

COURT FILE NO.	2501-02606
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
MATTER	IN THE MATTER OF THE <i>COMPANIES'</i> <i>CREDITORS ARRANGEMENT ACT</i> , R.S.C. 1985, C. C-36, AS AMENDED AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF ROYAL HELIUM LTD., IMPERIAL HELIUM CORP., AND ROYAL HELIUM EXPLORATION LIMITED.
APPLICANTS	ROYAL HELIUM LTD., IMPERIAL HELIUM CORP., AND ROYAL HELIUM EXPLORATION LIMITED.
DOCUMENT	FURTHER SUPPLEMENTARY BENCH BRIEF OF THE APPLICANTS
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	RECONSTRUCT LLP 80 Richmond Street West Suite 1700 Toronto, ON M5H 2A4 Caitlin Fell / Sharon Kour E-mail: cfell@reconllp.com / skour@reconllp.com Tel: 416.613.8282 / 416.613.8283 Fax: 416.613.8290 Lawyers for the Applicants

TABLE OF CONTENTS

I.	INTRODUCTION	3
II.	STATEMENT OF FACTS	3
III.	ISSUES	4
IV.	LAW & ARGUMENT	5
A.	This Court Should Approve the New DIP Facility and DIP Lenders' Charge	5
V.	CONCLUSION	7
VI.	TABLE OF AUTHORITIES	8

I. INTRODUCTION

1. This further supplementary Bench Brief is submitted on behalf of Royal Helium Ltd., Royal Helium Exploration Limited, and Imperial Helium Corp. (each individually, an “**Applicant**”, and collectively, the “**Applicants**”), who seek the following further supplementary relief in this Application:

- (a) an order (the “**Initial Order**”) approving, among other things, the Applicants’ ability to borrow under a debtor-in-possession credit facility (the “**New DIP Facility**”) up to a maximum amount of \$2.5 million, subject to the terms of the interim financing term sheet dated February 19, 2025 (the “**DIP Term Sheet**”) between the Applicants as borrowers and CWB and BDC (together in such capacity, the “**DIP Lenders**”) in order to refinance the Original DIP Facility (as defined herein); and
- (b) such further and other relief as may be sought by the Applicants and granted by this Honourable Court.

II. STATEMENT OF FACTS

2. On February 10, 2025, the Applicants filed an application under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (the “**CCAA**”), seeking certain relief as set out in the proposed Initial Order. The commencement of a CCAA proceeding in the jurisdiction of Calgary, Alberta, is a term of a settlement between the Applicants and their key secured lenders, Canadian Western Bank (“**CWB**”) and the Business Development Bank of Canada (“**BDC**”, together with CWB the “**Lenders**”).¹

¹ Affidavit of David Young, Chief Executive Officer of each of the Applicants, sworn February 10, 2025, at para. 93 (the “**Young Affidavit**”).

3. Since the filing of the application, the Applicants have worked with the Monitor, CWB, and BDC to refinance the debtor-in-possession credit facility (the “**Original DIP Facility**”) approved pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) dated January 29, 2025 (the “**Consolidation Order**”) provided by Energy & Specialty Gases DIP, LLC as lender (the “**Original DIP Lender**”) by way of the New DIP Facility between the Applicants as borrowers and CWB and BDC as the new lenders (the “**New DIP Lenders**”).

4. The New DIP Facility will replace the Original DIP Facility and serve to finance the Applicants’ working capital requirements and other general corporate purposes and capital expenditures, up to the maximum principal amount of \$2.5 million unless permitted by further order of this Court and subject to the terms and conditions of the DIP Term Sheet which is appended as Appendix “E” to the pre-filing report dated February 18, 2025 (the “**Pre-Filing Report**”) of Alvarez & Marsal Canada Inc. (“**A&M**”) in its capacity as proposed monitor of the Applicants (in that capacity, the “**Proposed Monitor**”).

5. The Applicants’ application is supported by the Affidavit of David Young, Chief Executive Officer of each of the Applicants, sworn February 10, 2025 (the “**Young Affidavit**”), the Affidavit of David Young sworn February 14, 2025 (the “**Supplementary Young Affidavit**”), and the Pre-Filing Report of the proposed Monitor.

6. Capitalized terms not defined herein have the meanings given to them in the Young Affidavit and Supplementary Young Affidavit.

