

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

BETWEEN:

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

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF **ORIGINAL
TRADERS ENERGY LTD. and 2496750 ONTARIO INC.**

Applicants

**SUPPLEMENTARY MOTION RECORD OF THE APPLICANTS
(Returnable October 4, 2023)**

September 14, 2023

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Lawyers for the OTE Group

TO: THE SERVICE LIST

**ONTARIO
SUPERIOR COURT OF JUSTICE
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TRADERS ENERGY LTD. AND 2496750 ONTARIO INC.**

Applicants

**SERVICE LIST
(SEPTEMBER 14, 2023)**

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Applicants

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1.	Affidavit of J. Barnett sworn September 14, 2023	
	A.	Letter from Aird & Berlis LLP to Lenczner Slaght LLP dated September 13, 2023
	B.	Unaudited financial statements of certain of the OTE Group

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N :

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

**AFFIDAVIT OF JOAN BARNETT
(Sworn September 14, 2023)**

I, **Joan Barnett** of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY
AS FOLLOWS:**

1. I am a legal assistant with the law firm Aird & Berlis LLP, lawyers for the Applicants, and as such, I have knowledge of the matters to which I herein depose. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.
2. Attached as **Exhibit "A"** to this affidavit is a copy of the letter dated September 13, 2023 from Aird & Berlis LLP to Lenczner Slaght LLP regarding the Applicants' provision of unaudited financial statements (the "**Financial Disclosure Letter**").
3. Attached collectively as **Exhibit "B"** to this affidavit are copies of the unaudited financial statements provided by Aird & Berlis LLP to Lenczner Slaght LLP on September 13 and 14, 2023, in connection with the Financial Disclosure Letter.

SWORN remotely by Joan Barnett, before me at the City of Toronto in the Province of Ontario over video teleconference this 14th day of September, 2023 pursuant to O. Reg 431/20, Administering Oath or Declaration Remotely.



A Commissioner for taking Affidavits (*or as may be*)

SAMANTHA HANS (LSO#: 84737H)



JOAN BARNETT

This is Exhibit "A" referred to in the Affidavit of Joan Barnett sworn before me at Toronto, Ontario, this 14th day of September, 2023.

A handwritten signature in blue ink, appearing to read "Sumanta Kumar".

Commissioner for Taking Affidavits

September 13, 2023

BY EMAIL

Jonathan Chen
Lenczner Slaght LLP
130 Adelaide Street W
Suite 2600
Toronto ON M5H 3P5

Dear Counsel::

Re: In the Matter of the Compromise or Arrangement of Original Traders Energy Ltd. and 2496750 Ontario Inc. et al – Court File No. CV-23-00693758-00

I write further to your correspondence of September 6, 2023, responding to the correspondence from the Monitor's counsel dated August 30, 2023.

OTE Group is prepared to provide your clients with the further information they now have for pre-CCAA fiscal years 2019-2021, as requested in your correspondence of August 16, 2023.

As a result of the state of the records of the OTE Group after Mr. Page left his role as president in July of 2022, the only financial statements they have are:

- (a) Unaudited annual statements for OTE LP for the years ended December 31, 2019 and 2020, as referred to in the affidavit of Scott Hill filed in the Mareva proceedings. I attach these, although the then most recent 2020 statement was exhibited to that affidavit, and contained the 2019 comparative information; and
- (b) Two versions of what purport to be the unaudited financial statements of OTE LP for the year ended December 31, 2021, dated June 1, 2022, and apparently on the letterhead of the accounting firm of Pettinelli Mastroluisi LLP. I also attach these. While these statements are referred to in the affidavit, OTE group did not then have copies of them to exhibit. As noted in the affidavit, Pettinelli Mastroluisi LLP did not in fact create or issue those statements. It is the position of the OTE Group that they were created by or on behalf of your clients and provided to third parties when Mr. Page was still president.

I am advised that no annual statements for either partnership have been prepared for the year ended December 31, 2022.

The other information you requested is subject to the Monitor's view that it is confidential, and is, in any event, subject to the terms of the stay contained in the CCAA orders.

Yours truly,

AIRD & BERLIS LLP

A handwritten signature in dark ink, appearing to read 'mjh', followed by a long horizontal flourish and a period.

Martin J. Henderson
Partner

c: Monique Jilesen – *Lenczner Slaght LLP* - mjilesen@litigate.com

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This is Exhibit “B” referred to in the Affidavit of Joan Barnett sworn before me at Toronto, Ontario, this 14th day of September, 2023.

A handwritten signature in blue ink, appearing to read "Samantha Han".

Commissioner for Taking Affidavits

Original Traders Energy LP

Financial Statements

(Unaudited)

December 31, 2019



T 905 522 6555 F 905 522 6574 6th Floor, One James Street South Hamilton ON L8P 4R5

July 24, 2020

Independent Practitioner's Review Engagement Report

To the Partners of Original Traders Energy LP

We have reviewed the accompanying financial statements of Original Traders Energy LP that comprise the balance sheet as at December 31, 2019, and the statements of partners' surplus (deficit), operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Original Traders Energy LP as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Pettinelli Mastroianni LLP

**Chartered Accountants
Licensed Public Accountants**

Hamilton, Ontario

PETTINELLI MASTROLUISI LLP

CHARTERED ACCOUNTANTS

Original Traders Energy LP

Balance Sheet

(Unaudited)

	December 31	
	2019	2018
Assets		
Current assets		
Cash	\$ 2,381,428	\$ 3,404
Accounts receivable (Note 2)	3,247,062	1,790,991
Inventory (Note 3)	1,392,835	688,380
Prepaid expenses	12,624	39,407
	<u>7,033,949</u>	<u>2,522,182</u>
Promissory notes receivable (Note 4)	595,485	65,000
Mortgage receivable	-	175,300
Due from related limited partnership (Note 5)	287,655	363,184
Property, plant and equipment (Note 6)	<u>3,201,714</u>	<u>2,644,494</u>
	<u>\$ 11,118,803</u>	<u>\$ 5,770,160</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 7,633,204	\$ 3,687,471
Unearned revenue	13,014	-
	<u>7,646,218</u>	<u>3,687,471</u>
Promissory notes payable (Note 9)	268,304	1,157,700
Loan payable (Note 10)	<u>-</u>	<u>1,250,000</u>
	<u>7,914,522</u>	<u>6,095,171</u>
Partners' surplus (deficit)		
Partners' capital (deficit)	(427,478)	291,750
Undistributed surplus (deficit)	<u>3,631,759</u>	<u>(616,761)</u>
	<u>3,204,281</u>	<u>(325,011)</u>
	<u>\$ 11,118,803</u>	<u>\$ 5,770,160</u>

See accompanying notes to the financial statements.

