service providers, including a payment to HKLB, an entity affiliated with a director, of which USD $6,000 was subsequently refunded. The Proposal Trustee identified no further payments of pre-NOI obligations in its monitoring of the Company's receipts and disbursements since that time.

Category	**Period before the NOI Date**	**Indicative amount ($)**
Payments to arm's-length trade creditors on accounts more than 60 days old	3 months	186,000
Payments to related and non-arm's-length parties	12 months	235,000
Transfer at undervalue: Disputed Assets	5 years	1
Payments of pre-NOI obligations after the NOI Date	Post-NOI	93,855
Total		514,856

31. The amounts above are the gross amounts of the transactions identified. They are not estimates of what a trustee in bankruptcy would recover: each transaction would have to be investigated, the Company and the counterparties would be entitled to respond, and any recovery would be net of the cost of pursuing it.

32. The Proposal Trustee has not conducted a conclusive review of those transactions and has not formed a view that any of them are void against the Proposal Trustee or recoverable. It is not clear that the cost of investigating and pursuing them would be proportionate to, or justified by, the amounts involved, and the transactions may, on further review, prove to be bona fide. In any event, even if every one of them were recoverable in full by a trustee in bankruptcy, the recoveries would not change the Comparative Analysis and would not be sufficient to generate a distribution to any class of creditor after the Company's environmental end-of-life obligations.

Other matters of conduct

33. The Proposal Trustee reported in the Fourth and Fifth Reports that the fire at the Rumsey Facility on July 3, 2026 was not disclosed to it until August 4, 2026, and that Management thereafter undertook to report material events within twenty-four hours. In other respects, the Company has complied with the Orders of the Court in these proceedings and has, in the Proposal Trustee's view, acted in good faith and with due diligence in formulating the Proposal.

The Disputed Assets

34. The dispute between the Company and the Jake Parties over the Disputed Assets has been described in the Third, Fourth and Fifth Reports and in the Fourth Morales Affidavit, and is summarized here for creditors who have not followed these proceedings. The Jake Parties rely on four quitclaim documents (the **"Transfer Documents"**): a quitclaim dated September 20, 2024 by which the Company's then Chief Operating Officer purported to assign the Company's interests in the Disputed Assets to Prestige Worldwide Services Inc. for no monetary consideration; a quitclaim dated December 15, 2025 from that company to 2770860 Alberta Inc. (**"Fizzell Corp."**) for $1.00; a quitclaim dated February 1, 2026 of the 5-29 well from Fizzell Corp. to 267 Alberta for $132,250, signed on behalf of Fizzell Corp. by Mr. Hughes while he was the Company's Chief Executive Officer; and a quitclaim dated March 31, 2026 of the 6-34 and 2-11 wells from Fizzell Corp. to 267 Alberta for $210,250, seven days before the NOI Date. The Company received no consideration in any of those transactions, denies that the Transfer Documents are valid and remains the AER licensee of record and the registered holder of the Crown leases for the 6-34 and 2-11 wells.

35. The Jake Parties assert ownership of the Disputed Assets and allegedly took certain actions to assert control over the Disputed Assets. The Company obtained the Injunction Order to restrain any further actions by the Jake Parties and to allow the Company to operate the Disputed Assets and pay the net revenues to Debtor Counsel in trust pending determination of ownership. The parties are presently discussing whether the ownership dispute can be determined under the summary procedure in s. 81 of the BIA. If the transfers were effective, s. 96 of the BIA (transfers at undervalue) may also come into play, since the series of transactions took the Disputed Assets out of the Company for no consideration and the subsequent transfers were for amounts which, on the Company's evidence, were below market value.

36. For the purposes of the Proposal, creditors should note that the Net Revenues held in trust are not available to fund the Proposal unless the Company prevails and that the Company bears the abandonment and reclamation obligations for the wells as licensee whatever the outcome.

Opinion on Article 26 of the Proposal (sections 95 to 101 of the BIA)

37. Section 50(10)(b) of the BIA requires the Proposal Trustee to include in this report its opinion on the provision of the Proposal under which ss. 95 to 101 are not to apply. Article 26 excludes ss. 91 to 101 and provides that neither the Proposal Trustee nor the creditors may avail themselves of them.

