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COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ROYAL HELIUM LTD., IMPERIAL HELIUM CORP., AND ROYAL HELIUM EXPLORATION LIMITED

DOCUMENT **PRE-FILING REPORT OF THE PROPOSED MONITOR
ALVAREZ & MARSAL CANADA INC.**

February 18, 2025

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INTRODUCTION

1. On January 17, 2025, Royal Helium Ltd. (“**RHL**”), Royal Helium Exploration Limited (“**RHEL**”) and Imperial Helium Corp. (“**IHC**”) (collectively, the “**Companies**”, “**Company**” or “**Applicants**”) each filed Notices of Intention to Make a Proposal (“**NOI**”) pursuant to subsection 50.4(1) of the Bankruptcy and Insolvency Act, RSC 1985, c B-3, as amended (“**BIA**”). Doane Grant Thornton Limited (“**DGT**” or the “**Proposal Trustee**”) consented to act as Trustee under the NOIs. Copies of the Certificates of Filing issued by the Office of the Superintendent of Bankruptcy evidencing the NOI filings are collectively attached hereto as “**Appendix A**”.
2. The Companies have filed an application seeking relief under *the Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”). In particular, the Applicants are seeking an Order (the “**Proposed Initial Order**”), granting among other things, a continuation of their NOI proceedings (the “**NOI Proceedings**”) under the CCAA, a stay of proceedings up to and including April 2, 2025, and appointing Alvarez & Marsal Canada Inc. (“**A&M Inc.**” or the “**Proposed Monitor**”) as Monitor pursuant to the provisions of the CCAA (if appointed in such capacity, as “**Monitor**”).
3. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “**Ontario Superior Court**”) dated January 29, 2025 (the “**Consolidation Order**”): (i) an Administrative Charge was created; and (ii) a debtor in possession facility (“**DIP Facility**”) was approved up to the maximum principal amount of \$1,500,000 and a corresponding DIP Lenders’ Charge was created in favour of Energy & Specialty Gases DIP, LLC (“**DIP Lender**”) on the Property (as defined below).
4. The Applicants are now applying to this Honourable Court seeking the Proposed Initial Order, among other things:
 - a) declaring that the Applicants are companies to which the CCAA applies;

- b) authorizing the continuation of the NOI Proceedings under the CCAA (the “**CCAA Proceedings**”);
- c) appointing A&M Inc. as Monitor pursuant to section 11.7 of the CCAA;
- d) declaring that the relief granted under the Consolidation Order is taken up and continued pursuant to the Initial Order;
- e) continuing the charges created and amounts secured under the Consolidation Order, specifying that the Amended Administration Charge (as defined below) shall secure the fees and disbursements of the Monitor and its legal counsel, and confirming that such charges attach to all of the assets and property of the Applicants and continue to rank in priority to all other charges, mortgages, liens, security interests and other encumbrances therein, and in the following order of priority amongst themselves::
 - i. First – a charge (the “**Amended Administration Charge**”) in favor of the Monitor, its legal counsel and the Applicants’ counsel in respect of their fees and disbursements to a maximum amount of \$300,000.00; and
 - ii. Second – a charge in favor of the New DIP Lender up to the maximum principal amount of \$2,500,000.00 (“**DIP Lender’s Charge**”);
- f) authorizing the Applicants to pay the reasonable expenses incurred by the Applicants in carrying out their business in the ordinary course, including certain expenses incurred prior to the date of the Initial Order;
- g) authorizing the Applicants to pay all reasonable fees and disbursements of the Proposed Monitor, the Proposed Monitor’s legal counsel, and the Applicants’ legal counsel; and

- h) such further and other relief as may be sought by the Applicants and this Honourable Court may deem appropriate in order to continue the NOI Proceedings and the relief thereunder into the CCAA Proceedings; and
 - i) by way of separate order, approving the sales and investment and solicitation process (“SISP”) as discussed further within this Report.
- 5. If granted, the Initial Order, the related application materials, and all other documents filed in the CCAA Proceedings, will be posted on the Monitor’s website at: www.alvarezandmarsal.com/royalhelium .
- 6. Capitalized terms not defined in the Proposed Monitor’s pre-filing report (this “**Report**”) are as defined in the Proposed Initial Order, and/or the Affidavit of David Young sworn February 10, 2025 (the “**Feb. 10th Young Affidavit**”) and the Affidavit of David Young sworn February 14, 2025 (the “**Feb. 14th Young Affidavit**”).

PURPOSE

- 7. The purpose of this Report is for A&M Inc., in its capacity as the Proposed Monitor of the Applicants, to provide the following information to this Honourable Court:
 - a) qualifications of A&M Inc. to act as Monitor;
 - b) a brief background of the Applicants;
 - c) the Applicants’ consolidated cash flow projection for the 13-week period from February 1, 2025 to May 2, 2025;
 - d) the reasons for the Applicants’ application seeking:
 - i. approval of the New DIP Facility and associated term sheet under the CCAA;
 - ii. approval of the proposed SISP;

- iii. approval of the proposed charges;
 - iv. approval of the length of the Stay Period; and
 - v. the Proposed Monitor's overall recommendation in respect of the foregoing.
8. This Report should be read in conjunction with the Feb. 10th Young Affidavit and Feb. 14th Young Affidavit.

TERMS OF REFERENCE AND DISCLAIMER

9. In preparing this Report, A&M Inc., in its capacity as the Proposed Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Applicants and has held discussions with the Applicants' management and their respective counsel and directors (collectively, the "**Information**"). Except as otherwise described in this Report in respect of the Applicants' cash flow forecast:
- a) the Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook (the "**CPA Handbook**") and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
 - b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

10. Future oriented financial information referred to in this Report was prepared based on the Applicants' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections (even if the assumptions materialize), and the variations could be significant.
11. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.

BACKGROUND

Overview

12. RHL is a public company that trades on the Toronto Stock Exchange, Venture Exchange and holds 100% of the issued and outstanding capital of its two subsidiaries: RHEL and IHC. Since its inception, RHL has grown through a series of amalgamations, asset purchases and through exploration and drilling for new resources. A copy of the corporate organizational structure is included as **Appendix "B"**.
13. The Applicants are in the business of gas extraction and exploration. The Applicants are focused on the drilling and extracting of helium for purification and the exploration of potentially helium rich lands in Saskatchewan and Alberta (the "**Business**"). The Applicants control approximately 564,000 acres of lands through permits and leases across Saskatchewan and Alberta which are believed to have some of the largest prospective helium resources in the world. As such, these lands may have significant economic concentrations of helium trapped in the subsurface for extraction and purification.
14. The Applicants have three wells tied into their helium purification facility located in Steeveville, Alberta (the "**Steeveville Facility**"). The Applicants' legacy drillings, well logs, and other geologic data suggest significant additional resources may exist within the Applicants' leasehold lands.

15. At present, the Companies' operations have been halted and are not generating any production. There are two employees that remain, the CEO and the CFO. The Companies also utilize contractors to preserve and protect the Steveville Facility.

Cause of Insolvency

16. The Applicants are experiencing a liquidity crisis precipitated by the failed commissioning of the Steveville Facility. In 2023, under the prior management team, RHL through its subsidiary IHC, commissioned a state-of-the-art helium purification facility, which was later completed and brought over to its designated location in Steveville, Alberta. However, the Applicants encountered challenges commissioning the Steveville Facility, resulting in greater than anticipated labour costs and increased general and administrative expenses.
17. The Applicants have been further impacted by the theft of various pieces of equipment from the Steveville Facility. It is estimated that the theft resulted in millions of dollars of loss, and as a result the purification facility cannot be re-commissioned and operated in a cash flow positive manner until capital expenditures are made to replace the equipment and repair damage.

Summary of Assets and Liabilities

18. As summarized in the Feb. 10th Young Affidavit, as at September 30, 2024, the consolidated total net book value of the Companies' assets and liabilities are approximately \$87.6 million and \$40.1 million, respectively (with current assets and current liabilities being approximately \$2.4 million and \$15.3 million, respectively). Prior to the NOI Proceedings, the Companies had no available cash.
19. A copy of the most recent unaudited financial statements of RHL for the period ending September 30, 2024 is attached as Exhibit "I" to the Feb 10th Young Affidavit.

Material Secured Creditors

20. The Companies senior secured debt obligations are owed jointly to Canadian Western Bank (“CWB”) and Business Development Bank of Canada (“BDC”) (collectively, the “**Secured Lenders**”), which totalled \$19,347,419.30 as at January 1, 2025. The Secured Lenders’ loans rank *pari passu* to each other.

Material Unsecured Obligations of the Applicants

21. To assist with the financing of the construction of the Steeveville Facility, the Applicants received a \$3 million repayable contribution from Western Economic Diversification Canada under the Aerospace Regional Recovery Initiative pursuant to an agreement dated December 19, 2023 (as amended on February 7, 2024). The loan is unsecured, non-interest bearing with repayment commencing April 1, 2025, and repayable in 60 consecutive monthly installments of \$50,000.
22. On February 8, 2023, RHL announced the issuance of unsecured convertible debentures (the “**February Debentures**”) and issued 5,500 units limited to an aggregate principal amount of \$5,500,000. The February Debentures bear an interest at 14% per annum, mature on December 31, 2025, and are convertible at the holder’s option, into common shares at a fixed conversion price of \$0.26 per share. The amount outstanding under the February Debentures is \$4,220,000.
23. On June 12, 2023, RHL announced the issuance of unsecured convertible debentures (the “**June Debentures**”) and issued 7,300 units limited to an aggregate principal amount of \$7,300,000. The June Debentures bear an interest rate at 12% per annum, mature on June 30, 2025, and are convertible at the holder’s option, into common shares at a fixed conversion rate of \$0.37 per share. The amount outstanding under the June Debentures is \$4,800,000.

CONTINUATION OF THE NOI PROCEEDINGS UNDER THE CCAA

24. As previously mentioned, on January 17, 2025, the Companies filed three NOIs. DGT continues to act as the Proposal Trustee. Pursuant to s. 69(1) of the BIA, the Companies obtained an initial 30-day stay of proceedings.

25. On January 29, 2025, the Companies made an application to the Ontario Superior Court and were granted the Consolidation Order containing the following relief:

- a) procedurally consolidating the three individual NOI proceedings;
- b) extending the Stay of Proceedings by 45 days, pursuant to s. 50.4(9) of the BIA to April 2, 2025;
- c) authorizing the Companies to borrow under the DIP Facility up to a maximum principal amount of CAD\$1.5 million, subject to the terms of the DIP financing term sheet dated January 23, 2025 (the “**DIP Term Sheet**”) between the Companies and the DIP Lender;
- d) granting certain priority charges (collectively, the “**Charges**”) against the Companies’ assets, undertakings and properties ranking in priority to all other security interests, being:
 - i. the Administration Charge in the amount of \$300,000 as security for the payment of professional fees and disbursements of the Proposal Trustee, counsel to the Proposal Trustee, and counsel to the Companies; and
 - ii. the DIP Lender’s Charge in the principal amount of the DIP Facility plus interest, fees and costs as security for the Companies’ obligations pursuant to the DIP Term Sheet, which ranks subordinate to the Administration Charge.
- e) authorizing the Companies, upon written approval of the Proposal Trustee, to pay up to a maximum cumulative amount of \$250,000 owing to certain suppliers for arrears owing, described in further detail herein; and
- f) dispensing with the requirement for the Companies to make certain securities and regulatory filings and relieving the Companies, the Proposal Trustee, and their respective directors, officers, employees

and any other representatives from any personal liability resulting from the failure to make any securities or other regulatory filings.

26. Additionally, on January 29, 2025, the Ontario Superior Court ordered, pursuant to Section 187(7) of the BIA, that the Proposal Proceedings be transferred to the Court of King's Bench of Alberta.
27. The Companies are now seeking an order to continue the NOI Proceedings to under the CCAA to allow the Company to continue restructuring its affairs, which includes adopting the NOI Charges and other relief sought in the CCAA Proceedings.
28. The Proposed Monitor notes the following factors when considering the proposed conversion to CCAA Proceedings:
 - a) The Secured Lenders are supportive of the CCAA Proceedings;
 - b) CCAA Proceedings are internationally recognized and allow for easier cross-border collaboration of various insolvency proceedings, including recognition in a foreign proceeding (if required), should there be a transaction that requires cross-border recognition in the United States;
 - c) conversion to CCAA proceedings would allow for more flexibility and time for the Company to restructure its affairs, including carrying out the future contemplated SISP and the SISP Procedures; and
 - d) in contrast to the BIA, there are no deemed assignments in bankruptcy under the CCAA in the event a plan is not accepted by the Companies' creditors. As currently contemplated by the NOI Proceedings, the Companies must make a proposal to their creditors no later than six months after the filing the NOI. At present, it is not certain that the Applicants will be able to close a transaction with an interested party in that time period and as such the flexibility of a CCAA Proceeding is

preferable, optimal and in the best interests of the Companies and their stakeholders.

29. As such, the Proposed Monitor is of the respectful view that the conversion of the NOI Proceedings to the CCAA Proceedings is reasonable and appropriate in the circumstances.

A&M INC.'S QUALIFICATIONS TO ACT AS MONITOR

30. A&M Inc. is an affiliate of A&M ULC and Alvarez & Marsal Holdings, LLC, which is an independent international professional services firm, providing, among other things, bankruptcy, insolvency and restructuring services.
31. A&M Inc. held communications with the Secured Lenders prior to the Companies' consideration to convert the NOI proceedings to CCAA proceedings, and A&M Inc. personnel have read all publicly available information in the NOI Proceedings. Although not formally engaged by either the Secured Lenders or the Companies, A&M Inc. has worked closely with both the Companies and the Secured Lenders and respective legal counsel in the preparation of the CCAA Proceedings. As such, the Proposed Monitor is familiar with the business and operations of the Companies, their personnel, and the key issues and stakeholders in the CCAA Proceedings.
32. A&M Inc. is a licensed trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada) and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. Specifically, A&M Inc. is not, and has never been:
- a) a director, officer or employee of the Applicants;
 - b) related to the Debtors or to any director or officer of the Applicants;
 - c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of the Applicants;

- d) the trustee under a trust indenture issued by the Applicants or, to the best of its knowledge, any person related to the Applicants, or the holder of a power of attorney under an act constituting a hypothec within the meaning of the Civil Code of Quebec that is granted by the Applicants or, to the best of its knowledge, any person related to the Applicants; or
 - e) to the best of its knowledge, related to the trustee, or the holder of a power of attorney, referred to in paragraph 12(d), above.
33. Accordingly, A&M Inc. is of the view that the restrictions as to who may be appointed as a Monitor under section 11.7(2) of the CCAA do not preclude A&M Inc. from acting as Monitor for the Applicants.
34. The senior A&M Inc. professional personnel with carriage of this matter include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants (Chartered Accountants), Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees, and who have previously acted in CCAA matters of a similar nature in Canada.
35. A&M Inc. has consented to act as the Monitor in these proceedings should this Honourable Court grant the Proposed Initial Order.
36. The Proposed Monitor has retained Burnet, Duckworth & Palmer LLP (**“Proposed Monitor’s Counsel”**) to act as its proposed independent legal counsel in the CCAA proceedings.