APPROVED BY THE PARTNERS:

Partner

Partner

Original Traders Energy LP

Statement of Partners' Surplus (Deficit)

(Unaudited)

Year ended December 31, 2019

	Balance at beginning of the year	Contributions	Drawings	Adjustments	Share of net income	Balance at end of the year
Original Traders Energy Ltd.	\$ (515)	\$ -	\$ -	\$ -	\$ 3,631	\$ 3,116
Miles Hill	(84,348)	-	(7,243)	(45,184)	1,209,376	1,072,601
Scott Hill	(84,398)	-	(31,024)	(45,184)	1,209,376	1,048,770
2584861 Ontario Inc.	(107,078)	-	(96,250)	203,328	-	-
2658658 Ontario Inc.	<u>(48,672)</u>	<u>32,050</u>	<u>-</u>	<u>(112,960)</u>	<u>1,209,376</u>	<u>1,079,794</u>
	<u>\$ (325,011)</u>	<u>\$ 32,050</u>	<u>\$ (134,517)</u>	<u>\$ -</u>	<u>\$ 3,631,759</u>	<u>\$ 3,204,281</u>

See accompanying notes to the financial statements.

Original Traders Energy LP

Statement of Operations

(Unaudited)

	Year ended December 31	
	2019	2018
Sales	\$ 89,873,689	\$ 31,720,794
Cost of sales	<u>79,135,974</u>	<u>31,196,848</u>
Gross profit	10,737,715	523,946
Expenses		
Repairs and maintenance	2,269,226	13,357
Wages and benefits	1,954,575	545,140
Professional fees	1,168,600	106,940
Commissions	384,065	24,737
Insurance	308,110	82,003
Advertising and promotion	212,365	80,195
Amortization	200,076	82,445
Rent	161,868	30,300
Security	160,903	1,878
Travel and automotive	111,418	62,787
Interest and bank charges	83,979	16,745
Office and general	76,263	44,841
Computer expense	62,000	16,741
Meals and entertainment	49,024	6,806
Consulting fees	48,834	-
Telephone and utilities	42,277	11,090
Memberships	12,469	-
Training and seminars	8,528	2,512
Supplies	5,601	1,334
Equipment rental	4,957	5,967
Miscellaneous	<u>-</u>	<u>6,714</u>
	<u>7,325,138</u>	<u>1,142,532</u>
Income (loss) from operations	<u>3,412,577</u>	<u>(618,586)</u>
Other income		
Gain on foreign exchange	202,941	-
Interest income	13,467	1,825
Miscellaneous income	<u>2,774</u>	<u>-</u>
	<u>219,182</u>	<u>1,825</u>
Net income (loss) for the year	<u>\$ 3,631,759</u>	<u>\$ (616,761)</u>

See accompanying notes to the financial statements.

Original Traders Energy LP

Statement of Cash Flows

(Unaudited)

	Year ended December 31	
	2019	2018
Cash flows from (used in) operating activities		
Net income (loss) for the year	\$ 3,631,759	\$ (616,761)
Item not involving cash		
Amortization	<u>200,076</u>	<u>82,445</u>
	<u>3,831,835</u>	<u>(534,316)</u>
Net change in non-cash working capital balances relating to operations		
Increase in accounts receivable	(1,456,071)	(1,790,991)
Increase in inventory	(704,455)	(688,380)
Decrease (increase) in prepaid expenses	26,783	(39,407)
Increase in accounts payable and accrued liabilities	3,945,733	3,687,471
Increase in unearned revenue	<u>13,014</u>	<u>-</u>
	<u>1,825,004</u>	<u>1,168,693</u>
	<u>5,656,839</u>	<u>634,377</u>
Cash flows from (used in) investing activities		
Issuance of promissory notes receivable	(530,485)	(65,000)
Mortgage receivable issued	-	(400,000)
Mortgage payments received	175,300	224,700
Purchase of property, plant and equipment	<u>(757,296)</u>	<u>(2,726,939)</u>
	<u>(1,112,481)</u>	<u>(2,967,239)</u>
Cash flows from (used in) financing activities		
Advances to related limited partnership	-	(376,511)
Repayments from related limited partnership	75,529	13,327
Proceeds from promissory notes payable	-	1,157,700
Repayments of promissory notes payable	(889,396)	-
Repayment of loan payable	(1,250,000)	(250,000)
Proceeds from loan payable	-	1,500,000
Capital contributions (withdrawals)	<u>(102,467)</u>	<u>291,750</u>
	<u>(2,166,334)</u>	<u>2,336,266</u>
Net increase in cash during the year	2,378,024	3,404
Cash at beginning of the year	<u>3,404</u>	<u>-</u>
Cash at end of the year	<u>\$ 2,381,428</u>	<u>\$ 3,404</u>

See accompanying notes to the financial statements.

Original Traders Energy LP

Notes to Financial Statements

(Unaudited)

December 31, 2019

Nature of operations

Original Traders Energy LP (the "Partnership") was formed under the laws of the Province of Ontario by the Partnership Agreement dated July 2017 between Original Traders Energy Ltd., the General Partner, and the Limited Partners described therein. The Partnership was formed to directly perform fuel distribution in the Province of Ontario.

Basis of accounting

These financial statements pertain to the Partnership carried on under the name of Original Traders Energy LP and accordingly do not include the assets, liabilities, revenue and expenses of the individual partners. The financial statements do not contain any charges for salaries or interest paid to the limited partners and no provision has been made in the financial statements for the effect of personal income taxes on the net income for the period.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

Cash

Cash consists of cash on hand and balances held with financial institutions, net of outstanding cheques and deposits.

Inventory

Inventory, consisting of unleaded and diesel gasoline, is valued at the lower of cost and net realizable value. Cost is determined using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Property, plant and equipment

Property, plant and equipment are recorded at cost. The Partnership provides for amortization using the declining balance method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Buildings	4%
Equipment	20%
Office equipment	20%
Computer equipment	55%
Computer software	100%

Amortization of leasehold improvements is recorded on a straight-line basis over the remaining term of the lease plus the first renewal option.

Original Traders Energy LP

Notes to Financial Statements

(Unaudited)

December 31, 2019

1. Significant accounting policies, continued

Revenue recognition

Revenue is recognized when the product is shipped, the customer takes ownership and assumes the risk of loss, there is persuasive evidence that an arrangement exists, the sales price is fixed or determinable and collection is reasonably assured. Revenue is recorded net of any applicable discounts or other allowances.

Income taxes

No provision has been made for income taxes in these financial statements, as the income will be taxable to the corporate/individual partners.

Foreign exchange

Monetary assets and liabilities of the Partnership which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenues and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in the income (loss).