38. A provision of this kind is common in Division I proposals under which the debtor's business continues and the proposal is funded from future operations, because it removes the uncertainty and cost of avoidance litigation for all parties, including the suppliers whose continued support the business requires. As set out above, the Proposal Trustee's review identified transactions with an aggregate indicative amount of approximately $514,856 that may be subject to further review. It is not certain what portion of that amount, if any, could be realizable after further investigation; the Proposal Trustee has not concluded that any of them is a preference or a transfer at undervalue as of the date of this report. Further, on the assumption that 100% of the transactions are recoverable, this would not impact the Comparative Analysis, which concludes no recoveries to creditors subordinate to the end-of-life environmental obligations of the Company.

39. The Proposal Trustee is of the opinion that Article 26 is reasonable in the circumstances. The Proposal therefore remains superior to a bankruptcy and is calculated to benefit the creditors, notwithstanding that Article 26 releases transactions which, on further investigation, might prove to be reviewable. If the Proposal is refused or annulled, the Company will be deemed bankrupt and ss. 95 to 101 would apply as if the Company became bankrupt.

Other matters

40. Secured claims. The Proposal Trustee has not yet obtained the opinion of its counsel on the validity of Starland's special lien or of the lien asserted by Big Guns. Those matters will be addressed in the claims process with the assistance of the Proposal Trustee's Counsel, and neither affects the vote of the Ordinary Unsecured Class.

41. Crown claims. The Statement of Affairs lists Canada Revenue Agency for GST of $3,379 and source deductions of $2,389, both of which were remitted on April 1, 2026. The Company has stated that it is not aware of any Certain Crown Claims (Article 13.2).

42. Related-party claims and voting. Claims of persons related to the Company are counted in the vote only if they are cast against the Proposal (s. 54(3) of the BIA). The Proposal Trustee will determine the status of each claim filed for voting purposes at the meeting.

43. Creditor support. As at the date of this report no creditor has indicated to the Proposal Trustee whether it supports or opposes the Proposal.

Conclusions and recommendation

44. The Proposal Trustee's conclusions are as follows:

    a. the Company is insolvent, with a deficiency on its own Statement of Affairs of approximately $7.65 million and liabilities of approximately $17.3 million including the AER deemed liability of $13.64 million; the principal causes are the Company's sensitivity to low gas prices, municipal tax and surface lease arrears, the 2025 drilling program overrun and its reliance on external capital;

    b. in a bankruptcy, no creditor other than the Orphan Well Association would receive a distribution;

    c. the Proposal offers Starland and the Municipalities 60 cents on the dollar over ten years without interest and ordinary unsecured creditors an estimated 26 cents on the dollar over two years, which is more than they would receive in a bankruptcy;

    d. the Proposal's viability materially depends on the insurance recovery, the restoration of gas processing, the compromise by agreement of the ongoing municipal tax and surface lease obligations, and commodity prices; and

    e. Article 26 of the Proposal is reasonable in the circumstances, for the reasons set out above.

45. The Proposal Trustee is of the opinion that the Proposal is advantageous to the creditors compared with the alternative of a bankruptcy and is calculated to benefit the general body of creditors, and recommends that creditors vote in favour of the Proposal, having regard to the matters set out in this report.

46. The Proposal Trustee reserves the right to supplement or amend this report as further information is received, and will report to the meeting of creditors on any material development.

Dated at Edmonton, Alberta, this 16th day of October, 2026.

G. CHAN & ASSOCIATES INC.
in its capacity as Proposal Trustee of
Endrum Energy Corp.
and not in its personal capacity

Per: Signer ID: ORRLRMQMTX.
Garrett Chan, CIRP, LIT
President

IN THE MATTER OF THE DIVISION I PROPOSAL OF
ENDRUM ENERGY CORP.