CCAA CONSOLIDATED CASH FLOW FORECAST

37. For purposes of paragraph 10(2)(a) of the CCAA, the Applicants’ management (**“Management”**) have prepared a weekly consolidated cash flow forecast (the **“Consolidated Cash Flow Forecast”**) for the 13-week period from February 1, 2025 to May 2, 2025 (the **“Forecast Period”**), using the probable and hypothetical assumptions set out in the notes to the Consolidated Cash Flow Forecast. A copy

of the Consolidated Cash Flow Forecast, together with a summary of the assumptions and Management's representation letter are attached hereto as **Appendix "C"** and **"D"**, respectively.

38. The Companies do not have sufficient funds to operate in the immediate term, unless this Honourable Court grants an order approving the New DIP Facility (as discussed further below), which has been reflected in the Consolidated Cash Flow Forecast.
39. The Consolidated Cash Flow Forecast is summarized below:

**Royal Helium Ltd., Imperial Helium Corp, and Royal Helium
Exploration Limited (Collectively, the "Company")**

Management Prepared 13-Week Cash Flow Forecast

For the period from February 1, 2025 to May 2, 2025

\$CAD, thousands, unaudited

	13 Week Total
Receipts	
Accounts Receivable	-
Sales	-
Retainer Receipt	50
DIP Cash Advance	1,850
Total Receipts	1,900
Operating Disbursements	
Payroll and Contractors	253
Plant Security	36
Insurance	72
Rent, Office, IT, and Other Miscellaneous	72
Lease Payments	170
Contingency	60
Total Operating Disbursements	663
Net Cash Flow from Operations	1,237
Non-Operating Disbursements	
<u>Professional Fees</u>	
<i>Companies Counsel's Fees</i>	359
<i>DIP Counsel Fees</i>	256
<i>Proposal Trustee Fees</i>	33
<i>Proposal Trustee Counsel Fees</i>	35
<i>Monitor's Fees</i>	400
<i>Monitor's Counsel's Fees</i>	175
<i>Company Counsel Retainer and Monitor Retainer</i>	50
Total Non-Operating Disbursements	1,307
Net Cash Flow	(70)
Opening Cash	196
Net Cash Flow	(70)
Ending Cash	126
Opening Interim Financing Balance	-
Advances	1,850
Repayments	-
Closing Interim Financing Balance	1,850

40. A summary of the Consolidated Cash Flow Forecast and select assumptions underlying same are as follows:

- a) total projected cash receipts of approximately \$1.9 million;
- b) total operating cash disbursements forecast of approximately \$663,000 and non-operating cash disbursements of approximately \$1.3 million, resulting in a net decrease in cash of approximately \$70,000 during the Forecast Period; and
- c) the DIP financing that is being requested by the Applicants for the immediate term up to the end of the Forecast Period is \$1.85 million.

41. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standards of Professional Practice No. 9, the Proposed Monitor hereby reports as follows:

- a) the Consolidated Cash Flow Forecast has been prepared by Management for the purpose described in the notes to the Consolidated Cash Flow Forecast, using probable and hypothetical assumptions as set out in the notes;
- b) the Proposed Monitor's review of the Consolidated Cash Flow Forecast consisted of inquiries, analytical procedures, and discussion related to information supplied to it by Management. Since hypothetical assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purposes of the Consolidated Cash Flow Forecast. The Proposed Monitor also reviewed the support provided by Management for the probable assumptions and the preparation and presentation of the Consolidated Cash Flow Forecast;

- c) based on the Proposed Monitor's preliminary review of the Consolidated Cash Flow Forecast, nothing has come to its attention that causes A&M Inc. to believe that, in all material respects:
 - i. the hypothetical assumptions are not consistent with the purpose of the Consolidated Cash Flow Forecast;
 - ii. as at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Consolidated Cash Flow Forecast, given the hypothetical assumptions; or
 - iii. the Consolidated Cash Flow Forecast does not reflect the probable and hypothetical assumptions; and
- d) since the Consolidated Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, A&M Inc. does not express any assurance as to whether the Consolidated Cash Flow Forecast will be accurate. A&M Inc. does not express any opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by us in preparing this Report.

42. The Consolidated Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

DEBTOR IN POSSESSION FINANCING

43. In order to provide the required liquidity needed to fund the operations of the Applicants during the CCAA Proceedings, the Applicants are seeking the approval of a new DIP facility in the form of a non-revolving debtor in possession financing facility (the "**New DIP Facility**") to replace the existing DIP facility. The Proposed

Initial Order provides for the expansion of the DIP Lender's Charge to secure advances made under the New DIP Facility to match the initial maximum allowable borrowing under the New DIP Facility, plus interest and recoverable costs incurred.

44. The proposed New DIP Facility is to be provided by CWB and BDC, jointly, (the “**New DIP Lender**”), and is subject to Court approval of the term sheet between the Applicants and the DIP Lender dated February 19, 2025 (the “**Term Sheet**”). The intent of the New DIP Facility is to replace and repay the existing DIP Facility, replace the existing DIP Lender with the New DIP Lender, and ultimately provide additional financing to fund the CCAA Proceedings.
45. A copy of the New DIP Facility (Term Sheet) is attached as **Appendix “E”** to this Report. The material terms of the proposed Term Sheet provide:
 - a) Amount of the New DIP Facility being up to a maximum of CAD\$2.5 million (an increase of \$1 million from the existing DIP Facility);
 - b) The New DIP Facility shall be disbursed based on the funding needs of the Borrowers in accordance with the Cash Flow Projections;
 - c) The term of the New DIP Facility commences on the date of issuance of the DIP Order (as defined in the Term Sheet) and ends on the earliest of:
 - i. the effective date of any Proposal under the Restructuring Proceedings;
 - ii. the closing of a purchase and sale of substantially all of the Property or shares of the Borrowers;
 - iii. the refinancing of the DIP Facility upon the written consent of the DIP Lenders and the Borrowers.
 - iv. the termination or conversion of the Restructuring Proceedings;
 - v. payment in full of the obligations under the DIP Facility; or

vi. the occurrence of an Event of Default (as therein defined).

d) Interest is payable monthly, at a rate of 10% per annum, with a commitment fee of 1.5%.

46. Advances under the New DIP Facility will be administered using the Applicants' cash management system, as outlined in the Feb. 10th Young Affidavit.
47. Without the DIP Facility and/or the New DIP Facility, the Applicants would not be able to continue with their restructuring activities and would likely be faced with an immediate liquidity crisis and an immediate liquidation of their assets. Based on the information available at this time, the Proposed Monitor estimates that this would likely result in significantly lower recoveries than those obtained through the proposed CCAA proceedings.
48. The Proposed Monitor has reviewed the terms and values within the New DIP Facility and they appear to be commercially reasonable in the circumstances. The Proposed Monitor is of the view that the interest rate and commitment 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 as approved by the Ontario Supreme Court.
49. Pursuant to section 11.2(4) of the CCAA, the Proposed Monitor has reviewed the proposed Term Sheet and has considered the following factors: a) the period during which the Applicants are expected to be subject to the proceedings under the CCAA; b) how the Applicants' business and financial affairs are to be managed during the proceedings; c) whether management has the confidence of its major creditor(s) impacted under these proceedings; d) whether the New DIP Facility would enhance the prospects of a viable proposal being made in respect of the Applicants; and e) the nature and value of the Applicants' property.
50. The Proposed Monitor is further of the view that the New DIP Facility is warranted, as without it, it would be impossible for the Applicants to continue in the CCAA Proceedings. Further, in any probable realization strategy, a receiver, trustee or

other administrator or manager would likely recommend to expend a similar amount of funds in order to preserve and market the Applicants and/or their assets.

51. Accordingly, given the benefits that the New DIP Facility will provide and the purpose for which the New DIP Facility will be utilized in the Consolidated Cash Flow Forecast, the Proposed Monitor does not believe the New DIP Facility to be unduly prejudicial to other creditors of the Applicants and the Proposed Monitor supports the application for approval of the DIP Lender's Charge of \$2.5 million. The Proposed Monitor does note that approximately \$1.9 million is needed to cover the estimated cash needs of the Applicants up to May 2, 2025. The Proposed Monitor believes that the New DIP Facility will enhance the Applicants' ability to restructure under the CCAA.

SALES AND INVESTMENT SOLICITATION PROCESS

Overview

52. The Companies have determined that it is in the best interests of their creditors and other stakeholders for the Companies to undertake a restructuring process. The SISP is the central component of the restructuring process. The Proposed Monitor, in consultation with management of the Companies, will market the Business pursuant to a robust SISP which is designed to ensure that a wide range of parties are canvased that will enable the Companies to receive the best possible offer to maximize the value of their estates for the benefit of all stakeholders.
53. Both the Proposed Monitor and the Companies believe that the SISP provides for the greatest flexibility in soliciting and selecting bids from interested parties for the sale of or investment in the business or assets of the Companies, or for a refinancing, reorganization, recapitalization, restructuring or other business transaction involving the Companies, or some combination thereof, and will provide the greatest opportunity for the Companies to complete a restructuring of their operational and financial affairs.

54. The Secured Lenders support the proposed SISP, provided that this Honourable Court approves the proposed New DIP Facility and the DIP Lender Charge.

Summary of the SISP

55. A copy of the SISP is attached as **Appendix “F”**. The Proposed Monitor has summarized certain key points of the SISP below. All Potential Bidders (defined below) are advised to review the SISP document in detail.
56. The SISP is intended to solicit interest in and opportunities for a sale of all or part of the Company’s Property and Business (the “**Opportunity**”). The Opportunity may include one or more of a sale of all, substantially all or one or more components of the Company’s Property and Business as a going concern or otherwise and/or the restructuring, recapitalization or refinancing of the Business.
57. Except to the extent otherwise set forth in a definitive sale or investment agreement with a Successful Bidder (as defined below), any sale of the Property or investment in the Business will be on an “*as is, where is*” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Companies, the Secured Lenders or any of their respective agents, advisors or estates. In the event of a sale, all of the right, title and interest of the Companies in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon, except as otherwise agreed or provided for by Court order.
58. The key components of the SISP are as follows (with capitalized terms used but not defined below intended to bear their respective meanings as defined in the SISP):
- a) the Monitor shall cause a notice of the SISP to be published in the Globe & Mail (National Edition) and any other relevant paper or online industry at the discretion of the Monitor;
 - b) the Company and the Monitor will prepare a list of potential bidders, including: (i) parties that have approached the Company or the Monitor

indicating an interest in the Opportunity prior to the date of the SISP Approval Order; and (ii) local, national, and international financial and strategic parties who the Company and the Monitor believe may have an interest in submitting a Bid for the Property and/or the Business, in each case whether or not such party has submitted a letter of intent or similar document;

- c) the Company, with the review and final approval of the Monitor, will prepare and distribute: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the contemplated process under the SISP and inviting recipients of the Teaser Letter to express their interest; and (ii) a non-disclosure agreement in form and substance satisfactory to the Monitor and the Company and their respective counsel, which shall enure to the benefit of any purchaser of the Business or Property or any part thereof (an “**NDA**”);
- d) Any party who wishes to participate in the SISP (each, a “**Potential Bidder**”) must deliver to the Monitor and counsel to the Company, an executed NDA, a letter setting forth the required information as laid out in the SISP and a form of financial disclosure and credit quality support that enables the Companies and the Monitor to understand the Potential Bidder’s ability to consummate a potential transaction;
- e) If the Monitor, in consultation with the Company and the Secured Lenders, determine that a Potential Bidder has satisfied the requirements as noted above and within the SISP procedure document, then the Potential Bidder will be deemed to be a “**Qualified Bidder**”. For greater certainty, no Potential Bidder or other party shall be deemed to be a Qualified Bidder without the approval of the Monitor, in consultation with the Company and the Secured Lenders;

- f) All Qualified Bidders will be granted access to a virtual data room containing pertinent and confidential information with respect to the Companies (“**VDR**”);
- g) The Monitor and the Company, shall, subject to competitive and other business considerations, afford each Qualified Bidder such access to available due diligence materials and information relating to the Property and Business as the Monitor, in consultation with the Company, may deem appropriate. Due diligence access may include management presentations, access to the VDR, on-site inspections, and other matters which a Qualified Bidder may reasonably request and as to which the Monitor, in its reasonable judgment and in consultation with the Company, may agree. Any access or interactions with the Company’s management and personnel shall be coordinated through, and involve a representative of, the Monitor;
- h) Any Qualified Bidder that wishes to make a formal offer to: (a) acquire all or substantially all of the Property or Business, whether through an asset purchase, a share purchase or a combination thereof (either one, a “**Sale Proposal**”); or (b) a portion of the Property or the Business (a “**Partial Sale Proposal**”); or (c) the restructuring, recapitalization or refinancing of the Business (a “**Investment Proposal**”) must submit a non-binding offer (a “**Non-Binding Offer**”) in the form of a Letter of Intent disclosing all material terms of the Non-Binding Offer, including, without limitation the source of financing or funding for the proposed transaction by no later than 5:00 p.m. (Mountain Time) on March 28, 2025 (the “**Phase I Bid Deadline**”). All Non-Binding Offers are to be submitted to the Monitor and copied to the Company;
- i) Following the Phase 1 Bid Deadline, any Qualified Bidder that wishes to make a formal binding offer for a Sale Proposal, Partial Sale Proposal or Investment Proposal must submit a binding offer (a