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Financial instruments

Measurement of financial instruments

The Partnership initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Partnership subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income (loss) in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable, promissory notes receivable, mortgage receivable and due from related limited partnership.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, promissory notes payable and loan payable.

The Partnership has not designated any financial asset or financial liability to be measured at fair value.

Original Traders Energy LP

Notes to Financial Statements

(Unaudited)

December 31, 2019

1. Significant accounting policies, continued

Financial instruments, continued

Impairment

For financial assets measured at cost or amortized cost, the Partnership determines whether there are indications of possible impairment. When there is an indication of impairment, and the Partnership determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income (loss). A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income (loss) for the year.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income (loss) in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income (loss) over the life of the instrument using the straight-line method.

2. Accounts receivable

	December 31	
	2019	2018
Accounts receivable - trade	\$ 2,555,280	\$ 979,407
HST receivable	680,298	75,398
Accounts receivable - CBSA	11,484	736,186
	<u>\$ 3,247,062</u>	<u>\$ 1,790,991</u>

3. Inventory

Inventory consists of unleaded and diesel gasoline. During the year, inventory totaling \$71,887,819 (2018 - \$30,327,499) was expensed through cost of sales.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2019

4. Promissory notes receivable

	December 31	
	2019	2018
Note receivable from Walpole	\$ 65,000	\$ 65,000
Note receivable from Gen7 Hiawatha	280,485	-
Note receivable from Gen7 Melbourne	<u>250,000</u>	<u>-</u>
	<u>\$ 595,485</u>	<u>\$ 65,000</u>

The promissory notes receivable are unsecured, non-interest bearing and are repaid in instalments consistent with the payments made for the purchase of motor fuel. Instalments are calculated by multiplying \$0.005 by the number of litres of motor fuel being purchased. All promissory notes receivable are due on, or before, October 1, 2021. If a promissory note has not been fully repaid by October 1, 2021 the remaining balance becomes due on demand.

5. Due from related limited partnership

	December 31	
	2019	2018
Due from Gen7 Fuel Management Services LP	<u>\$ 287,655</u>	<u>\$ 363,184</u>

All of the limited partners in the Partnership are also limited partners in Gen7 Fuel Management Services LP. The balance due from the related limited partnership is unsecured, non-interest bearing with no specific terms of repayment. Since the Partnership has indicated that it is not its intention to request payment of this amount during the next fiscal year, this amount has been classified as a non-current asset in the accompanying financial statements.

6. Property, plant and equipment

	December 31			
			2019	2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 3,171,149	\$ 151,255	\$ 3,019,894	\$ 2,514,953
Equipment	69,344	6,934	62,410	-
Office equipment	25,901	6,735	19,166	23,958
Leasehold improvements	92,495	3,562	88,933	24,375
Computer equipment	29,032	17,721	11,311	21,012
Computer software	<u>96,314</u>	<u>96,314</u>	<u>-</u>	<u>60,196</u>
	<u>\$ 3,484,235</u>	<u>\$ 282,521</u>	<u>\$ 3,201,714</u>	<u>\$ 2,644,494</u>

Original Traders Energy LP

Notes to Financial Statements

(Unaudited)

December 31, 2019

7. Line of credit

A line of credit has been authorized by the bank to a maximum of \$1,000,000 and bears interest at the Royal Bank of Canada's (RBC) prime lending rate plus 1.50%. A general security agreement covering all assets of the Partnership has been pledged as security. As at December 31, 2019, \$Nil (2018 - \$Nil) had been drawn on the line of credit.

8. Accounts payable and accrued liabilities

Government remittances consist of amounts (such as sales taxes, payroll taxes, health taxes and workers' safety insurance premiums) required to be paid to government authorities and are recognized when amounts become due. In respect of government remittances, \$4,428,283 (2018 - \$1,530,434) is included in accounts payable and accrued liabilities.

9. Promissory notes payable

	December 31	
	2019	2018
Note payable to Miles Hill, due February 2022	\$ 69,413	\$ 300,000
Note payable to Scott Hill, due February 2022	92,113	299,000
Note payable to 2584861 Ontario Inc., due February 2022	64,328	384,200
Note payable to 2658658 Ontario Inc., due February 2022	<u>42,450</u>	<u>174,500</u>
	<u>\$ 268,304</u>	<u>\$ 1,157,700</u>

The promissory notes payable all bear interest at 1.00% at the discretion of the lenders, are secured by a general security agreement and have no specific terms of repayment. Interest has been waived in the current year.

10. Loan payable

The loan payable is unsecured, non-interest bearing with no specific terms of repayment.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2019

11. Partnership units

	December 31	
	2019	2018
Miles Hill - 333,333 (2018 - 260,000)	\$ 33,333	\$ 26,000
Scott Hill - 333,333 (2018 - 260,000)	33,333	26,000
2658658 Ontario Inc. - 333,333 (2018 - 150,000)	33,333	15,000
2584861 Ontario Inc. - Nil (2018 - 330,000)	-	33,000
	<u>\$ 99,999</u>	<u>\$ 100,000</u>

The Partnership is authorized to issue an unlimited number of partnership units and each partnership unit is entitled to one vote.

During the year, the partnership units held by 2584861 Ontario Inc. were purchased by the three remaining limited partners for proceeds equal to the company's initial contribution. The units were purchased on a pro rata basis so the end result was the partnership being owned equally by the three remaining limited partners.

12. Related party transactions

The following transactions took place between the Partnership and Gen7 Fuel Management Services LP, a limited partnership under common control, during the year:

	2019	2018
Freight	<u>\$ 6,755,231</u>	<u>\$ 361,087</u>

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2019

13. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Foreign exchange risk

The Partnership is exposed to foreign exchange risk in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Partnership by a customer, or that an obligation in a foreign currency was made to the Partnership to a supplier, is different at the time of settlement than it was at the time that the obligation was determined. The Partnership reduces its exposure to foreign exchange risk by carefully monitoring exchange rates on obligations that are made to the Partnership. The Partnership did not have any hedges at the time that the financial statements were issued. The Partnership does not utilize financial instruments to manage its foreign exchange risk. The Partnership maintains adequate foreign currency balances in its bank provided by its customers that discharged their obligations to the Partnership in the related currency, to discharge its related foreign currency obligations.

Credit risk

The Partnership does have credit risk in accounts receivable of \$3,247,062 (2018 - \$1,790,991). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Partnership reduces its exposure to credit risk by performing credit valuations on a regular basis, granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Partnership maintains strict credit policies and limits in respect to counterparties. The Partnership also mitigates its credit risk by implementing weekly direct payments from their largest customers.

Concentration risk

The Partnership does have concentration risk. Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At December 31, 2019, receivables from three customers comprised approximately 55% (2018 - 59%) of the total outstanding receivables. The Partnership reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances.