COMPARATIVE ANALYSIS

BANKRUPTCY - ORDINARY ADMINISTRATION	
Receipts:	
Asset realizations	$9,683,371.00
Total:	**$9,683,371.00**
Disbursements:	
Estimated Trustee Fees	$100,000.00
Success fee for sale and marketing agent	$136,425.71
Administrative charge - NOI professionals	$100,000.00
OR Fees	$179.92
GST	$16,821.29
Total:	**$353,426.92**
Amount Available for Distribution:	**$9,329,944.08**
Less Superintendent Levy:	$65,000.00
Amount Available to Creditors:	**$9,264,944.08**
Estimated Recovery by Class:	
1. Alberta Energy Regulator – environmental super-priority	
Estimated claim	$13,642,571.00
Estimated distribution	$9,264,944.08
Estimated return (%)	**67.9%**
Balance remaining	-
2. Starland County – secured claim	
Estimated claim	$698,585.63
Estimated distribution	-
Estimated return (%)	**0.0%**
Balance remaining	-
3. Municipalities – preferred claims	
Estimated claim	$1,603,122.02
Estimated distribution	-
Estimated return (%)	**0.0%**
Balance remaining	-
4. Ordinary unsecured creditors	
Estimated claim	$1,392,666.85
Estimated distribution	-
Estimated return (%)	**0.0%**
Estimated surplus after all classes	**-**

DIVISION I PROPOSAL	
Receipts:	
Proposal payments to Trustee	$407,215.44
Municipal Promissory Note – Starland County	$419,151.38
Municipal Promissory Notes – Municipalities	$961,873.21
Levy on Municipal Notes paid by Insolvent Person	$55,715.37
Deposit paid at NOI	$50,000.00
Deposit under proposal	$100,000.00
Total:	**$1,993,955.40**
Disbursements:	
Estimated Trustee Fees	$127,616.53
Legal fees	$52,667.11
OR Fees	$179.92
GST	$9,014.18
Total:	**$189,477.74**
Amount Available for Distribution:	**$1,804,477.66**
Less Superintendent Levy:	$61,231.43
Amount Available to Creditors:	**$1,743,246.22**
Estimated Recovery by Class:	
1. Alberta Energy Regulator – environmental super-priority	
Estimated claim	$13,642,571.00
Estimated distribution	Not compromised
Estimated return (%)	**n/a**
Balance remaining	$1,743,246.22
2. Starland County – secured claim	
Estimated claim	$698,585.63
Estimated distribution	$419,151.38
Estimated return (%)	**60.0%**
Balance remaining	$1,324,094.84
3. Municipalities – preferred claims	
Estimated claim	$1,603,122.02
Estimated distribution	$961,873.21
Estimated return (%)	**60.0%**
Balance remaining	$362,221.63
4. Ordinary unsecured creditors	
Estimated claim	$1,392,666.85
Estimated distribution	$362,221.63
Estimated return (%)	**26.0%**
Estimated surplus after all classes	**-**

Appendix “B” — Internal financial statements (unaudited)

Income statements for the fiscal years ended July 31

	FY2024	FY2025	FY2026
Sales revenue	1,616,349	2,285,305	2,256,572
Royalty expense	(79,134)	(127,528)	(81,300)
Interest and other revenue	242,578	463,541	394,622
Total revenue	1,779,793	2,621,318	2,569,894
Production expenses	1,217,749	2,680,977	1,635,422
General and administrative	436,687	444,640	2,253,730
Depreciation, depletion and amortization	4,666	5,766	—
Interest expense	—	1	—
Total expenses	1,659,102	3,131,384	3,889,152
Net income (loss)	120,691	(510,066)	(1,319,258)

Balance sheet as at July 31, 2026

	2026
Cash	162,058
Accounts receivable	64,627
Inventory	71,494
Prepaids and deposits	407,957
Total current assets	706,136
Property, plant and equipment	3,901,978
Other assets	422,426
Total assets	5,030,540
Accounts payable	2,898,468
GST payable	40,492
Income taxes (recoverable)	(24,827)
Short-term debt	639,850
Total liabilities	3,553,983
Share capital	221
Retained earnings	1,476,336
Total shareholders' equity	1,476,557
Total liabilities and shareholders' equity	5,030,540

Note: The statements were prepared by Management, have not been compiled, reviewed or audited by a chartered professional accountant, and do not record an asset retirement obligation. The balance sheets at July 31, 2024 and July 31, 2025 are not reproduced because the Company's year-end balance sheet reports for those years aggregate monthly balances and are unreliable.