“Binding Offer”): (i) in the case of a Sale Proposal or a Partial Sale Proposal, in the form of a purchase agreement, or (ii) in the case of a Financing Proposal, in the form of a financing agreement, both in form and substance satisfactory to the Monitor, in consultation with the Company and the Secured Lenders, in each case, to the Monitor with copy to the Company, no later than 5:00 p.m. (Mountain Time) on April 18, 2025 (the **“Binding Offer Deadline”**);

- j) A Binding Offer submitted by a Qualified Bidder will be considered if it follows the requirements as laid out within paragraph 31 of the SISP Procedures Document;
- k) The Monitor and the Company, in consultation with the Secured Lenders, will review and evaluate each Binding Offer and identify (A) the highest or otherwise best bid (the **“Successful Bid”**); and (B) the next highest and otherwise second best Binding Offer (the **“Back-Up Bid”**);
- l) If the Monitor, in consultation with the Company and the Secured Lenders, determines that more than one Binding Offer should be considered, the Monitor may, in consultation with the Company and the Secured Lenders, without being obligated to do so, conduct an auction (the **“Auction”**) to select the highest and/or best Binding Offer in accordance with the procedures set out in paragraph 41 within the SISP Procedures Document;
- m) A Successful Bid and a Back-Up Bid, if any, will be selected by no later than 5:00 p.m. (Mountain Time) on April 23, 2025 (or such later date immediately thereafter if the Auction is conducted and not completed in one day);
- n) The Company will apply to the Court (the **“Approval Motion”**) for one or more orders: (i) approving the Successful Bid(s) and authorizing the

taking of such steps and actions and completing such transactions as are set out therein or required thereby (such order shall also approve the Back-Up Bid(s), if any, should the Successful Bid(s) not close for any reason); and (ii) granting a vesting order(s) to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets and/or shares in the name of the applicable Successful Bidder(s) (collectively, the “**Approval Order(s)**”). The Approval Motion will be held on a date to be scheduled by the Company, in consultation with the Monitor and the Secured Lenders; and

- o) the Companies and the Successful Bidder shall take all reasonable steps to complete the transaction contemplated by the Successful Bid as soon as possible after the Successful Bid is approved by the Court.

59. A summary of the timelines included in the proposed SISP are outlined in the chart as follows:

Milestone	Deadline
Commence solicitation of interest from parties, including delivering NDA and Teaser Letter, and upon execution of NDA, access to VDR	As soon as practical following the date of the SISP Approval Order.
Phase I Bid Deadline (non-binding letter of intent)	By no later than 5:00 p.m. (Mountain Time) on March 28, 2025,
Binding Offer Deadline	By not later than 5:00 p.m. (MT) on April 18, 2025
Auction, if needed	By no later than April 23, 2025.
Selection of Successful Bid	By no later than April 23, 2025.
Approval Motion (as defined below)	By no later than May 2, 2025, or the earliest date available thereafter.
Closing of Successful Bid	As soon as possible but no later than May 9, 2025.

PRIORITY CHARGES

Administration Charge

60. The Proposed Initial Order provides for the Amended Administration Charge on the Debtors' property in an amount not to exceed \$300,000, in favour of the Monitor, the Monitor's legal counsel, and the Applicants' legal counsel, to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order. The Amended Administration Charge ranks in priority to all other charges.
61. To date, the Applicants, Proposed Monitor and the Proposed Monitor's Counsel and counsel for the Applicants have incurred professional fees in preparation for the CCAA Proceedings, which include preparing the Initial Order, the SISP, the New DIP Facility Term Sheet, this Report, and communicating with certain key employees and stakeholders (including the board of directors) about the potential strategies for the restructuring of the Applicants and reporting to the Secured Lenders on same. In addition, the Proposed Monitor has prepared the statutory duties, mailings and communications required by the CCAA should this Honourable Court grant both the Proposed Initial Order, including assisting the Companies in the preparation of the Consolidated Cash Flow Forecast.
62. These proceedings require the prompt and vigorous involvement of professional advisors to guide and/or complete a successful restructuring; accordingly, it is the Proposed Monitor's respectful view that the Amended Administration Charge is reasonable and appropriate to ensure the continued support of the respective professionals in the Applicants efforts to restructure its affairs.
63. The Proposed Monitor also believes that it is appropriate for the proposed beneficiaries of the Amended Administration Charge, being non-stakeholders to the CCAA Proceedings, to be afforded the benefit of the Amended Administration Charge as they will be undertaking a necessary and integral role in the CCAA Proceedings.

64. It is the respectful view of the Proposed Monitor that the quantum of the proposed Amended Administration Charge is reasonable and appropriate in the circumstances, having regard to the scale and complexity of the CCAA Proceedings, the services to be provided by the beneficiaries of the Amended Administration Charge and the size of the similar charges approved in similar proceedings.

DIP Lender's Charge

65. The Applicants are seeking the DIP Lender's Charge in the amount of \$2.5 million against the property of the Applicants (the "**Property**") to secure obligations incurred under the New DIP Facility.
66. The DIP Lender's Charge is necessary in order to ensure that the New DIP Lender has security for the New DIP Facility. The proposed quantum of the New DIP Facility has been determined based upon the projected cash flow needs set out in the Applicants' Consolidated Cash Flow Forecast.
67. It is the Proposed Monitor's respectful view that the DIP Lender's Charge is reasonable and appropriate to ensure the working capital necessary to complete these proceedings.

Ranking of Proposed Charges

68. The Initial Order provides that the priority of the Charges shall be as follows:
- a) First: Amended Administration Charge, up to the maximum amount of \$300,000; and
 - b) Second: DIP Lender's Charge, up to a maximum of \$2.5 million;
69. Each of the Charges shall constitute a charge on the Property and subject always to section 136 of the BIA and the Charges (if granted) shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise in favour of any Person.

PROPOSED STAY OF PROCEEDINGS

70. The Applicants are seeking a stay until and including April 2, 2025, or such later date as this Court may order (the “**Stay Period**”). The requested Stay Period provides that no proceeding (a “**Proceeding**”) or enforcement process (an “**Enforcement**”) in any court or tribunal shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Applicants’ business or its property, except with the written consent of the Applicants and the Monitor, or with leave of this Court and any Proceeding or Enforcement currently underway against or in respect of the Applicants or affecting the Applicants’ business or their property is stayed and suspended pending further Order of the Court.
71. The Stay Period would allow the Applicants the breathing space required to coordinate their restructuring in a manner that preserves value for all stakeholders.

CONCLUSIONS AND RECOMMENDATIONS

72. Based on the current information that has been made available to the Proposed Monitor by the Applicants, the Proposed Monitor respectfully recommends that this Honourable Court approve the Initial Order in the form filed with the Applicants’ application materials, along with the New DIP Facility and also approve the SIP proposed by the Applicants.

All of which is respectfully submitted this 18th day of February, 2025.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Proposed Monitor of Royal Helium Ltd.,
Royal Helium Exploration Limited and Imperial Helium Corp., and
not in its personal or corporate capacity**



Orest Konowalchuk, CPA-CA, CIRP, LIT
Senior Vice-President



Bryan Krol
Director

APPENDIX “A”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-3176135
Estate No. 31-3176135

In the Matter of the Notice of Intention to make a proposal of:

Royal Helium Ltd.

Insolvent Person

GRANT THORNTON LIMITED

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 17, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 20, 2025, 14:51

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-3176112
Estate No. 31-3176112

In the Matter of the Notice of Intention to make a proposal of:

Royal Helium Exploration Limited

Insolvent Person

GRANT THORNTON LIMITED

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 17, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

E-File/Dépôt Electronique

Date: January 20, 2025, 14:45

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Toronto
Court No. 31-3176073
Estate No. 31-3176073

In the Matter of the Notice of Intention to make a proposal of:

Imperial Helium Corp

Insolvent Person

GRANT THORNTON LIMITED

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 17, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

E-File/Dépôt Electronique

Date: January 20, 2025, 14:05

Official Receiver

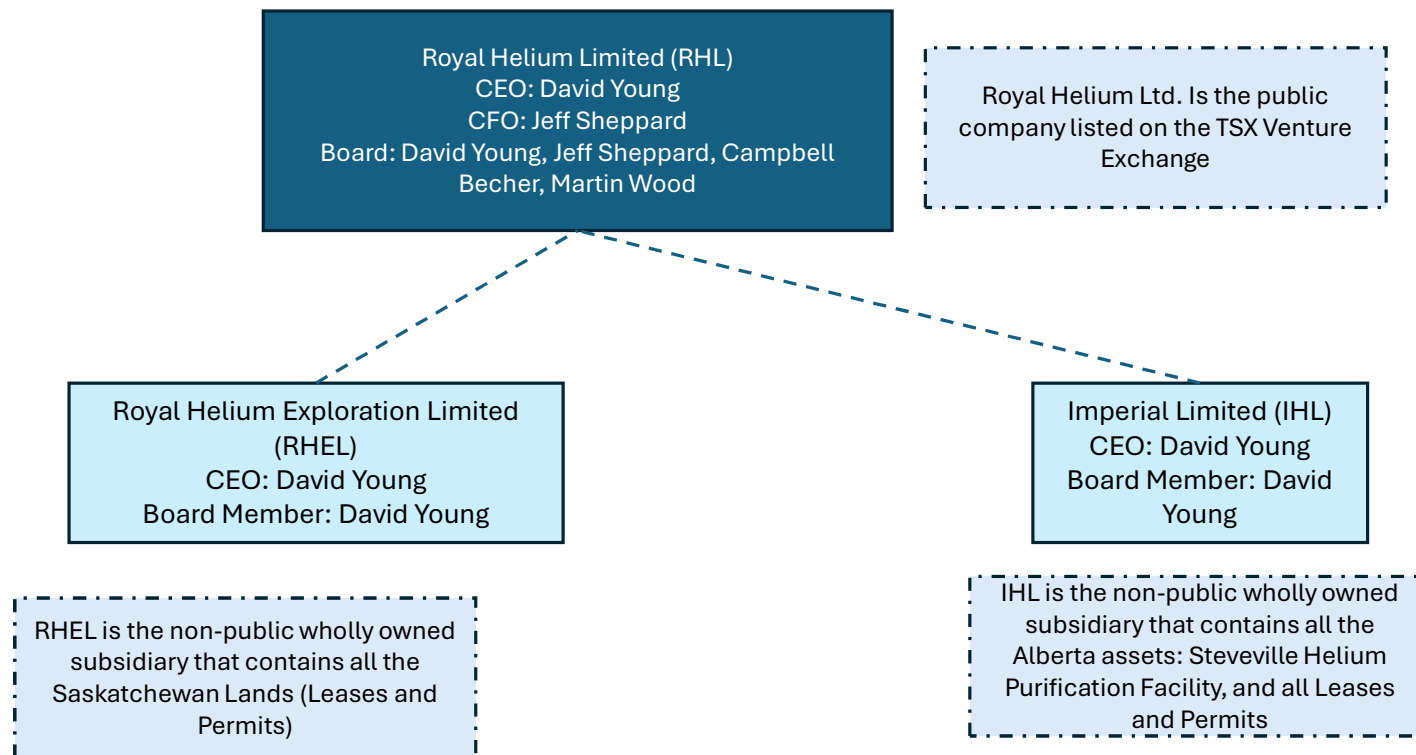
151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

APPENDIX “B”

Corporate Structure

- The following is the Company's legal and corporate structure



APPENDIX “C”

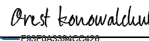
Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited (Collectively, the "Company")
Management Prepared 13-Week Cash Flow Forecast
For the period from February 1, 2025 to May 2, 2025
unaudited, in CAD \$000's

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	13 Week
	Notes	07-Feb-25	14-Feb-25	21-Feb-25	28-Feb-25	07-Mar-25	14-Mar-25	21-Mar-25	28-Mar-25	04-Apr-25	11-Apr-25	18-Apr-25	25-Apr-25	02-May-25	Total
Receipts															
Accounts Receivable		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retainer Receipt	1	-	-	-	50	-	-	-	-	-	-	-	-	-	50
DIP Cash Advances	2	400	230	300	-	-	250	-	250	-	220	-	200	-	1,850
Total Receipts		400	230	300	50	-	250	-	250	-	220	-	200	-	1,900
Operating Disbursements															
Payroll and Contractors	3	-	40	43	-	38	-	38	-	34	-	30	-	30	253
Plant Security	4	-	3	3	3	3	3	3	3	3	3	3	3	3	36
Insurance	5	33	10	9	-	-	10	-	-	-	-	10	-	-	72
Rent, Office, IT, and Other Miscellaneous	6	-	6	6	6	6	6	6	6	6	6	6	6	6	72
Lease Payments	7	170	-	-	-	-	-	-	-	-	-	-	-	-	170
Contingency	8	-	5	5	5	5	5	5	5	5	5	5	5	5	60
Total Operating Disbursements		203	64	66	14	52	24	52	14	48	14	54	14	44	663
Net Cash Flow from Operations		197	166	234	36	(52)	226	(52)	236	(48)	206	(54)	186	(44)	1,237
Non-Operating Disbursements															
<u>Professional Fees</u>	9														
Companies Counsel's Fees		-	169	-	55	-	30	-	30	-	30	-	45	-	359
DIP Counsel Fees		83	-	-	23	-	38	-	38	-	38	-	38	-	256
Proposal Trustee Fees		33	-	-	-	-	-	-	-	-	-	-	-	-	33
Proposal Trustee Counsel Fees		35	-	-	-	-	-	-	-	-	-	-	-	-	35
Monitor's Fees		-	-	-	100	-	100	-	50	-	50	-	100	-	400
Monitor's Counsel's Fees		-	-	-	50	-	50	-	25	-	25	-	25	-	175
Company Counsel Retainer and Monitor Retainer		50	-	-	-	-	-	-	-	-	-	-	-	-	50
Total Non-Operating Disbursements		201	169	-	228	-	218	-	143	-	143	-	208	-	1,307
Net Cash Flow		(4)	(3)	234	(192)	(52)	9	(52)	94	(48)	64	(54)	(22)	(44)	(70)
Opening Cash		196	192	189	423	232	180	188	136	230	182	245	191	170	196
Net Cash Flow		(4)	(3)	234	(192)	(52)	9	(52)	94	(48)	64	(54)	(22)	(44)	(70)
Ending Cash		192	189	423	232	180	188	136	230	182	245	191	170	126	126
DIP Facility Reconciliation															
DIP Facility Maximum		2,500	2,100	1,870	1,570	1,570	1,570	1,320	1,320	1,070	1,070	850	850	650	650
DIP Draws		400	230	300	-	-	250	-	250	-	220	-	200	-	1,850
DIP Facility Availability		2,100	1,870	1,570	1,570	1,570	1,320	1,320	1,070	1,070	850	850	650	650	650
Cumulative DIP Draw (Principal)															
Cumulative DIP Draw (Principal)		400	630	930	930	930	1,180	1,180	1,430	1,430	1,650	1,650	1,850	1,850	1,850
Cumulative Commit Fee (1.5%)		38	38	38	38	38	38	38	38	38	38	38	38	38	38
Cumulative Interest (10%)		-	-	-	-	4	4	4	4	11	11	11	11	21	21
Total Facility Balance for Purposes of Interest Calc.		438	668	968	968	972	1,222	1,222	1,472	1,479	1,699	1,699	1,899	1,909	1,909
Total Interest (10%)		-	-	-	4	-	-	-	7	-	-	-	10	-	21