Liquidity risk

The Partnership does have a liquidity risk in the accounts payable and accrued liabilities of \$7,633,204 (2018 - \$3,687,471). Liquidity risk is the risk that the Partnership cannot repay its obligations when they become due to its creditors. The Partnership reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2019

14. Subsequent events

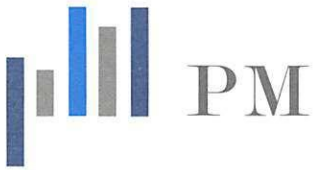
On March 11, 2020 the World Health Organization declared the outbreak of the coronavirus ("COVID-19"), a pandemic resulting in economic uncertainties potentially affecting the Partnership's cash flows, financial position and results of operations. It is not possible to reliably estimate the length or effect of these developments due to uncertainties including the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and actions that may be taken by government authorities to contain COVID-19 or to treat its impact.

Original Traders Energy Ltd.

Financial Statements

(Unaudited - See Notice to Reader)

December 31, 2019



T 905 522 6555 F 905 522 6574 6th Floor, One James Street South Hamilton ON L8P 4R5

August 4, 2020

Notice to Reader

On the basis of information provided by management, we have compiled the balance sheet of Original Traders Energy Ltd. as at December 31, 2019 and the statement of operations and deficit for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Pettinelli Mastroluisi LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Hamilton, Ontario

Original Traders Energy Ltd.

Balance Sheet

(Unaudited - See Notice to Reader)

	December 31	
	2019	2018
Assets		
Current asset		
Cash	\$ 100	\$ 100
Vehicle	33,781	-
Investment in partnership	<u>3,116</u>	<u>-</u>
	<u>\$ 36,997</u>	<u>\$ 100</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,499	\$ 1,500
Current portion of long-term debt	<u>6,350</u>	<u>-</u>
	7,849	1,500
Due to related party	13,226	-
Investment in partnership	-	515
Due to shareholder	100	100
Long-term debt	<u>24,331</u>	<u>-</u>
	<u>45,506</u>	<u>2,115</u>
Shareholder's deficiency		
Capital stock	100	100
Deficit	<u>(8,609)</u>	<u>(2,115)</u>
	<u>(8,509)</u>	<u>(2,015)</u>
	<u>\$ 36,997</u>	<u>\$ 100</u>

APPROVED BY THE BOARD:

_____ Director

Original Traders Energy Ltd.

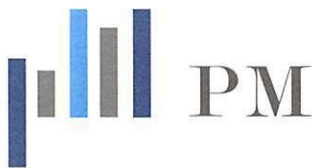
Statement of Operations and Deficit (Unaudited - See Notice to Reader)

	Year ended December 31	
	2019	2018
Share of income (loss) from partnership	\$ 3,631	\$ (615)
Expenses		
Amortization	5,961	-
Interest on long-term debt	2,130	-
Professional fees	<u>2,034</u>	<u>1,500</u>
	<u>10,125</u>	<u>1,500</u>
Loss for the year	(6,494)	(2,115)
Deficit at beginning of the year	<u>(2,115)</u>	<u>-</u>
Deficit at end of the year	<u>\$ (8,609)</u>	<u>\$ (2,115)</u>

Original Traders Energy LP

Financial Statements
(Unaudited)

December 31, 2020



T 905 522 6555 F 905 522 6574 6th Floor, One James Street South Hamilton ON L8P 4R5

June 11, 2021

Independent Practitioner's Review Engagement Report

To the Partners of Original Traders Energy LP

We have reviewed the accompanying financial statements of Original Traders Energy LP that comprise the balance sheet as at December 31, 2020, and the statements of partners' surplus, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Original Traders Energy LP as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

**Chartered Professional Accountants
Licensed Public Accountants**

Hamilton, Ontario

Original Traders Energy LP

Balance Sheet (Unaudited)

	December 31	
	2020	2019
Assets		
Current assets		
Cash	\$ 3,081,420	\$ 2,381,428
Accounts receivable (Note 2)	5,917,485	3,247,062
Inventory (Note 3)	2,322,433	1,392,835
Prepaid expenses	<u>377,912</u>	<u>12,624</u>
	11,699,250	7,033,949
Promissory notes receivable (Note 4)	1,907,682	595,485
Due from related limited partnership (Note 5)	300,769	287,655
Property, plant and equipment (Note 6)	<u>9,330,951</u>	<u>3,201,714</u>
	<u>\$ 23,238,652</u>	<u>\$ 11,118,803</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 12,320,147	\$ 7,633,204
Unearned revenue	37,112	13,014
Loan payable (Note 10)	<u>1,050,000</u>	<u>-</u>
	13,407,259	7,646,218
Promissory notes payable (Note 9)	<u>268,304</u>	<u>268,304</u>
	13,675,563	7,914,522
Partners' surplus		
Partners' capital (deficit)	3,204,281	(427,478)
Undistributed surplus	<u>6,358,808</u>	<u>3,631,759</u>
	<u>9,563,089</u>	<u>3,204,281</u>
	<u>\$ 23,238,652</u>	<u>\$ 11,118,803</u>

See accompanying notes to the financial statements.

APPROVED BY THE PARTNERS:

_____ Partner

_____ Partner

Original Traders Energy LP

Statement of Partners' Surplus (Unaudited) Year ended December 31, 2020

	Balance at beginning of the year	Share of net income	Balance at end of the year
Original Traders Energy Ltd.	\$ 3,116	\$ 6,359	\$ 9,475
Miles Hill	1,072,601	2,117,483	3,190,084
Scott Hill	1,048,770	2,117,483	3,166,253
2658658 Ontario Inc.	<u>1,079,794</u>	<u>2,117,483</u>	<u>3,197,277</u>
	<u>\$ 3,204,281</u>	<u>\$ 6,358,808</u>	<u>\$ 9,563,089</u>

See accompanying notes to the financial statements.

Original Traders Energy LP

Statement of Operations (Unaudited)

	Year ended December 31	
	2020	2019
Sales	\$ 94,144,524	\$ 89,873,689
Cost of sales	<u>76,387,239</u>	<u>79,135,974</u>
Gross profit	17,757,285	10,737,715
Expenses		
Wages and benefits	5,252,409	1,954,575
Professional fees	1,215,792	1,168,600
Consulting fees	1,188,841	48,834
Repairs and maintenance	1,152,211	2,269,226
Advertising and promotion	681,354	212,365
Insurance	613,805	308,110
Security	335,334	160,903
Travel and automotive	280,656	111,418
Amortization	277,984	200,076
Computer expense	207,398	62,000
Office and general	177,434	76,263
Interest and bank charges	80,260	83,979
Telephone and utilities	61,359	42,277
Rent	44,315	161,868
Meals and entertainment	41,752	49,024
Supplies	24,201	5,601
Equipment rental	9,640	4,957
Memberships	5,796	12,469
Training and seminars	5,571	8,528
Commissions	<u>-</u>	<u>384,065</u>
	<u>11,656,112</u>	<u>7,325,138</u>
Income from operations	<u>6,101,173</u>	<u>3,412,577</u>
Other income		
Gain on foreign exchange	233,894	202,941
Interest income	12,177	13,467
Government assistance (Note 12)	11,564	-
Miscellaneous income	<u>-</u>	<u>2,774</u>
	<u>257,635</u>	<u>219,182</u>
Net income for the year	<u>\$ 6,358,808</u>	<u>\$ 3,631,759</u>

See accompanying notes to the financial statements.