III. ISSUES

7. The supplementary issue to be determined by the Court on this Application is whether the Court should approve the New DIP Facility and DIP Lenders’ Charge.

IV. LAW & ARGUMENT

A. This Court Should Approve the New DIP Facility and DIP Lenders' Charge

8. Section 11.2 of the CCAA permits the Court to make an order declaring that all or part of the company's property is subject to a security or charge in an amount that the Court considers appropriate in favour of a lender who has agreed to lend to the company an amount approved by the Court having regard to the company's cash flow forecast.²

9. In considering whether to approve interim financing, the Court is required to consider the factors set out in Section 11.2(4) of the CCAA, namely:³

- (a) the period during which the company is expected to be subject to proceedings under this Act;
- (b) how the company's business and financial affairs are to be managed during the proceedings;
- (c) whether the company's management has the confidence of its major creditors;
- (d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;
- (e) the nature and value of the company's property;
- (f) whether any creditor would be materially prejudiced as a result of the security or charge; and
- (g) the monitor's report referred to in paragraph 23(1)(b), if any.

10. The prescribed factors have been met. The DIP Lenders' Charge will rank behind the Amended Administration Charge. The DIP Lenders are the Applicants' senior secured creditors

² *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("CCAA") [s. 11.2\(1\)](#).

³ *Ibid*, at [s. 11.2\(4\)](#).

and are supportive of the New DIP Facility and corresponding DIP Lenders' Charge. No creditor is materially prejudiced by the Charge. Moreover, the proposed Monitor does not believe the New DIP Facility to be unduly prejudicial to other creditors of the Applicants and supports the application for approval of the DIP Lender's Charge of \$2.5 million.⁴

11. The Applicants have been reliant on interim financing from the Original DIP Facility to fund their working capital needs to date.⁵ The Original DIP Facility was approved pursuant to the Consolidation Order for the very reason that the Applicants would not be able to pursue a restructuring without financing. In this case, it would be impossible for the Applicants to continue their restructuring proceeding under the CCAA and conduct the SISP, nor achieve the goals of a restructuring, without financing under the New DIP Facility.⁶

12. As held by the Court in *Lydian International Limited (Re)*, the New DIP Facility should be approved because it is necessary to enable the Applicants to implement their restructuring plan and it does not give rise to any material financial prejudice.⁷

13. The Monitor supports the Applicants' request for approval of the New DIP Facility and, as noted above, the corresponding DIP Lenders' Charge.⁸ As stated in the Pre-Filing Report, without the New DIP Facility, the Applicants would not be able to continue their restructuring activities and would likely be faced with an immediate liquidity crisis.⁹ The Monitor has reviewed the terms and values within the New DIP Facility and has deemed that they appear to be commercially reasonable in the circumstances. The Monitor is of the view that the interest rate and commitment

⁴ Pre-Filing Report at para. 51.

⁵ Pre-Filing Report at para. 47.

⁶ Pre-Filing Report at para. 51.

⁷ *Lydian International Limited (Re)*, 2020 ONSC 4006 at [para. 67](#).

⁸ Pre-Filing Report at para. 51.

⁹ Pre-Filing Report at para. 47.

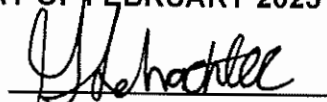
fees being charged are comparable to and within a reasonable range of DIP financing loans in other recent Canadian CCAA filings and are consistent with the current DIP Term Sheet.¹⁰

14. For the reasons set out herein, the Applicants submit that the New DIP Facility and DIP Lenders' Charge are reasonably necessary and appropriate in the circumstances.

V. CONCLUSION

15. Based on the foregoing, the Applicants respectfully request that the relief sought in the Initial Order be granted. All of the relief sought is necessary for the Applicants and for the benefit of its stakeholders.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 19TH DAY OF FEBRUARY 2025

A handwritten signature in black ink, appearing to read "Caitlin Fell" or "Sharon Kour", written over a horizontal line.

Reconstruct LLP
Caitlin Fell/ Sharon Kour
Counsel for the Applicants

¹⁰ Pre-Filing Report at para. 25.

VI. TABLE OF AUTHORITIES

STATUTES

1. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, sections 11.2(1), 11.2(4).

CASE LAW

1. *Lydian International Limited (Re)*, 2020 ONSC 4006