UNAUDITED CASH FLOW FORECAST PREPARED BY MANAGEMENT, MUST BE READ IN CONJUNCTION WITH THE NOTES AND ASSUMPTIONS & MONITOR'S REPORT ON THE CASH FLOW STATEMENT

Signed by:

 David Young
 Director

DocuSigned by:

 Orest Konowalchuk, LIT
 Senior Vice President

**Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited
(collectively, the "Companies")**

Notes to Management Prepared 13 Week Cash Flow Forecast

For the period from February 1, 2025 to May 2, 2025

Disclaimer

*In preparing this cash flow forecast (the "**Forecast**"), the Companies have relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast includes assumptions discussed below with respect to the requirements and impact of a filing under the Companies' Creditors Arrangement Act ("**CCAA**"). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast period will vary from the Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized. The Forecast is presented in thousands of Canadian dollars.*

Note 1 Retainer Receipt

Aggregate retainers related to Proposal Trustee and Company Counsel.

Note 2 DIP Cash Advance

DIP financing to maintain the current state of operations. The 13-Week Cash Flow Forecast assumes an increase of \$1,000,000 to the DIP facility maximum, resulting in a maximum of \$2,500,000.

Note 3 Payroll and Contractors

Forecast salaries, wages, statutory remittances and benefits related to the CEO, CFO, and contractors in order to maintain the current state of operations of the Company.

Note 4 Plant Security

Estimated weekly security payments related to security services provided for the Steveston, Alberta property.

Note 5 Insurance

Monthly insurance payments related to facility insurance and D&O insurance. Payments are primarily forecasted to be made on the 14th of each month.

Note 6 Rent, Office, IT, and Other Miscellaneous

Forecast weekly utilities and IT costs, as well as other miscellaneous office expenses.

Note 7 Lease Payments

Lease payments related to operational leased land. The Saskatchewan 2025 lease renewal payment (\$169,265) is due on April 30, 2025 and the Saskatchewan deposit for ARO (\$119,125) is past due, however the 13-Week Cash Flow Forecast does not reflect these two payments. The ARO deposit that the Company maintains with the Saskatchewan government currently has approximately \$101,550 CAD held in deposit. The Company is required to additionally fund approximately \$119,125, which was due January 5, 2025. Since the Company has not had the ability to pay this out of available cash and then due to the subsequent CCAA filing, these amounts are not contemplated to be paid during the 13 week cash flow period. There is no licensure that is affected to the best of Management's knowledge while this amount remains due. It is the Company's expectation that these amounts will be paid by a future owner or otherwise after the conclusion of a SISP process, which the government will require prior to transferring the Saskatchewan permits and leases.

Note 8 Contingency

A weekly contingency of \$5,000 has been included to account for possible unforeseen expenditures.

Note 9 Professional Fees

Expected professional fees to be paid to the Company's legal advisors, DIP Counsel, as well as the CCAA Monitor, and Monitor's Counsel. The forecast assumes the Proposal Trustee and Proposal Trustee's Counsel is paid all outstanding fees in Week 1 of the Cash Flow Forecast. The Existing DIP Lender is currently in the process of reviewing outstanding fees, however no estimate has been provided at the time of this Report, therefore the amount owing is unknown. The Company will be obligated to repay all indebtedness, liabilities and obligations owing to the Existing DIP Lender once the transition to the new DIP Lender is finalized.

Royal Helium Ltd.
Imperial Helium Corp.
Royal Helium Exploration Limited

Signed by:

David Young

David Young
/A02631259D340F...
Director

Alvarez & Marsal Canada Inc., in its capacity as
Proposed Monitor of Royal Helium Ltd.
Imperial Helium Corp. and Royal Helium Exploration Limited
and not in its personal or corporate capacity

DocuSigned by:

Orest Konowalchuk

F93F0A3394CC426... Orest Konowalchuk, LIT
Senior Vice President

APPENDIX “D”

February 18, 2025

Alvarez & Marsal Canada Inc.
Bow Valley Square 4
Suite 1110, 250 6th Ave SW
Calgary, AB T2P 3H7

Attention: Orest Konowalchuk

Dear Sirs:

Re: Proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") for Royal Helium Ltd., Imperial Helium Corp., and Royal Helium Exploration Limited (collectively, the "Companies")

Responsibilities/Obligations and Disclosure with Respect to Cash Flow Projections

In connection with the application of the Companies for the commencement of proceedings under the CCAA in respect of the Companies, the management of the Companies ("**Management**") prepared the attached cash flow statement and the assumptions on which the cash flow statement is based.

Companies confirm that:

1. the cash flow statement and the underlying assumptions are the responsibility of the Companies;
2. all material information within the knowledge and control of Management relevant to the cash flow statement and to the underlying assumptions has been made available to Alvarez & Marsal Canada Inc. in its capacity as Proposed Monitor; and
3. Management has taken all reasonable actions that it considers necessary to ensure:
 - a. that the individual assumptions underlying the cash flow statement are appropriate in the circumstances;
 - b. that the assumptions underlying the cash flow statement, taken as a whole, are appropriate in the circumstances; and
 - c. that all relevant assumptions have been properly presented in the cash flow statement or in the notes accompanying the cash flow statement.
4. Management understands and agrees that the determination of what constitutes a material adverse change in the projected cash flow or financial circumstances, for the purposes of your monitoring the on-going activities of the Companies, is ultimately at your sole discretion, notwithstanding that Management may disagree with such determination.

5. Management understands its duties and obligations under the CCAA and confirm that they have acted and are acting in good faith and with due diligence.
6. The cash flow statement and assumptions have been reviewed and approved by Management, which has been authorized by board resolution to take appropriate steps to advance the restructuring of the Companies, including but not limited to preparing and approving the cash flow assumptions.

Yours Truly,

David Young

Name: David Young
Title: Director






Royal Helium - Cash Flow Management Representation Letter 1414-3518-6706 v.2

Final Audit Report

2025-02-18

Created:	2025-02-18
By:	Sharon Kour (skour@reconllp.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAWf6NJT8sCn5854kBsKjVcBgWLUFIqv2R

"Royal Helium - Cash Flow Management Representation Letter 1414-3518-6706 v.2" History

-  Document created by Sharon Kour (skour@reconllp.com)
2025-02-18 - 9:56:50 PM GMT
-  Document emailed to David Young (dyoung@royalheliumltd.com) for signature
2025-02-18 - 9:56:53 PM GMT
-  Email viewed by David Young (dyoung@royalheliumltd.com)
2025-02-18 - 9:57:21 PM GMT
-  Document e-signed by David Young (dyoung@royalheliumltd.com)
Signature Date: 2025-02-18 - 9:57:48 PM GMT - Time Source: server
-  Agreement completed.
2025-02-18 - 9:57:48 PM GMT

APPENDIX “E”

DIP FACILITY TERM SHEET

This term sheet dated February 19, 2025 (this “**Term Sheet**”) sets out the terms on which the DIP Lenders (as defined herein) are prepared to provide debtor-in-possession financing to the Borrowers.

WHEREAS Royal Helium Ltd., Royal Helium Exploration Limited, and Imperial Helium Corp. (collectively, the “**Borrowers**”) have previously entered into a debtor-in-possession financing pursuant to a DIP facility term sheet dated as of January 28, 2025 (the “**Existing DIP Agreement**”), with Energy & Specialty Gases DIP, LLC, as lender (the “**Existing DIP Lender**”).

AND WHEREAS the Borrowers have requested that the DIP Lenders provide the Borrowers with loans to (a) repay the Existing DIP Lender and (b) fund the restructuring efforts of the Borrowers pursuant to a debtor-in-possession interim financing agreement in the context of (i) a Notice of Intention to Make a Proposal proceedings under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) under the jurisdiction of the Ontario Superior Court of Justice (Commercial List) (the “**BIA Proceedings**”), in which Doane Grant Thornton Limited has been appointed as proposal trustee, and (ii) proceedings under the *Companies’ Creditors Arrangement Act* under the jurisdiction of the Court of King’s Bench of Alberta (the “**Court**”) in which Alvarez & Marsal Canada Inc. will be appointed as monitor (the “**Monitor**”) (referred to herein as the “**CCAA Proceedings**” and together with the BIA Proceedings, the “**Restructuring Proceedings**”).

AND WHEREAS the DIP Lenders have offered to provide interim financing by way of the credit facility described in this term sheet and subject to the terms and conditions set forth herein. All times express herein refer to mountain (Calgary) time.

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

DEFINITIONS	Capitalized terms used but not otherwise defined herein shall have the meanings given to them on Schedule “A” hereto.
BORROWERS	Royal Helium Ltd., Royal Helium Exploration Limited, and Imperial Helium Corp.
DIP LENDERS	Business Development Bank of Canada (“ BDC ”) and Canadian Western Bank (“ CWB ” and together with BDC, the “ DIP Lenders ”)
CURRENCY	Unless otherwise noted, the currency of the DIP Facility (as defined herein) shall be in Canadian Dollars.
DIP FACILITY	Subject to Court approval, a senior secured, super-priority, debtor-in-possession, interim non-revolving credit facility (the “ DIP Facility ”) up to the maximum principal amount of CAD\$2,500,000, subject to the terms and conditions contained herein (the “ DIP Facility Amount ”)
JOINT & SEVERAL LIABILITY	Where multiple parties are named as Borrowers hereunder (in this section, collectively, the “ Borrower Parties ” and each, a “ Borrower Party ”), each Borrower agrees, acknowledges and

confirms that at the Borrower Parties' request, the DIP Facility has been made available to all of them, and, in each case, that each individual Borrower Party's ability to drawdown the full amount available for each DIP Advance (as defined herein) under the DIP Facility is not restricted except as specifically provided for in this Term Sheet. All covenants, agreements and DIP Obligations (as defined herein) of the Borrower Parties contained in this Term Sheet relating to or in connection with the DIP Facility shall be on a joint and several basis, and each of the Borrower Parties shall be jointly and severally liable for and obligated to repay all DIP Obligations under the DIP Facility. Such joint and several liability is independent of the duties, DIP Obligations and liabilities of each other Borrower Party. Each of the Borrower Parties acknowledges and confirms that the DIP Lenders shall have no obligation to pursue any other Borrower Party, as the case may be, for all or any part of the DIP Obligations under the DIP Facility before it can recover all such DIP Obligations from it. Each of the Borrower Parties acknowledges and confirms that it is fully responsible for all such DIP Obligations even though it may not have requested a DIP Advance (as defined herein).

Each of the Borrower Parties' liability for payment of the DIP Facility shall be a primary obligation, shall be absolute and unconditional, and shall constitute full recourse obligations of each of the Borrower Parties, enforceable against each of them to the full extent of their respective assets and properties. Each of the Borrower Parties expressly waives any right to require the DIP Lender to marshal assets in favour of any Borrower Party or any other Person or to proceed against any other Borrower Party or any collateral provided by any person or entity and agrees that the DIP Lender may proceed against any Borrower Party or any collateral in such order as they shall determine in their sole and absolute discretion. To the extent permitted by law, any release or discharge, by operation of law, of any Borrower Party from the performance or observance of any obligation, covenant or agreement contained in this Term Sheet shall not diminish or impair the liability of any other Borrower Party in any respect. Each of the Borrower Parties unconditionally and irrevocably waives each and every defense, right to discharge, compensation and setoff of any nature which, by statute or under principles of suretyship, guaranty or otherwise, would operate to impair or diminish in any way the obligation of any Borrower Party under this Term Sheet, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from each Borrower Party now or later securing the DIP Facility, and acknowledges that as of the date of this Term Sheet no such defense or setoff exists. Each Borrower Party waives any and all rights (whether by subrogation, indemnity, reimbursement, or otherwise) to recover from any other Borrower Party any amounts paid or the value of any Property given by such Borrower Party pursuant to this Term