Original Traders Energy LP

Statement of Cash Flows (Unaudited)

	Year ended December 31	
	2020	2019
Cash flows from (used in) operating activities		
Net income for the year	\$ 6,358,808	\$ 3,631,759
Item not involving cash		
Amortization	<u>277,984</u>	<u>200,076</u>
	<u>6,636,792</u>	<u>3,831,835</u>
Net change in non-cash working capital balances relating to operations		
Increase in accounts receivable	(2,670,423)	(1,456,071)
Increase in inventory	(929,598)	(704,455)
Decrease (increase) in prepaid expenses	(365,288)	26,783
Increase in accounts payable and accrued liabilities	4,686,943	3,945,733
Increase in unearned revenue	<u>24,098</u>	<u>13,014</u>
	<u>745,732</u>	<u>1,825,004</u>
	<u>7,382,524</u>	<u>5,656,839</u>
Cash flows from (used in) investing activities		
Issuance of promissory notes receivable	(1,575,593)	(530,485)
Repayment of promissory notes receivable	263,396	-
Mortgage payments received	-	175,300
Purchase of property, plant and equipment	<u>(6,407,221)</u>	<u>(757,296)</u>
	<u>(7,719,418)</u>	<u>(1,112,481)</u>
Cash flows from (used in) financing activities		
Advances to related limited partnership	(13,114)	-
Repayments from related limited partnership	-	75,529
Repayments of promissory notes payable	-	(889,396)
Repayment of loan payable	(450,000)	(1,250,000)
Proceeds from loan payable	1,500,000	-
Capital contributions (withdrawals)	<u>-</u>	<u>(102,467)</u>
	<u>1,036,886</u>	<u>(2,166,334)</u>
Net increase in cash during the year	699,992	2,378,024
Cash at beginning of the year	<u>2,381,428</u>	<u>3,404</u>
Cash at end of the year	<u>\$ 3,081,420</u>	<u>\$ 2,381,428</u>

See accompanying notes to the financial statements.

Original Traders Energy LP

Notes to Financial Statements

(Unaudited)

December 31, 2020

Nature of operations

Original Traders Energy LP (the "Partnership") was formed under the laws of the Province of Ontario by the Partnership Agreement dated July 2017 between Original Traders Energy Ltd., the General Partner, and the Limited Partners described therein. The Partnership was formed to provide wholesale fuel distribution to First Nations communities.

Basis of accounting

These financial statements pertain to the Partnership carried on under the name of Original Traders Energy LP and accordingly do not include the assets, liabilities, revenue and expenses of the individual partners. These financial statements do not contain any charges for salaries or interest paid to the limited partners and no provision has been made in the financial statements for the effect of personal income taxes on the net income for the period.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

Cash

Cash consists of cash on hand and balances held with financial institutions, net of outstanding cheques and deposits.

Inventory

Inventory, consisting of unleaded and diesel gasoline, is valued at the lower of cost and net realizable value. Cost is determined using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Property, plant and equipment

Property, plant and equipment are recorded at cost. The Partnership provides for amortization using the declining balance method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Blending sites	4%
Equipment	20%
Office equipment	20%
Computer equipment	55%
Computer software	100%

Amortization of leasehold improvements is recorded on a straight-line basis over the remaining term of the lease plus the first renewal option.

Original Traders Energy LP

Notes to Financial Statements

(Unaudited)

December 31, 2020

1. Significant accounting policies, continued

Revenue recognition

Revenue is recognized when the product is shipped, the customer takes ownership and assumes the risk of loss, there is persuasive evidence that an arrangement exists, the sales price is fixed or determinable and collection is reasonably assured. Revenue is recorded net of any applicable discounts or other allowances. No HST is collected on revenue as all sales are made to exempt parties.

Income taxes

No provision has been made for income taxes in these financial statements, as the income will be taxable to the corporate/individual partners.

Government assistance

Government assistance provided for non-capital expenditures of the current period have been accounted for as other income. Government assistance provided for expenses of future periods is initially deferred and subsequently recognized to other income as eligible expenditures are incurred.

Foreign exchange

Monetary assets and liabilities of the Partnership which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenues and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in net income.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2020

1. Significant accounting policies, continued

Financial instruments

Measurement of financial instruments

The Partnership initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Partnership subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable, promissory notes receivable and due from related limited partnership.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, promissory notes payable and loan payable.

The Partnership has not designated any financial asset or financial liability to be measured at fair value.

Impairment

For financial assets measured at cost or amortized cost, the Partnership determines whether there are indications of possible impairment. When there is an indication of impairment, and the Partnership determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income for the year.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2020

2. Accounts receivable

	December 31	
	2020	2019
Accounts receivable - trade	\$ 3,871,033	\$ 2,555,280
HST receivable	2,046,452	680,298
Accounts receivable - CBSA	-	11,484
	<u>\$ 5,917,485</u>	<u>\$ 3,247,062</u>

3. Inventory

Inventory consists of unleaded and diesel gasoline. During the year, inventory totaling \$65,205,696 (2019 - \$71,770,062) was expensed through cost of sales.

4. Promissory notes receivable

	December 31	
	2020	2019
Note receivable from J. Maracle	\$ 583,418	\$ -
Note receivable from Walpole	345,051	65,000
Note receivable from Gen7 Hiawatha	293,460	280,485
Note receivable from Gen7 Quebec Expansion	260,753	-
Note receivable from Gen7 Melbourne	250,000	250,000
Note receivable from Gen7 Tyendinaga	<u>175,000</u>	<u>-</u>
	<u>\$ 1,907,682</u>	<u>\$ 595,485</u>

The promissory notes receivable are unsecured, non-interest bearing with no set terms of repayment. All promissory notes receivable are due on, or before, October 1, 2022. If a promissory note has not been fully repaid by October 1, 2022 the remaining balance becomes due on demand.