	<p>Sheet or otherwise until the DIP Obligations are irrevocably paid in full in cash.</p>
DIP FACILITY ADVANCES	<p>The DIP Facility shall be made available to the Borrowers in multiple advances by way of: advances (the “DIP Advance”) being in an amount no less than \$150,000 made upon satisfactions of the DIP Advance Conditions set out below.</p> <p>The timing and amount of each DIP Advance shall be determined based on the funding needs of the Borrowers in accordance with the then-current Updated Cash Flow Projections (as defined herein).</p> <p>The Borrowers may request a DIP Advance under the DIP Facility by delivering to the DIP Lenders and the Monitor, not less than three (3) Business Days prior to the DIP Advance, a drawdown certificate in form acceptable to the DIP Lenders and Monitor, detailing the amount of the requested advance and confirming, <i>inter alia</i>, (i) the advance corresponds with the then applicable Updated Cash Flow Projections for the one week period commencing the Monday following the date of the drawdown certificate, (ii) that there is no Default or Event of Default (as defined herein) that has occurred and is continuing, and (iii) that the Borrowers are in compliance with the DIP Credit Documentation and the Initial Order (as defined herein) and any other Court Order granted in the Restructuring Proceedings.</p> <p>In the case of the first DIP Advance under the Term Sheet (the “Initial DIP Advance”), the drawdown certificate shall also attach a payout statement provided by the Existing DIP Lender, setting forth the calculation of all indebtedness, liabilities and obligations which will be owing to the Existing DIP Lender pursuant to the Existing DIP Agreement as at the requested date of the Initial DIP Advance.</p> <p>Notwithstanding the foregoing, the DIP Lenders may issue any advance outside of, or ancillary to, the procedures above at their sole discretion.</p>
PERMITTED PURPOSE AND PAYMENTS	<p>Subject to the terms of the Initial Order and any subsequent Court Order, the Borrowers shall use proceeds of the DIP Facility solely for the following purposes:</p> <ul style="list-style-type: none"> (a) first, from the Initial DIP Advance, to repay all indebtedness, liabilities and obligations owing to the Existing DIP Lender pursuant to the Existing DIP Agreement (including, without limitation, accrued interest and fees to the date of the Initial DIP Advance); (b) to pay the reasonable and documented professional and advisory fees and expenses (including Legal Fees and expenses) of (i) the Borrowers and (ii) the Monitor;

	<ul style="list-style-type: none"> (c) to pay the Interest, Legal Fees and other amounts owing to the DIP Lenders under this Term Sheet; (d) to replace any third-party deposit/retainer amount paid to counsel to the Borrowers, the Monitor or counsel to the Monitor in respect of the Restructuring Proceedings; (e) to fund the working capital needs of the Borrowers in accordance with the Cash Flow Projections (as set out below); and (f) such other costs and expenses of the Borrowers as may be agreed to by the DIP Lenders, in writing.
DIP ADVANCE CONDITIONS	<p>The DIP Lenders' agreement to make the DIP Facility Amount available to the Borrowers and to advance the DIP Advance to the Borrowers is subject to the satisfaction of the following conditions precedent (collectively, the "DIP Advance Conditions"), each of which is for the benefit of the DIP Lender and may be waived by the DIP Lender in its sole discretion:</p> <ul style="list-style-type: none"> (a) The Borrowers shall have executed and delivered this Term Sheet. (b) (i) The BIA Proceedings shall be converted into the CCAA Proceedings and (ii) the Court shall have issued the initial order of the court substantially in the form attached hereto as Schedule A, granted within the CCAA Proceedings (the "Initial Order"), with such changes as are acceptable to the Borrowers, the Monitor and the DIP Lenders, each acting reasonably, and subject to any amendments that are required by the Court, provided that the Initial Order shall include the approval of this Term Sheet and establishing the DIP Lenders' Charge. (c) No Default or Event of Default shall have occurred or will occur as a result of the requested DIP Advance. (d) The Initial Order shall not have been stayed, vacated or otherwise amended, restated or modified without the consent of the DIP Lenders, acting reasonably. (e) The Borrowers shall have delivered a drawdown certificate in form acceptable to the DIP Lenders and Monitor, detailing the amount of the requested advance and confirming, <i>inter alia</i>, (i) the advance corresponds with the then applicable Updated Cash Flow Projections for the one week period commencing the Monday following the date of the drawdown certificate, (ii) that there is no Default or Event of Default that has occurred and is continuing, and (iii) that the Borrowers are in compliance with the Initial Order.

	<p>(f) The Existing DIP Agreement shall be terminated concurrently with the Initial DIP Advance and the DIP Lenders shall receive all payouts, releases, terminations and discharges as are required to release and discharge all indebtedness, liabilities, obligations and liens under the Existing DIP Agreement.</p>
COSTS AND EXPENSES	<p>The Borrowers shall pay, on a bi-weekly basis, all reasonable and documented costs and expenses of the DIP Lenders, and all reasonable and documented fees, expenses and disbursements of outside counsel, appraisers, and any financial consultant, related to or in connection with the Restructuring Proceedings, including, without limitation, reasonable and documented costs and expenses incurred by the DIP Lenders in connection with the negotiation, execution and implementation of this Term Sheet, and the enforcement of any of the rights and remedies available hereunder.</p>
DIP LENDERS' CHARGE	<p>The DIP Facility shall be secured by the DIP Lenders' Charge, in connection with which the DIP Lenders may, in their reasonable discretion, require the execution, filing or recording of any security agreements, pledge agreements, financing statements.</p>
REPORTING REQUIREMENTS	<p>On the last Business Day of every second week, the Borrowers shall deliver to the Monitor and the DIP Lenders a report that includes all of the requirements as set out in Schedule "B" (the "Report").</p>
FEES	<p>The Borrowers will pay the DIP Lenders a commitment fee, in the amount of 1.5% of the DIP Facility Amount, as well as all reasonable fees and expenses of the DIP Lenders payable in accordance with this Term Sheet.</p>
INTEREST RATE	<p>Interest ("Interest") on the principal outstanding amount of the DIP Advance (including the compounded interest referenced below) from the date each such DIP Advance is made (or, in the case of the compounded interest referenced below, the date that such interest is compounded), both before and after maturity, demand, default, or judgment until payment in full at a rate of a 10% per annum, compounded and calculated monthly shall accrue and be added to the principal amount of the DIP Advances on the first day of each month.</p> <p>All Interest shall be calculated on the basis of a 365-day (or 366 day, as applicable) year, in each case for the actual number of days elapsed in the period during which it accrues.</p> <p>All payments under or in respect of the DIP Facility shall be made free and clear of any withholding, set-off or other deduction.</p> <p>If any provision hereof or the DIP Credit Documentation would obligate the Borrowers to make any payment of Interest or other amount payable to the DIP Lenders in an amount or calculated at</p>

	<p>a rate which would be prohibited by law or would result in receipt by the DIP Lenders of interest at a criminal rate (as construed under the <i>Criminal Code</i> (Canada)) then, notwithstanding that provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by any DIP Lender of interest at a criminal rate.</p>
DIP SECURITY	<p>All obligations of the Borrowers under or in connection with the DIP Facility and any of the DIP Credit Documentation shall be secured by a Court-ordered charge on all present and after-acquired personal and real, tangible or intangible property of the Borrowers, in each case of any kind or nature whatsoever and wheresoever situated (the “DIP Lenders’ Charge”) without the need for any further loan or security documentation or any filings or registrations in any public register or system. The DIP Lenders’ Charge shall be subordinated only to valid Priority Claims and the Administration Charge. The DIP Lenders shall rank equally with respect to the DIP Lenders’ Charge.</p>
EVIDENCE OF INDEBTEDNESS	<p>Each DIP Lender shall maintain records evidencing the DIP Facility. The DIP Lenders’ accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrowers to the DIP Lenders pursuant to this Term Sheet.</p>
REPRESENTATIONS AND WARRANTIES	<p>The Borrowers represent and warrant to the DIP Lenders, upon which each DIP Lender relies in entering into this Agreement and the other DIP Credit Documentation, that:</p> <ol style="list-style-type: none"> 1. the Borrowers are duly formed and validly existing under the law of their jurisdictions of incorporation; 2. the transactions contemplated by this Agreement and the other DIP Credit Documentation: <ol style="list-style-type: none"> a. upon the granting of the Initial Order are within the powers of each of the Borrowers; b. have been duly authorized, executed and delivered by or on behalf of the Borrowers; and c. upon the granting of the Initial Order, constitute legal, valid and binding obligations of each of the Borrowers; 3. the Borrowers have obtained all material licenses and permits required for the operation of their business, which licenses and permits retain in full force and effect and no proceedings have been commenced or threatened to revoke or amend any of such licenses or permits;

	<ol style="list-style-type: none"> 4. the Borrowers maintain adequate insurance coverage, as is customary with companies in the same or similar business (except with respect to directors' and officers' insurance in respect of which no representation is made regarding adequacy of coverage) of such type, in such amounts and against such risk as is prudent for a business of its nature with financially sound and reputable insurers and that contain reasonable coverage and scope; 5. other than as stayed pursuant to the Initial Order or a subsequent Court order, there is not now pending or, to the knowledge of any of the senior officers of the Borrowers, threatened against the Borrowers, nor have the Borrowers received notice in respect of, any material claim, potential claim, litigation, action, suit, arbitration or other proceeding by or before any court, tribunal, governmental entity or regulatory body; 6. no Default or Event of Default has occurred and is continuing; and 7. all written information furnished by or on behalf of the Borrowers to the DIP Lenders or their advisors for the purposes of, or in connection with, this Term Sheet, the other DIP Credit Documentation, or any other relevant document or any other transaction contemplated thereby, is true and accurate in all material respects on the date as of which such information is dated or certified, and not incomplete by omitting to state any material fact necessary to make such information not misleading at such time in light of then-current circumstances.
AFFIRMATIVE COVENANTS	<p>The Borrowers agree to do, or cause to be done, the following until the obligations under this Term Sheet are permanently and indefeasibly repaid (the "DIP Obligations") in full:</p> <ol style="list-style-type: none"> 1. comply with the Cash Flow Projections and Reporting Requirements, including making payments when scheduled to be made in accordance with the Cash Flow Projections, and their reporting and other obligations to deliver financial information to the DIP Lenders hereunder; provided that, such reporting and financial information shall be prepared and delivered under the supervision of the Monitor and subject to the approval of the DIP Lenders; 2. allow the DIP Lenders, their respective designated representatives and financial advisors full access to the books and records of the Borrowers on reasonable notice and during normal business hours and cause

	<p>management thereof to fully cooperate with any advisors to the DIP Lenders;</p> <ol style="list-style-type: none"> 3. use the proceeds of the DIP Facility only for the purposes set out herein and in a manner consistent with the Cash Flow Projections; 4. provide the Monitor with reasonable particulars in relation to payments made by the Borrowers, including sufficient detail to enable the Monitor to determine whether such payments are contemplated by the Cash Flow Projections; 5. comply with the provisions of the Court orders made in the Restructuring Proceedings; 6. comply with the SISP and SISP Milestones following approval thereof by the Court in the Restructuring Proceedings pursuant to the SISP Order unless otherwise agreed to by the DIP Lender and the Monitor; 7. maintain all licenses with respect to the Property and business with financially sound and reputable insurance companies, of such kinds and in such amounts and against such risks as is customary for the business of the Borrowers; 8. the Initial Order and any other Court orders which are being sought by the Borrowers shall be shared with the DIP Lenders prior to filing drafts with the Court; provided that any Court order that directly impacts the DIP Facility and the DIP Lenders' Charge shall be in a form satisfactory to the DIP Lenders, acting reasonably, subject to any amendments that are required by the Court; 9. the terms and conditions of the SISP, including any relevant milestones of such SISP and an outside date for the completion of the SISP (the "SISP Milestones") approved by the Court, shall be in a form and substance satisfactory to the Monitor, and the DIP Lenders shall be satisfied, acting reasonably, with the terms of the SISP and the SISP Order; 10. subject to any Court ordered limitations and any restrictions set forth in the SISP, use all reasonable efforts to keep the DIP Lenders apprised on a timely basis of all developments with respect to the business and affairs of the Borrowers and with respect to the SISP; 11. deliver to the DIP Lenders by no later than 5:00 p.m. (Calgary time) on Tuesday bi-weekly (or, if Tuesday is not a Business Day, the following Business Day),
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	<p>updated 13-week Cash Flow Projections, in form and substance satisfactory to the DIP Lenders, in their discretion, reflecting the projected cash requirements of the Borrowers on a rolling-basis, as reviewed and approved by the Monitor (each an “Updated Cash Flow Projection”);</p> <p>12. concurrently with the bi-weekly delivery of Updated Cash Flow Projections, provide a comparison to the previously delivered Updated Cash Flow Projections (or to the initial Cash Flow Projections, if applicable) including applicable bank reconciliations;</p> <p>13. maintain all insurance with respect to the business and Property in existence as of the date hereof;</p> <p>14. forthwith notify the DIP Lenders of any event or circumstance that, with the passage of time, may constitute an Event of Default;</p> <p>15. forthwith notify the DIP Lenders of the occurrence of any Event of Default, or of any event or circumstance that may constitute a material adverse change from the Cash Flow Projections;</p> <p>16. duly and punctually pay or cause to be paid to the DIP Lenders all principal and Interest payable under this Agreement and under any other DIP Credit Documentation on the dates, at the places and in the amounts and manner set forth herein;</p> <p>17. comply in all respects with all Applicable Laws;</p> <p>18. comply in all material respects with their obligations under the DIP Credit Documentation;</p> <p>19. promptly notify the DIP Lenders of the occurrence of any Default or Event of Default;</p> <p>20. provide the DIP Lenders and their counsel draft copies of and the opportunity to comment on all motions, applications, proposed Court orders and other materials or documents that the Borrowers intend to file in the Restructuring Proceedings at least three (3) Business Days prior to any such filing or, where it is not practically possible to do so within such time, as soon as possible prior to the date on which such motion, application, proposed Court order or other materials or document is served on the service list in respect of the Restructuring Proceedings;</p>
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	<ol style="list-style-type: none"> 21. execute and deliver such loan and security documentation as may be reasonably requested by the DIP Lenders from time to time; 22. at all times maintain adequate insurance coverage of such kind and in such amounts and against such risks as is customary for the business of the Borrowers with financially sound and reputable insurers in coverage and scope acceptable to the DIP Lenders, acting reasonably, and, if requested by the DIP Lenders, cause the DIP Lenders to be listed as the loss payee or additional insured (as applicable) on such insurance policies; 23. act diligently and in good faith in the pursuit of the Restructuring Proceedings; 24. obtain prior written consent from the DIP Lenders for any changes to senior management, key operational decisions, or material asset dispositions outside the ordinary course of business (except in the case of a credit bid made pursuant to paragraph 40 of the SISP); 25. obtain prior written consent from the DIP Lenders for any sale or transaction under the SISP and comply with all obligations, terms, and requirements of the SISP in relation to the Lenders and the Lender Secured Indebtedness (each as defined in the SISP); and 26. allow the DIP Lenders to consult directly with the Monitor, without limitation, regarding the status of the Restructuring Proceedings, the SISP, and compliance with Cash Flow Projections.
NEGATIVE COVENANTS	<p>The Borrowers covenant and agree not to do the following, other than with the prior written consent of the DIP Lenders, which consent shall not be unreasonably withheld, conditioned or delayed:</p> <ol style="list-style-type: none"> 1. sell, assign, transfer, lease or otherwise dispose of all or any part of its assets, tangible or intangible, outside the ordinary course of business, except for the disposition of any obsolete equipment or other assets or as permitted under the Initial Order; 2. make any payment of principal or Interest in respect of existing (pre-filing date) indebtedness except as contemplated by the Cash Flow Projections, or declare or pay any dividends (other than the repayment of amounts owing under the Existing DIP Agreement); 3. make payments in respect of any obligations not contemplated by the Cash Flow Projections which, in the