Original Traders Energy LP

Notes to Financial Statements

(Unaudited)

December 31, 2020

5. Due from related limited partnership

	December 31 2020	2019
Due from Gen7 Fuel Management Services LP	\$ 300,769	\$ 287,655

All of the limited partners in the Partnership are also limited partners in Gen7 Fuel Management Services LP. The balance due from the related limited partnership is unsecured, non-interest bearing with no specific terms of repayment. Since the Partnership has indicated that it is not its intention to request repayment of this amount during the next fiscal year, this amount has been classified as a non-current asset in the accompanying financial statements.

6. Property, plant and equipment

			December 31 2020	2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Blending sites	\$ 9,567,888	\$ 399,986	\$ 9,167,902	\$ 3,019,894
Equipment	69,344	19,416	49,928	62,410
Office equipment	30,418	11,020	19,398	19,166
Leasehold improvements	92,495	8,187	84,308	88,933
Computer equipment	34,997	25,582	9,415	11,311
Computer software	96,314	96,314	-	-
	<u>\$ 9,891,456</u>	<u>\$ 560,505</u>	<u>\$ 9,330,951</u>	<u>\$ 3,201,714</u>

7. Line of credit

A line of credit has been authorized by the bank to a maximum of \$1,000,000 and bears interest at the Royal Bank of Canada's (RBC) prime lending rate plus 1.50%. A general security agreement covering all assets of the Partnership has been pledged as security. As at December 31, 2020, \$Nil (2019 - \$Nil) had been drawn on the line of credit.

8. Accounts payable and accrued liabilities

Government remittances consist of amounts (such as sales taxes, payroll taxes, health taxes and workers' safety insurance premiums) required to be paid to government authorities and are recognized when amounts become due. In respect of government remittances, \$7,976,591 (2019 - \$3,811,959) is included in accounts payable and accrued liabilities.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2020

9. Promissory notes payable

	December 31	
	2020	2019
Note payable to Miles Hill, due February 2022	\$ 69,413	\$ 69,413
Note payable to Scott Hill, due February 2022	92,113	92,113
Note payable to 2584861 Ontario Inc., due February 2022	64,328	64,328
Note payable to 2658658 Ontario Inc., due February 2022	<u>42,450</u>	<u>42,450</u>
	<u>\$ 268,304</u>	<u>\$ 268,304</u>

The promissory notes payable all bear interest at 1.00% at the discretion of the lenders, are secured by a general security agreement and have no specific terms of repayment. Interest has been waived in the current year.

10. Loan payable

The loan payable is part of an ongoing agreement that commenced on July 1, 2020 and will conclude on June 30, 2023. Under the terms of the agreement, the lender will advance a maximum of \$1,500,000 per new blending site as the Partnership continues to expand and build new blending sites across Canada. Advances are unsecured, non-interest bearing and are repayable within one year of the initial advance in equal monthly instalments determined at the time of the advance.

11. Partnership units

	December 31	
	2020	2019
Miles Hill - 333,333	\$ 33,333	\$ 33,333
Scott Hill - 333,333	33,333	33,333
2658658 Ontario Inc. - 333,333	<u>33,333</u>	<u>33,333</u>
	<u>\$ 99,999</u>	<u>\$ 99,999</u>

The Partnership is authorized to issue an unlimited number of partnership units and each partnership unit is entitled to one vote.

Original Traders Energy LP

Notes to Financial Statements

(Unaudited)

December 31, 2020

12. Government assistance

As part of the Government of Canada's economic response plan to the COVID-19 pandemic, it was declared that companies and organizations would be eligible for the Canada Emergency Wage Subsidy ("CEWS"). This program provides a wage subsidy to eligible employers. Management determined that the Partnership was eligible for the CEWS based on the established criteria and applied to receive the subsidy. The CEWS claim periods were predefined by the Government of Canada and management determined that the Partnership was eligible for the subsidy in the amount of \$11,564 related to the claim periods covering March 15, 2020 to December 31, 2020. The entire subsidy relates to the current fiscal year and has been recorded as government assistance in the statement of operations. Management will continue to assess the Partnership's eligibility for the CEWS as long as the program is being offered by the Government of Canada.

The CEWS is subject to review by the Government of Canada and its related authorities. Any resulting adjustments or required repayments that may result from such a review will be reflected in the year of settlement.

13. Related party transactions

The following transactions took place between the Partnership and Gen7 Fuel Management Services LP, a limited partnership under common control, during the year:

	2020	2019
Freight	\$ 9,557,585	\$ 6,755,231

These transactions were in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2020

14. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Foreign exchange risk

The Partnership is exposed to foreign exchange risk in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Partnership by a customer, or that an obligation in a foreign currency was made to the Partnership to a supplier, is different at the time of settlement than it was at the time that the obligation was determined. The Partnership does not utilize financial instruments to manage its foreign exchange risk. The Partnership maintains adequate foreign currency balances in its bank provided by its customers that discharged their obligations to the Partnership in the related currency, to discharge its related foreign currency obligations.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Partnership realizes a portion of its sales and purchases in foreign currency. Consequently, some assets, liabilities, revenues and expenses are exposed to foreign exchange fluctuations.

As of December 31, 2020, United States denominated cash, accounts receivable and prepaid expenses of \$615,274, \$43,377 and \$240,855 (2019 - \$679,187, \$Nil and \$Nil) respectively were converted into Canadian dollars using the year-end exchange rate.

Credit risk

The Partnership does have credit risk in accounts receivable of \$5,917,485 (2019 - \$3,247,062). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Partnership reduces its exposure to credit risk by performing credit valuations on a regular basis, granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The Partnership maintains strict credit policies and limits in respect to counterparties. The Partnership also mitigates its credit risk by implementing weekly direct payments from their largest customers.

Concentration risk

The Partnership does have concentration risk. Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At December 31, 2020, receivables from three customers comprised approximately 37% (2019 - 55%) of the total outstanding receivables. The Partnership reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2020

14. Financial instruments, continued

Liquidity risk

The Partnership does have a liquidity risk in the accounts payable and accrued liabilities of \$12,320,147 (2019 - \$7,633,204). Liquidity risk is the risk that the Partnership cannot repay its obligations when they become due to its creditors. The Partnership reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due.

15. Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus ("COVID-19"), a pandemic resulting in economic uncertainties potentially affecting the Partnership's cash flows, financial position and results of operations. At this time, it is unknown the extent of the impact that the COVID-19 outbreak may have on the Partnership as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus and duration of the outbreak, forced closures or disruptions and quarantine/isolation measures that are currently, or may be put in place by government authorities to fight the virus. The Partnership continues to assess the impact COVID-19 will have on its business activities in the future, however, the extent of the effect of the COVID-19 pandemic remains uncertain.