	<p>aggregate, exceed the contingency amounts provided for in the Cash Flow Projections;</p> <ol style="list-style-type: none"> 4. make cash disbursements: (i) during any two-week period in an aggregate amount more than 20% greater than the projected cash disbursements (inclusive of any contingency amounts) set forth in the most recently approved Cash Flow Projections; or (ii) since the date of the Initial DIP Advance in an aggregate more than 20% greater than the projected cash disbursements (inclusive of any contingency amounts) set forth in the Cash Flow Projections approved by the Monitor and the DIP Lenders at the date of the Initial DIP Advance. The negative variance shall not include amounts subject to the Administration Charge; 5. create or permit to exist indebtedness for borrowed money other than existing (pre-filing date) debt contemplated by this DIP Facility and post-filing trade payables incurred in the ordinary course of business; 6. terminate or amend in any material manner, an existing material contractual obligation; 7. make (i) any distribution, dividend, return of capital or other distribution in respect of Equity Securities (in cash, securities or other property or otherwise); or (ii) a retirement, redemption, purchase or repayment or other acquisition of Equity Securities or indebtedness (including any principal, interest, fees or any other payments thereon); 8. issue any Equity Securities nor create any new class of Equity Securities or amend any terms of its existing securities; 9. consent or to take any steps in furtherance of the exercise of any conversion right under any Equity Securities issued by it; 10. create or permit to exist any Liens on any of the Property other than Permitted Liens; 11. enter into or agree to enter into any investments (other than cash equivalents) or acquisitions of any kind, direct or indirect, in any business; 12. assume or otherwise agree to be bound by any contingent liabilities or provide any guarantee or financial assistance to any Person;
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	<ol style="list-style-type: none"> 13. transfer, distribute, lend or otherwise provide any funds (whether arising from DIP Advances or otherwise) to any Affiliate unless such Affiliate is a Borrower; 14. make a public announcement in respect to, enter into any agreement or letter of intent with respect to, or attempt to consummate, or support an attempt to consummate by another party, any transaction or agreement outside the ordinary course of business, other than with the consent and approval of the Monitor; 15. enter into any amalgamation, reorganization, liquidation, dissolution, winding-up, merger or other transaction or series of transactions whereby, directly or indirectly, all or any significant portion of the undertaking, Property or assets of any of the Borrowers would become the property of any other Person or Persons unless authorized by the DIP Lenders; 16. other than the Court Ordered Charges, seek or support a motion by another party to provide to a third party a charge upon any Property (including, without limitation, a critical supplier's charge) without the prior written consent of the DIP Lenders; 17. make, or seek to make, material amendments to the Initial Order; 18. other than for cause, terminate the employment of any personnel required to maintain all of its licenses in good standing unless replaced in due course; 19. terminate or repudiate any agreement with any DIP Lender, solely in its capacity as lender under the DIP Facility; and 20. seek or obtain any order from the Court that materially adversely affects any DIP Lender, except with the prior written consent of such DIP Lender.
INDEMNITY	<p>The Borrowers agree to indemnify and hold harmless each DIP Lender, its officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the “Indemnified Persons”) from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, this Agreement, or the DIP Credit Documentation, except to the extent that such actions, lawsuits, proceedings, claims, losses, damages, liabilities or</p>

	expenses result from the gross negligence or willful misconduct of such Indemnified Persons.
EVENTS OF DEFAULT	<p>The occurrence of any one or more of the following events shall constitute an event of default ("Event of Default") under this Agreement:</p> <ol style="list-style-type: none"> 1. failure of the Borrowers to pay principal or Interest when due under this Agreement or any other DIP Credit Documentation; 2. any representation, warranty, certificate or other statement of fact made or deemed by or on behalf of either the Borrowers or in any other DIP Credit Documentation or any amendment or modification hereof or thereof or waiver hereunder or thereunder proves to be false or misleading in any material respect on or as the date made or deemed made; 3. any other breach by any Borrowers in the observance or performance of any provision, covenant (affirmative or negative) or agreement contained in this Term Sheet, provided, that, in the case of a breach of any affirmative covenant, such breach remains unremedied for longer than three (3) Business Days following receipt of notice thereof; 4. if any Weekly Variance Report (as defined herein) discloses a greater than 20% negative variance in (A) the actual cash disbursements for the preceding two weeks as compared with the projected cash disbursements (inclusive of any contingency amounts) provided for such weeks in the most recently approved Cash Flow Projections, or (B) actual cumulative cash disbursements, since the date of the Initial DIP Advance, as compared with the projected cumulative cash disbursements (inclusive of any contingency amounts) provided for in the Cash Flow Projections approved by the Monitor and the DIP Lenders at the date of the Initial DIP Advance, except with the written approval of the DIP Lenders. The negative variance shall not include amounts subject to the Administration Charge; 5. (i) any order shall be entered reversing, amending, varying, supplementing, staying, vacating or otherwise modifying in any respect in a manner materially affecting a DIP Lender without the prior written consent of such DIP Lender, (ii) either the Initial Order or a subsequent Court order shall cease to be in full force and effect in a manner that has a material adverse effect on the interests of a DIP Lender, or (iii) any Borrowers shall fail to comply in any material respect that has an adverse

	<p>effect on the interests of a DIP Lender with any order granted by the Court in the Restructuring Proceedings;</p> <ol style="list-style-type: none"> 6. this Agreement or any other DIP Credit Documentation shall cease to be effective or shall be contested by a Borrowers; 7. any order is issued by the Court (or any other court of competent jurisdiction) that materially adversely affects a DIP Lender; 8. the CCAA Proceedings are terminated or converted to bankruptcy proceeding or any order is granted by the Court (or any court of competent jurisdiction) granting relief from the stay of proceedings during the Restructuring Proceedings (as extended from time to time until the Maturity Date), unless agreed by the DIP Lenders, acting reasonably; 9. a Proposal is filed or sanctioned by the Court in a form and in substance that is not acceptable to the DIP Lenders, acting reasonably, if such Proposal does not either provide for the repayment of the obligations, in their entirety including compounded interest added to the principal, under the DIP Facility in full by the Maturity Date; 10. a Report is not delivered within two (2) Business Days on the day on which such Report is required to be delivered pursuant to this Term Sheet; 11. any of the Borrowers makes any material payments of any kind not permitted by this Agreement, the Cash Flow Projections and any order of the Court; or 12. borrowings under the DIP Facility exceed the DIP Facility Amount.
REMEDIES	<p>Upon the occurrence and continuance of an Event of Default, subject to the DIP Credit Documentation, the DIP Lenders may, upon written Notice to the Borrowers and the Monitor:</p> <ol style="list-style-type: none"> 1. terminate the DIP Facility; 2. on prior written notice to the Borrowers and the service list of no less than four (4) Business Days, apply to the Court for the appointment of an interim receiver or a receiver and manager of the Property or for the appointment of a trustee in bankruptcy of the Borrowers; 3. exercise the powers and rights of a secured party under any legislation; and

	<p>4. exercise all such other rights and remedies under the DIP Credit Documentation and Orders of the Court in the Restructuring Proceedings.</p>
DIP LENDER APPROVALS	<p>All consents of the DIP Lenders hereunder shall be in writing.</p> <p>Any consent, approval, instruction or other expression of the DIP Lenders to be delivered in writing may be delivered by any written instrument, including by way of electronic mail.</p>
MATURITY DATE	<p>Subject to any termination of this Term Sheet by reason of an Event of Default, the Maturity Date of the DIP Facility Term Sheet date shall be the earliest of:</p> <ul style="list-style-type: none"> (a) the effective date of any Proposal under the Restructuring Proceedings; (b) the closing of a purchase and sale of substantially all of the Property or shares of the Borrowers; (c) the refinancing of the DIP Facility upon the written consent of the DIP Lenders and the Borrowers; (d) the termination or conversion of the Restructuring Proceedings; or (e) payment in full of the obligations under the DIP Facility. <p>The Maturity Date may be extended from time to time at the request of the Borrowers, and with the prior written consent of the DIP Lenders and the Monitor, for such period and on such terms and conditions as the DIP Lenders may agree to.</p>
FURTHER ASSURANCES	<p>The Borrowers shall at their expense, from time to time execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Agreement and the DIP Lenders' Charge, perfecting, protecting and maintaining the Liens created by the DIP Lenders' Charge or establishing compliance with the representations, warranties and conditions of this Agreement or any other DIP Credit Documentation.</p>
NON-MERGER	<p>The provisions of this Term Sheet shall not merge on the Initial DIP Advance hereunder but shall continue in full force and effect for the benefit of the parties hereto.</p>
ENTIRE AGREEMENT	<p>This Agreement, including the Schedules hereto and the DIP Credit Documentation, constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Agreement and any of the other DIP Credit Documentation, this Agreement shall govern.</p>

	Neither this Agreement nor any other DIP Credit Documentation, nor any terms hereof or thereof, may be amended, unless such amendment is in writing signed by the Borrowers and the DIP Lenders.
AMENDMENTS, WAIVERS, ETC.	No waiver or delay on the part of the DIP Lenders in exercising any right or privilege hereunder or under any other DIP Credit Documentation will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of each DIP Lender (and, for greater certainty, shall not be effective until signed by both of the DIP Lenders). Any consent to be provided by the DIP Lenders shall be granted or withheld solely in their capacity, and having regard to their interests, as DIP Lenders. Any waiver given by the DIP Lenders hereunder shall be effective only regarding the specific event, matter, or circumstance in respect of which it is given and shall not constitute a waiver, agreement, acquiescence, consent, or course of dealing, with respect to any other events, circumstances, or matters, whether known by the DIP Lenders or unknown, and shall not extend to any other matter, provision, or breach hereunder.
ASSIGNMENT	This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Borrowers may not assign their rights and obligations under this Agreement without the written consent of the DIP Lenders, which may be unreasonably withheld in the DIP Lenders' sole discretion. Each DIP Lender's rights and obligations under this Agreement are fully assignable to an Affiliate of such DIP Lender without the consent of (but with prior Notice to) the Borrowers. In addition, each DIP Lender's rights and obligations under this Agreement: (i) are assignable with the consent of the Borrowers and the other DIP Lender, acting reasonably, before an Event of Default to any other entity, (ii) are freely assignable, without the consent of the Borrowers (but with prior Notice to), after an Event of Default has occurred and is continuing, and (iii) are freely assignable without the consent of the Borrowers (but with prior Notice to), to any assignee of all, but not less than all, of the liabilities, obligations, and indebtedness owed to such DIP Lender in its capacity as a pre-filing secured lender (and not as DIP Lender) of the Borrowers. Each of the Borrowers hereby consents to the disclosure of any confidential information in respect of the Borrowers to any potential assignee provided such potential assignee agrees in writing to keep such information confidential and that such disclosure complies with the confidentiality and other terms of the SISP. A copy of all Notices delivered pursuant to this section shall be delivered promptly to the Monitor.
SEVERABILITY	Any provision in any DIP Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and thereof or

	affecting the validity or enforceability of such provision in any other jurisdiction.
PRESS RELEASES	The Borrowers shall not issue any press releases or other public disclosure, other than Court documents approved in the manner set out herein, naming a DIP Lender without its prior approval, acting reasonably, unless the Borrowers are required to do so by Applicable Law.
COUNTERPARTS AND FACSIMILE SIGNATURES	This Agreement may be executed in any number of counterparts and by facsimile or e-mail transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Agreement by signing any counterpart of it.
NOTICES	<p>Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:</p> <p>In the case of the DIP Lenders:</p> <p>Canadian Western Bank Attention: Cory Stark and Karen Gordon Email: Cory.Stark@cwbank.com and Karen.Gordon@cwbank.com</p> <p>and</p> <p>Business Development Bank of Canada Attention: Dean Gottselig and Mark Kearl Email: Dean.Gottselig@bdc.ca and Mark.Kearl@bdc.ca</p> <p>With a copy to:</p> <p>McCarthy Tétrault LLP 4000, 421 7 Ave SW Calgary, AB T2P 4K9</p> <p>Attention: Sean Collins and Nathan Stewart Email: scollins@mccarthy.ca and nstewart@mccarthy.ca</p> <p>and</p> <p>Cassels Brock & Blackwell LLP Suite 3810, Bankers Hall West, 888 3rd Street SW Calgary, AB T2P 5C5</p> <p>Attention: Jeffrey Oliver and Danielle Marechal Email: joliver@cassels.com and dmarechal@cassels.com</p>