Original Traders Energy LP

Financial Statements
(Unaudited)

December 31, 2021

June 31, 2022

Independent Practitioner's Review Engagement Report

To the Partners of Original Traders Energy LP

We have reviewed the accompanying financial statements of Original Traders Energy LP that comprise the balance sheet as at December 31, 2021, and the statements of partners' surplus, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Original Traders Energy LP as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.



Chartered Professional Accountants
Licensed Public Accountants

Hamilton, Ontario

Original Traders Energy LP

Balance Sheet

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash	1,495,097	3,081,420
Trade and other receivables	10,521,076	5,917,485
Government taxes receivable	16,456,002	-
Inventory	5,329,431	2,322,433
Prepaid expenses	436,672	377,912
	34,238,278	11,699,250
Property, plant and equipment	13,857,000	9,330,951
Advances to related parties	982,802	2,208,451
	49,078,080	23,238,652
Liabilities		
Current		
Trade and other payables	9,882,129	12,357,259
Long-term debt	5,183,625	1,318,304
	15,065,754	13,675,563
Partners' Capital	34,012,326	9,563,089
	49,078,080	23,238,652

See accompanying notes to the financial statements.

APPROVED BY THE PARTNERS:

_____ Partner

_____ Partner

Original Traders Energy LP

Statement of Partners' Surplus

(Unaudited)

Year ended December 31, 2020

	Balance at beginning of the year	Share of net income	Balance at end of the year
Original Traders Energy Ltd.	\$ 9,475	\$ 33,696	\$ 43,171
Miles Hill	3,190,084	11,345,933	14,536,017
Scott Hill	3,166,253	11,261,183	14,427,436
2658658 Ontario Inc.	3,197,277	11,371,514	14,568,791
	<u>\$ 9,563,089</u>	<u>\$ 34,012,326</u>	<u>\$ 43,575,415</u>

See accompanying notes to the financial statements.

Original Traders Energy LP
Statement of Earnings
For the year ended December 31, 2021

	2021	2020
Revenue		
Sales	285,868,117	94,144,524
Cost of sales	247,308,271	76,387,239
Gross margin	38,559,846	17,757,285
<i>Gross margin percentage</i>	13.5 %	18.9 %
Expenses		
Salaries, wages and benefits	5,655,858	5,252,409
Professional fees	2,970,844	2,404,633
General operating expenses	1,277,884	356,800
Advertising and promotion	909,249	723,106
Insurance	793,706	613,805
Repairs and maintenance	602,959	1,152,211
Amortization	577,375	277,984
Travel and related expenses	546,961	280,656
Bad debts	448,929	-
Office and general expenses	326,845	336,873
	14,110,610	11,398,477
Net income	24,449,236	6,358,808

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2021

Nature of operations

Original Traders Energy LP (the "Partnership") was formed under the laws of the Province of Ontario by the Partnership Agreement dated July 2017 between Original Traders Energy Ltd., the General Partner, and the Limited Partners described therein. The Partnership was formed to provide wholesale fuel distribution to First Nations communities.

Basis of accounting

These financial statements pertain to the Partnership carried on under the name of Original Traders Energy LP and accordingly do not include the assets, liabilities, revenue and expenses of the individual partners. These financial statements do not contain any charges for salaries or interest paid to the limited partners and no provision has been made in the financial statements for the effect of personal income taxes on the net income for the period.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

Cash

Cash consists of cash on hand and balances held with financial institutions, net of outstanding cheques and deposits.

Inventory

Inventory, consisting of unleaded and diesel gasoline, is valued at the lower of cost and net realizable value. Cost is determined using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Property, plant and equipment

Property, plant and equipment are recorded at cost. The Partnership provides for amortization using the declining balance method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Blending sites	4%
Equipment	20%
Office equipment	20%
Computer equipment	55%
Computer software	100%

Amortization of leasehold improvements is recorded on a straight-line basis over the remaining term of the lease plus the first renewal option.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2021

1. Significant accounting policies, continued

Revenue recognition

Revenue is recognized when the product is shipped, the customer takes ownership and assumes the risk of loss, there is persuasive evidence that an arrangement exists, the sales price is fixed or determinable and collection is reasonably assured. Revenue is recorded net of any applicable discounts or other allowances. No HST is collected on revenue as all sales are made to exempt parties.

Income taxes

No provision has been made for income taxes in these financial statements, as the income will be taxable to the corporate/individual partners.

Government assistance

Government assistance provided for non-capital expenditures of the current period have been accounted for as other income. Government assistance provided for expenses of future periods is initially deferred and subsequently recognized to other income as eligible expenditures are incurred.

Foreign exchange

Monetary assets and liabilities of the Partnership which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenues and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in net income.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2021

1. Significant accounting policies, continued

Financial instruments

Measurement of financial instruments

The Partnership initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Partnership subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable, promissory notes receivable and due from related limited partnership.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, promissory notes payable and loan payable.

The Partnership has not designated any financial asset or financial liability to be measured at fair value.

Impairment

For financial assets measured at cost or amortized cost, the Partnership determines whether there are indications of possible impairment. When there is an indication of impairment, and the Partnership determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income for the year.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2021

5. Due from related limited partnership

	December 3	
	2021	2020
Due from Gen7 Fuel Management Services LP	\$ 343,493	\$300,769

All of the limited partners in the Partnership are also limited partners in Gen7 Fuel Management Services LP. The balance due from the related limited partnership is unsecured, non-interest bearing with no specific terms of repayment. Since the Partnership has indicated that it is not its intention to request repayment of this amount during the next fiscal year, this amount has been classified as a non-current asset in the accompanying financial statements.

6. Line of credit

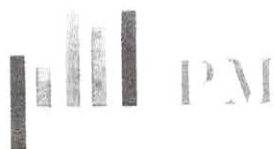
A line of credit has been authorized by the bank to a maximum of \$1,000,000 and bears interest at the Royal Bank of Canada's (RBC) prime lending rate plus 1.50%. A general security agreement covering all assets of the Partnership has been pledged as security. As at December 31, 2020, \$Nil (2019 - \$Nil) had been drawn on the line of credit.

2

Original Traders Energy LP

Financial Statements
(Unaudited)

December 31, 2021



June 01, 2022

Independent Practitioner's Review Engagement Report

To the Partners of Original Traders Energy LP

We have reviewed the accompanying financial statements of Original Traders Energy LP that comprise the balance sheet as at December 31, 2021, and the statements of partners' surplus, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Original Traders Energy LP as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Chartered Professional Accountants
Licensed Public Accountants

Hamilton, Ontario

Pittinelli Mastromarino LLP

Original Traders Energy LP
Balance Sheet

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash	1,495,097	3,081,420
Trade and other receivables	10,521,076	5,917,485
Government taxes receivable	16,456,002	-
Inventory	5,329,431	2,322,433
Prepaid expenses	436,672	377,912
	34,238,278	11,699,250
Property, plant and equipment	13,857,000	9,330,951
Advances to related parties	982,802	2,208,451
	49,078,080	23,238,652
Liabilities		
Current		
Trade and other payables	9,882,129	12,357,259
Long-term debt	5,183,625	1,318,304
	15,065,754	13,675,563
Partners' Capital	34,012,326	9,563,089
	49,078,080	23,238,652

See accompanying notes to the financial statements.

APPROVED BY THE PARTNERS:

_____ Partner

_____ Partner

Original Traders Energy LP

Statement of Partners' Surplus

(Unaudited)

Year ended December 31, 2020

	Balance at beginning of the year	Share of net income	Balance at end of the year
Original Traders Energy Ltd.	\$ 9,475	\$ 24,221	33,696
Miles Hill	3,190,084	8,155,849	11,345,933
Scott Hill	3,166,253	8,094,930	11,261,183
2658658 Ontario Inc.	<u>3,197,277</u>	<u>8,174,237</u>	<u>11,371,514</u>
	<u>\$ 9,563,089</u>	<u>\$ 16,354,388</u>	<u>\$ 34,012,326</u>

See accompanying notes to the financial statements.

Original Traders Energy LP
Statement of Earnings

For the year ended December 31, 2021

	2021	2020
Revenue		
Sales	285,868,117	94,144,524
Cost of sales	247,308,271	76,387,239
Gross margin	38,559,846	17,757,285
Gross margin percentage	13.5 %	18.9 %
Expenses		
Salaries, wages and benefits	5,655,858	5,252,409
Professional fees	2,970,844	2,404,633
General operating expenses	1,277,884	356,800
Advertising and promotion	909,249	723,106
Insurance	793,706	613,805
Repairs and maintenance	602,959	1,152,211
Amortization	577,375	277,984
Travel and related expenses	546,961	280,656
Bad debts	448,929	
Office and general expenses	326,845	336,873
	14,110,610	11,398,477
Net income	24,449,236	6,358,808

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2021

Nature of operations

Original Traders Energy LP (the "Partnership") was formed under the laws of the Province of Ontario by the Partnership Agreement dated July 2017 between Original Traders Energy Ltd., the General Partner, and the Limited Partners described therein. The Partnership was formed to provide wholesale fuel distribution to First Nations communities.

Basis of accounting

These financial statements pertain to the Partnership carried on under the name of Original Traders Energy LP and accordingly do not include the assets, liabilities, revenue and expenses of the individual partners. These financial statements do not contain any charges for salaries or interest paid to the limited partners and no provision has been made in the financial statements for the effect of personal income taxes on the net income for the period.

1. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

Cash

Cash consists of cash on hand and balances held with financial institutions, net of outstanding cheques and deposits.

Inventory

Inventory, consisting of unleaded and diesel gasoline, is valued at the lower of cost and net realizable value. Cost is determined using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Property, plant and equipment

Property, plant and equipment are recorded at cost. The Partnership provides for amortization using the declining balance method at rates designed to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization rates are as follows:

Blending sites	4%
Equipment	20%
Office equipment	20%
Computer equipment	55%
Computer software	100%

Amortization of leasehold improvements is recorded on a straight-line basis over the remaining term of the lease plus the first renewal option.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2021

1. Significant accounting policies, continued

Revenue recognition

Revenue is recognized when the product is shipped, the customer takes ownership and assumes the risk of loss, there is persuasive evidence that an arrangement exists, the sales price is fixed or determinable and collection is reasonably assured. Revenue is recorded net of any applicable discounts or other allowances. No HST is collected on revenue as all sales are made to exempt parties.

Income taxes

No provision has been made for income taxes in these financial statements, as the income will be taxable to the corporate/individual partners.

Government assistance

Government assistance provided for non-capital expenditures of the current period have been accounted for as other income. Government assistance provided for expenses of future periods is initially deferred and subsequently recognized to other income as eligible expenditures are incurred.

Foreign exchange

Monetary assets and liabilities of the Partnership which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenues and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in net income.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2021

1. Significant accounting policies, continued

Financial instruments

Measurement of financial instruments

The Partnership initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Partnership subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable, promissory notes receivable and due from related limited partnership.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, promissory notes payable and loan payable.

The Partnership has not designated any financial asset or financial liability to be measured at fair value.

Impairment

For financial assets measured at cost or amortized cost, the Partnership determines whether there are indications of possible impairment. When there is an indication of impairment, and the Partnership determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income for the year.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2021

2. Accounts receivable

	December 31	
	2021	2020
Accounts receivable - trade	\$ 9,473,220	3,871,033
HST receivable	16,456,022	2,046,452
	<u>\$ 25,929,222</u>	<u>5,917,485</u>

3. Inventory

Inventory consists of unleaded and diesel gasoline. During the year, inventory totaling \$65,205,696 (2019 - \$71,770,062) was expensed through cost of sales.

4. Promissory notes receivable

	December 31	
	2021	2020
Note receivable from J. Maracle	-	\$ 583,418
Note receivable from Walpole	264,451	345,051
Note receivable from Gen7 Hiawatha	448,929	293,460
Note receivable from Gen7 Quebec Expansion	-	260,753
Note receivable from Gen7 Melbourne	214,476	250,000
Note receivable from Gen7 Tyendinaga	120,000	175,000
	<u>\$ 1,047,856</u>	<u>\$ 1,907,682</u>

Original Traders Energy LP

Notes to Financial Statements (Unaudited)

December 31, 2021

5. Due from related limited partnership

	December 3	
	2021	2020
Due from Gen7 Fuel Management Services LP	\$ 343,493	\$300,769

All of the limited partners in the Partnership are also limited partners in Gen7 Fuel Management Services LP. The balance due from the related limited partnership is unsecured, non-interest bearing with no specific terms of repayment. Since the Partnership has indicated that it is not its intention to request repayment of this amount during the next fiscal year, this amount has been classified as a non-current asset in the accompanying financial statements.

6. Line of credit

A line of credit has been authorized by the bank to a maximum of \$1,000,000 and bears interest at the Royal Bank of Canada's (RBC) prime lending rate plus 1.50%. A general security agreement covering all assets of the Partnership has been pledged as security. As at December 31, 2020, \$Nil (2019 - \$Nil) had been drawn on the line of credit.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, C. C-36, AS AMENDED
AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF ORIGINAL TRADERS ENERGY LTD. AND 2496750 ONTARIO
INC.

Court File No. CV-23-00693758-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced at Toronto

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Lawyers for the OTE Group

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AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF ORIGINAL TRADERS ENERGY LTD. AND
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SUPPLEMENTARY MOTION RECORD OF THE
APPLICANTS
(Returnable October 4, 2023)

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