	<p>In the case of the Borrowers:</p> <p>Attention: David Young Email: dyoung@royalheliumltd.com</p> <p>With a copy to:</p> <p>Reconstruct LLP 80 Richmond Street West, Suite #1700 Toronto, ON M5H 2A3</p> <p>Attention: Caitlin Fell Email: cfell@reconllp.com; skour@reconllp.com</p> <p>In either case, with a copy to the Monitor:</p> <p>Alvarez & Marsal Canada Inc. Attention: Orest Konowalchuk and Bryan Krol Email: okonowalchuk@alvarezandmarsal.com and bkrol@alvarezandmarsal.com</p> <p>With a copy to:</p> <p>Burnet, Duckworth & Palmer LLP 2400, 525 - 8th Avenue SW Calgary, AB T2P 1G1</p> <p>Attention: David LeGeyt Email: dlegeyt@bdplaw.com</p>
CO-LENDER TERMS	<p>(a) The commitment of each of BDC and CWB under the DIP Facility shall be in a maximum amount of 50% of the DIP Facility (respectively, the “Commitments”).</p> <p>(b) Each DIP Lender shall only be responsible to make DIP Advances up to the maximum amount of its Commitment hereunder. Each DIP Advance made hereunder shall be made by each DIP Lender on a <i>pro rata</i> basis in accordance with its Commitment. All DIP Advances to be made hereunder shall be made directly by each DIP Lender to the Borrowers’ CWB bank accounts (or such other account(s) of the Borrowers as may be agreed to by the DIP Lenders and the Borrowers); provided that the DIP Lenders may, for administrative convenience, mutually agree upon a protocol or process by which the DIP Advance may first be pooled, or paid by one DIP Lender and reimbursed by the other, or otherwise addressed in any manner which is consistent with this Term Sheet and permits the DIP Lenders to make a DIP Advance as and when required under this Term Sheet and on a <i>pro rata</i> basis.</p>

- (c) The DIP Lenders shall, as between themselves, be severally and not jointly or jointly and severally liable for the debts, obligations, duties, agreements, expenses, liabilities and losses (collectively, the “**Liabilities**”) incurred in connection with the DIP Facility in their respective Commitments and shall at all times indemnify and save harmless the other DIP Lender from any failure to pay its proportionate share of any Liabilities.
- (d) The interests of the DIP Lenders in the DIP Facility and DIP Obligations shall rank *pari passu* as to the proportionate share of their Commitments to the DIP Facility. Each DIP Lender shall rank equally as to the DIP Lenders’ Charge.
- (e) All payments made to the DIP Lenders by the Borrowers hereunder shall be made on a *pro rata* basis in accordance with the DIP Lenders’ respective Commitments.
- (f) Neither the execution of this Term Sheet, nor the sharing of the DIP Facility and DIP Lenders’ Charge is intended to be nor shall it be construed to be the formation of a partnership or a joint venture between the DIP Lenders.
- (g) Each of the DIP Lenders agree to provide to the other notice in writing in the event of any Default or Event of Default by the Borrowers under this Term Sheet and no DIP Lender shall take any enforcement action with respect to the DIP Facility without the consent and agreement of the other DIP Lender in accordance with the provisions herein, such consent not to be unreasonably withheld.
- (h) Each DIP Lender shall be responsible for completing its own due diligence on the Borrowers and their assets, property and undertaking.
- (i) Neither of the DIP Lenders shall, without the prior written consent of the other, agree to the amendment, modification or waiver of any of the terms of the DIP Credit Documentation or any other agreement or document relating thereto, consent to any action or failure to act by the Borrowers or any other party, or exercise any rights that it may have in respect thereof.
- (j) The DIP Lenders agree that all decisions with respect to the DIP Credit Documentation and the DIP Facility shall be governed by this Term Sheet and where this Term Sheet is silent, all decisions must be made by the DIP Lenders both agreeing.
- (k) If an Event of Default occurs under this Term Sheet, the DIP Lenders shall forthwith cooperate and consult with

	<p>each other as to the commencing of enforcement proceedings at such time and as to the nature of enforcement proceedings to be taken which, when agreed upon, shall be commenced and diligently proceeded with; provided that the DIP Lenders may by mutual agreement and in their discretion instead grant a waiver with respect to such Event of Default or agree to a forbearance or other means of addressing such Event of Default with the Borrowers. The DIP Lenders shall keep each other advised of all steps taken and to be taken in connection with any such enforcement proceeding. Each DIP Lender shall execute and deliver upon request to the other such information and documents as a DIP Lender shall reasonably require for the prosecution and completion of exercise of remedies or enforcement actions and proceedings.</p>
GOVERNING LAW AND JURISDICTION	<p>This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein. Each of the Borrowers irrevocably submits to the non-exclusive courts of the Province of Alberta, waives any objections on the ground of venue or forum <i>non conveniens</i> or any similar grounds, and consents to service of process by mail or in any other manner permitted by relevant law.</p>

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IN WITNESS HEREOF, the parties hereby execute this Agreement as of the date first written above.

BORROWERS:

ROYAL HELIUM LTD.

Per: _____
Name: Jeff Sheppard
Title: Director

IMPERIAL HELIUM CORP.

Per: _____
Name: David Young
Title: Director

ROYAL HELIUM EXPLORATION LIMITED

Per: _____
Name: David Young
Title: Director

DIP LENDER:

BUSINESS DEVELOPMENT BANK OF CANADA

Per: _____
Name: ●
Title: ●

DIP LENDER:

CANADIAN WESTERN BANK

Per: _____
Name: ●
Title: ●

SCHEDULE "A"

ADDITIONAL DEFINITIONS

"Administration Charge" means a super-priority Court-ordered charge against the assets of the Borrower securing the indemnity granted by the Borrowers to the Borrower's legal counsel, the Monitor, and Monitor's legal counsel in an amount not to exceed CAD \$500,000 under the Initial Order.

"Affiliate" means, in respect of any Person at any date, (a) any corporation, company, limited liability company, association, joint venture or other business entity of which securities, membership interests or other ownership interests representing fifty percent (50%) or more of the voting power of all equity interests are owned or held, directly or indirectly, by such Person, (b) any partnership, limited liability company or joint venture wherein the general partner, managing partner or operator is, directly or indirectly, such Person, or (c) any other Person that is otherwise directly or indirectly controlled by such Person.

"Applicable Laws" means all federal, provincial, municipal and local laws, statutes, regulations, codes, acts, permits, licenses, ordinances, orders, by-laws, guidelines, notices, protocols, policies, directions and rules and regulations, including those of any governmental or other public authority, which may now, or at any time hereafter, govern, be applicable to or enforceable against or in respect of the Borrowers, the operation of their business or their Property, as the case may be.

"Business Day" means a day on which banks in Calgary, Alberta are open for business.

"Cash Flow Projections" means a statement indicating the Borrower's weekly cash flow projections setting forth (a) a rolling 13-week cash flow forecast of cash receipts and cash disbursements of the Borrower from the date that is five (5) Business Days prior to the requested advance, as approved by the Monitor.

"Court Ordered Charges" means the Administration Charge and the DIP Lenders' Charge.

"Default" means any Event of Default or any condition or event which, after notice or lapse of time or both, would constitute an Event of Default.

"DIP Credit Documentation" means this Agreement, the orders of the Court approving it and any other definitive or ancillary documentation in respect of the DIP Facility that are in form and substance satisfactory to the DIP Lenders, in their sole discretion.

"DIP Security" means the contractual security and contractual hypothecary documents granted by the Borrowers providing for a security interest/hypothec in and lien on all now-owned and hereafter-acquired assets and Property of the Borrowers, real and personal, tangible or intangible and all proceeds therefrom, but excluding (i) such assets, if any, as the DIP Lenders in their discretion determines to be immaterial or to be assets for which the cost and other burdens of establishing and perfecting a security interest outweigh the benefits of establishing and perfecting a security interest, and (ii) other exceptions to be mutually agreed.

"Equity Securities" means any (i) common stock, preferred stock, rights, options or warrants to purchase common stock or preferred stock; (ii) or any security convertible into or exchangeable

for common stock or preferred stock of the Borrower, and **"Equity Security"** means any one of them.

"Governmental Authorities" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and **"Governmental Authority"** means any one of them.

"Legal Fees" means all reasonable and documented legal fees and disbursements that the DIP Lenders, the Monitor and the Borrowers incur in connection with this Agreement, the Restructuring Proceedings, the DIP Facility and the DIP Credit Documentation. For greater certainty, the Legal Fees of the DIP Lenders payable by the Borrower under this Term Sheet shall include all legal fees incurred by the DIP Lenders in connection with or arising from the negotiation and review of the SISF and this Term Sheet, up to the maximum amount of \$23,000.

"Liens" means all mortgages, pledges, charges, encumbrances, hypothecs, liens and security interests of any kind or nature whatsoever.

"Material Contract" means a contract to which a Borrower is a party to that is material to the Borrowers' business.

"Permitted Liens" means (i) the Court Ordered Charges; (ii) existing intercorporate liens amongst the Borrowers and their Affiliates as of the date hereof; and (iii) liens, if any, in respect of amounts payable by a Borrower for wages, vacation pay, deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada), income tax and workers compensation claims.

"Person" means an individual, partnership, corporation (including a business trust), joint venture, limited liability company or other entity, or Governmental Authority.

"Priority Claims" means the aggregate of any amounts accrued or payable by the Borrowers which under any law may rank prior to or *pari passu* with the DIP Lenders' Charge or otherwise in priority to any claim by the DIP Lenders for payment or repayment of any amounts owing under this Term Sheet, including: (i) wages, salaries, commissions or other remuneration; (ii) vacation pay; (iii) pension plan contributions; (iv) amounts required to be withheld from payments to employees or other persons for federal and provincial income taxes, employee Canadian Pension Plan contributions and employee employment insurance premiums, additional amounts payable on account of employer Canada Pension Plan contributions and employer employment insurance premiums; (v) harmonized sales tax; (vi) provincial sales or other consumption taxes; (vii) Workers' Compensation Board and Workplace Safety and Insurance Board premiums or similar premiums; (viii) real property taxes; (ix) rent and other amounts payable in respect of the use of real property; (x) amounts payable for repair, storage, transportation or construction or other services which may give rise to a possessory or registerable lien; and (xi) claims which suppliers could assert pursuant to Section 81.1 or Section 81.2 of the BIA; and (xii) WEPPA Claims. For greater certainty, the reference to any amount in this definition shall not constitute nor be deemed to constitute an admission by the DIP Lenders with respect to the priority of such obligation nor a subordination of, or implied agreement to subordinate, the DIP Lenders' Charge.

“Property” means the Borrowers’ current and future assets, and properties of every nature and kind whatsoever, wherever situate including all proceeds thereof.

“Proposal” means a proposal, plan of arrangement, plan of compromise, or similar document filed by one or more Borrowers under the CCAA Proceedings which has been approved by the requisite majorities of the Borrowers’ creditors and by order entered by the Court and by the DIP Lenders.

“SISP” means the Court-supervised sales and investment solicitation process to be undertaken by the Borrowers pursuant to the SISP Order.

“SISP Order” means an order of the Court approving the SISP in respect of the undertakings Property of the Borrowers.

“WEPPA Claims” means any claims made against the Borrowers pursuant to the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1, as the same may be amended, restated or replaced from time to time.

SCHEDULE “B”
REPORTING REQUIREMENTS

During the term of this Term Sheet, the Borrowers, jointly and severally, covenant and agree that they shall:

1. **Financial Statements, Reports, Etc.** Provide to the DIP Lenders and the Monitor:
 - (a) Projections: Weekly Variance Report. Biweekly on the first Business Day of such week (i) a rolling 13-week cash flow forecast of the cash receipts and cash disbursements of the Borrower for the immediately following consecutive 13 weeks, set forth on a weekly basis and; and (ii) a variance report comparing (A) the actual cash receipts and cash disbursements for the preceding two weeks to the projected cash receipts and cash disbursements provided for such weeks in the most recently delivered Cash Flow Projections, and (B) actual cumulative cash receipts and disbursements to the cash flow budget (collectively, the **“Weekly Variance Report”**). Each Weekly Variance Report shall include commentary, in reasonable detail, with respect to any variances disclosed in the Weekly Variance Report.
 - (b) Litigation. Promptly, upon becoming aware thereof, provide details of the following to the DIP Lenders and the Monitor:
 - i. any pending, threatened or potential claims, litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against the Borrower, by or before any court, tribunal, Governmental Authority or regulatory body, which would be reasonably likely to result in a judgement, and
 - ii. any existing or threatened in writing default or dispute with respect to any Material Contracts.
 - (c) Other Information. Promptly, from time to time, such other information regarding the operations, business affairs, and financial condition of the Borrowers, as the DIP Lenders and/or the Monitor may reasonably request.
2. Bi-Weekly Updates. Provide to the DIP Lenders and the Monitor, on the last Business Day of every other week (unless waived by both the DIP Lender and the Monitor), a status report and such other updated information relating to the conduct of the business, the CCAA Proceedings, the SISF and such other information as may be reasonably requested by the DIP Lenders and/or the Monitor, in form and substance reasonably acceptable to the DIP Lenders and the Monitor.
3. Default. Notify the DIP Lenders and the Monitor of the occurrence of any

Event of Default.

4. Material Adverse Effect. Notify the DIP Lenders and the Monitor of any development or event that has had or could reasonably be expected to have a material adverse effect.

APPENDIX “F”

Schedule "A"

Bidding Procedures for the Sale Investment and Solicitation Process

Introduction

1. On January 17, 2025 (the "**Filing Date**"), Royal Helium Ltd., Royal Helium Exploration Limited, and Imperial Helium Corp. (together, the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, 1985, c. B-3 (the "**BIA**", and the proceedings, the "**NOI Proceedings**").
2. Grant Thornton Limited, a licensed insolvency trustee, was appointed as Proposal Trustee of the Company in the NOI Proceedings.
3. On January 29, 2025, the Company obtained an order (the "**Consolidation Order**") from the Ontario Superior Court of Justice (Commercial List) which, among other things, consolidated the NOI Proceedings, approved a debtor in possession facility in the amount of \$1,500,000 (the "**DIP Facility**"), and ordered that the NOI Proceedings be transferred to the Alberta Court of King's Bench.
4. On February 10, 2025, the Company filed an application with the Alberta Court of King's Bench (Commercial List) (the "**Court**") pursuant to section 11.6(a) of the *Companies' Creditors Arrangement Act*, 1985, c C-36 ("**CCAA**"), to continue the NOI Proceedings thereunder. Canadian Western Bank and Business Development Bank of Canada (together, the "**Lenders**") are currently the primary secured lenders of the Company and, in that capacity, the Lenders will have certain consultation rights as specifically provided for below.
5. On February 19, 2025, the Court granted an initial order (the "**Initial Order**") pursuant to the CCAA, among other things, converting the NOI Proceedings to proceedings under the CCAA (the "**CCAA Proceedings**"): appointing Alvarez & Marsal Canada Inc. ("**A&M**") as the monitor (the "**Monitor**") of the Company; taking up and continuing certain charges granted in the Consolidation Order, including a charge up to a maximum amount of \$1,500,000 in favour of Energy & Specialty Gases DIP, LLC (the "**DIP Lender**") to secure the DIP Facility; and amending certain charges granted in the Consolidation Order, including the \$300,000 charge in favour of certain professional fees (the "**Administrative Charge**").
6. On February 19, 2025, the Court granted an order authorizing the Monitor and the Company to undertake a sale and investment solicitation process ("**SISP**") to solicit offers for the sale of the Company's: (A) property, assets and undertaking (collectively, the "**Property**"), and/or (B) business operations (the "**Business**"), or for the restructuring, recapitalization or refinancing of the Business (the "**SISP Approval Order**"). The SISP will be conducted by the Monitor, working in conjunction with the Company, in the manner set forth herein and in accordance with the SISP Approval Order.
7. Among other things, the SISP Approval Order approved the procedures set out in this Schedule (the "**Bidding Procedures**") for the solicitation of offers (each, a "**Bid**") for the

acquisition of the Property and/or the Business or some portion thereof or the restructuring, recapitalization or refinancing of the Business.

Bidding Procedures

Opportunity

8. The SISP is intended to solicit interest in and opportunities for a sale of all or part of the Company's Property and Business (the "**Opportunity**"). The Opportunity may include one or more of a sale of all, substantially all or one or more components of the Company's Property and Business as a going concern or otherwise and/or the restructuring, recapitalization or refinancing of the Business.
9. Any sale of any of the Property and/or the Business will be on an "*as is, where is*" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Company, the Lenders or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Company in and to the Property or the Business to be acquired will be sold free and clear of, *inter alia*, all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders and definitive documents.
10. The Bidding Procedures describe the manner in which prospective bidders may gain access to due diligence materials concerning the Company, the Property and the Business, the manner in which bidders may participate in the SISP, the requirement of and the receipt and negotiation of Bids received, the ultimate selection of a Successful Bidder (as defined below) and the requisite approvals to be sought from the Court in connection therewith.
11. The Monitor and the Company shall be entitled to consult with the Lenders in respect of any matter relating to these Bidding Procedures; and, (ii) the Monitor and the Company shall be entitled to disclose to the Lenders confidential information concerning the SISP, including any list of potential purchasers or investors, information regarding the identity and number of bidders or prospective bidders participating in the SISP from time to time, the number of bids received and the terms of any bids received, and any similar information in connection with the SISP, including, but not limited to, any such information as may be included in the VDR (as defined in paragraph 20).
12. The Monitor, in consultation with the Company and the Lenders, may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Qualified Bidders, Binding Offer Bidders or the Successful Bidder(s) (as each are defined below) provided that such modification, amendment, variation or supplement is expressly limited to changes that do not alter, amend or prejudice the rights of such bidders and are necessary or useful in order to give effect to the substance of the SISP, the Bidding Procedures or the SISP Approval Order. Notwithstanding the foregoing; (i) the dates or time limits indicated in the table contained below may be extended by the Monitor, in consultation with the Company and the Lenders, as the Monitor deems necessary or appropriate, or by order of the Court.
13. The Monitor will post on the Monitor's website and serve on the service list maintained in the CCAA Proceedings, as soon as practicable, any such modification, amendment,

variation or supplement to these Bidding Procedures and inform the bidders impacted by such modifications.

14. The SISP will be conducted by the Monitor, in coordination with the Company, and in the manner set forth herein and in accordance with the SISP Approval Order. In the event of a dispute as to the interpretation or application of the SISP Approval Order or these Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute. For the avoidance of doubt, all bidders shall be deemed to have consented to the jurisdiction of the Court in connection with any disputes relating to the SISP, including the qualification of Bids, the enforcement of the SISP, and the closing of a Successful Bid, as applicable.
15. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, the Auction and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
16. A summary of the key dates pursuant to the SISP is as follows:

Milestone	Date
Commence solicitation of interest from parties, including delivering NDA and Teaser Letter, and upon execution of NDA (each as defined below) and access to VDR	As soon as practical following the date of the SISP Approval Order.
Phase I Bid Deadline (non-binding letter of intent)	By no later than 5:00 p.m. (Mountain Time) on March 28, 2025,
Binding Offer Deadline (as defined below) – Phase II Bid Deadline	By not later than 5:00 p.m. (MT) on April 18, 2025
Auction, if needed	By no later than April 23, 2025.
Selection of Successful Bid	By no later than April 23, 2025.

Approval Motion (as defined below)	By no later than May 2, 2025, or the earliest date available thereafter.
Closing of Successful Bid	As soon as possible but no later than May 9, 2025.

Solicitation of Interest: Notice of the SISP

17. As soon as reasonably practicable after the granting of the SISP Approval Order,
 - (a) the Monitor shall cause a notice of the SISP to be published in the Globe & Mail (National Edition) and any other relevant paper or online industry at the discretion of the Monitor;
 - (b) the Company and the Monitor will prepare a list of potential bidders, including: (i) parties that have approached the Company or the Monitor indicating an interest in the Opportunity prior to the date of the SISP Approval Order; and (ii) local, national, and international financial and strategic parties who the Company and the Monitor believe may have an interest in submitting a Bid for the Property and/or the Business, in each case whether or not such party has submitted a letter of intent or similar document (collectively, the **"Known Potential Bidders"**); and
 - (c) the Company, with the review and final approval of the Monitor, will prepare and finalize: (i) a process summary (the **"Teaser Letter"**) describing the Opportunity, outlining the contemplated process under the SISP and inviting recipients of the Teaser Letter to express their interest; and (ii) a non-disclosure agreement in form and substance satisfactory to the Monitor and the Company and their respective counsel, which shall enure to the benefit of any purchaser of the Business or Property or any part thereof (an **"NDA"**).
18. As soon as reasonably practicable, but, in any event, by no later than five (5) business days after the granting of the SISP Approval Order, the Monitor, with the assistance of the Company will arrange to provide the Known Potential Bidders with a copy of the Bidding Procedures approved by the Court.
19. The Monitor will cause the Teaser Letter and NDA to be sent to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Company, the Monitor or the Lenders or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable. The Monitor will ensure the Company is informed of any or all Teaser Letter and NDAs that are sent to any parties hereto.

Virtual Data Room

20. A confidential virtual data room or rooms (collectively the “**VDR**”) in relation to the Opportunity will be made available by the Monitor to Potential Bidders (as defined below) that have executed the NDA. The VDR will be made available as soon as practicable. The Company, in consultation with the Monitor, may establish separate VDRs (including “**clean rooms**”), if the Company reasonably determines that doing so would prevent the distribution of commercially sensitive competitive information. The Monitor may also, in consultation with the Company, limit the access of any Potential Bidder to any confidential information in the VDR where the Monitor, in consultation with the Company, reasonably determines that such access could negatively impact the SISP, the ability to maintain the confidentiality of the information, the Business, the Property or their value. The Monitor will have access to the VDR and any clean rooms.

Qualified Bidders

21. Any party who wishes to participate in the SISP (a “**Potential Bidder**”) must provide to the Monitor and counsel to the Company, at the addresses specified in **Appendix “B”** hereto (including by email transmission), an NDA executed by it, acceptable to the Company and the Monitor, and written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
22. A Potential Bidder (who has delivered the executed NDA and letter as set out above) will be deemed a “**Qualified Bidder**” if the Monitor, in its reasonable judgment, and in consultation with the Company and the Lenders, determines such person is likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale or liquidation transaction pursuant to the SISP. All Qualified Bidders will be granted access to the VDR. For greater certainty, no Potential Bidder or other party shall be deemed to be a Qualified Bidder without the approval of the Monitor, in consultation with the Company and the Lenders.
23. The Lenders shall not participate as bidders in the SISP, other than in accordance with paragraph 40 herein.
24. The Company, the Monitor, the Lenders and their respective advisors make no representation or warranty as to the information contained in the VDR, Teaser Letter or otherwise made available pursuant to the SISP.
25. At any time during the SISP the Monitor may, in its reasonable judgment, and in consultation with the Company and the Lenders, eliminate a Qualified Bidder from the SISP, in which case such bidder will be eliminated from the SISP and will no longer be a “Qualified Bidder” for the purposes of the SISP.
26. Potential Bidders must rely solely on their own independent review, diligence, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with respect to the Property and Business or any portion thereof.

Due Diligence

27. The Monitor and the Company, shall, subject to competitive and other business considerations, afford each Qualified Bidder such access to available due diligence materials and information relating to the Property and Business as the Monitor, in consultation with the Company, may deem appropriate. Due diligence access may include management presentations, access to the VDR, on-site inspections, and other matters which a Qualified Bidder may reasonably request and as to which the Monitor, in its reasonable judgment, and in consultation with the Company, may agree. Any access or interactions with the Company's management and personnel shall be coordinated through, and involve a representative of, the Monitor.
28. The Monitor will designate one or more representatives of the Monitor to be solely responsible for coordinating and responding to all requests for information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Monitor, nor the Company through the Monitor, will be obligated to furnish any information relating to the Property or Business to any person other than to Qualified Bidders. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Company, in consultation and agreement with the Monitor, determines such information to represent proprietary or sensitive competitive information.

Non-Binding Offers

29. Any Qualified Bidder that wishes to make a formal offer to: (a) acquire all or substantially all of the Property or Business, whether through an asset purchase, a share purchase or a combination thereof (either one, a **"Sale Proposal"**); or (b) a portion of the Property or the Business (a **"Partial Sale Proposal"**); or (c) the restructuring, recapitalization or refinancing of the Business (a **"Investment Proposal"**) must submit a non-binding offer (a **"Non-Binding Offer"**) in the form of a Letter of Intent disclosing all material terms of the Non-Binding Offer, including, without limitation the source of financing or funding for the proposed transaction by no later than 5:00 p.m. (Mountain Time) on March 28, 2025 (the **"Phase I Bid Deadline"**). All Non-Binding Offers are to be submitted to the Monitor and copied to the Company.

Formal Binding Offers

30. Any Qualified Bidder that wishes to make a formal binding offer for a Sale Proposal, Partial Sale Proposal or Investment Proposal must submit a binding offer (a **"Binding Offer"**):
(i) in the case of a Sale Proposal or a Partial Sale Proposal, in the form of a purchase agreement, or (ii) in the case of a Financing Proposal, in the form of a financing agreement, both in form and substance satisfactory to the Monitor, in consultation with the Company and the Lenders, in each case, to the Monitor with copy to the Company, no later than 5:00 p.m. (Mountain Time) on April 18, 2025 (the **"Binding Offer Deadline"**).
31. A Binding Offer submitted by a Qualified Bidder (the **"Binding Offer Bidder"**) will be considered if it:
 - (a) is submitted on or before the Binding Offer Deadline by a Qualified Bidder;
 - (b) is made by way of binding, definitive transaction document(s) that is/are executed by the Binding Offer Bidder and contains reasonable particulars of the proposed transaction structure, including the form of Approval Order (which may, in appropriate circumstances, include a reverse vesting order);
 - (c) in the case of a Sale Proposal or Partial Sale Proposal, identifies any executory contracts and leases of the Company that the Binding Offer Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;
 - (d) is not subject to any financing condition, diligence condition or internal or board approval;
 - (e) is unconditional, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the Binding Offer;
 - (f) contains or identifies the key terms and provisions to be included in any Approval Order;
 - (g) in the case of a Sale Proposal or Partial Sale Proposal, contains the Binding Offer Bidder's proposed treatment of employees of the Company (for example, anticipated employment offers and treatment of post-employment benefits);
 - (h) includes acknowledgments and representations of the Binding Offer Bidder that it:
 - (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property and/or the Business in making its Binding Offer; (iii) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity or the completeness of any information provided in connection therewith, other than as expressly set forth in the Binding Offer or other transaction document submitted with the Binding Offer; and (iv) promptly will commence any governmental or

regulatory review of the proposed transaction by the applicable governmental authorities;

- (i) includes evidence satisfactory to the Monitor of funds available to pay the purchase price on closing;
- (j) provides for any anticipated corporate, licensing, securityholder, legal or other regulatory approvals required to close the transaction, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals (or, in the case of any such approvals which are already held by the Qualified Bidder, identifies such approvals);
- (k) does not provide for any break or termination fee, expense reimbursement or similar type of payment, it being understood and agreed that no bidder will be entitled to any bid protections;
- (l) in the case of a Sale Proposal or Partial Sale Proposal, includes:
 - (i) the specific purchase price in Canadian dollars and a description of any non-cash consideration;
 - (ii) a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - (iii) a specific indication of the sources of capital for the Binding Offer Bidder and the structure and financing of the transaction; and
 - (iv) a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume and which such liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;
- (m) in the case of an Investment Proposal, includes the scope of the investment in the Business, which may include one or more of the following: a restructuring, recapitalization or other form of reorganization of the Business and affairs of the Company as a going concern, together with a plan of compromise or arrangement pursuant to the CCAA;
- (n) includes payment of a deposit in the amount of not less than 20% of the cash purchase price payable on closing (the "**Deposit**") by wire transfer to the Monitor;
- (o) is accompanied by an acknowledgement that if the Binding Offer Bidder is selected as a Successful Bidder, that the Deposit will be non-refundable subject to approval of such Successful Bid by the Court and the terms described in paragraph 45 below;
- (p) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is ten (10) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction, following the

satisfaction or waiver of the conditions to closing and in any event no later than April 7, 2025 (the “**Outside Date**”);

- (q) provides sufficient consideration to repay or otherwise address the indebtedness owing to the Lenders (the “**Lender Secured Indebtedness**”) to the satisfaction of the Lenders in their sole discretion; and
 - (r) includes such other information as reasonably requested or identified as being necessary or required by the Monitor, in consultation with the Company.
32. The DIP Lender, the Lenders (solely pursuant to and in accordance with paragraph 40 herein), and any other secured creditor of the Company shall have the right (subject to compliance with the terms of this SISP) to credit bid their secured debt against the assets secured thereby up to the full face value of such secured lender’s claims, including principal, interest and any other obligations owing to such secured lender; provided that any such secured lender shall be required to: (a) pay in full in cash, or assume (with the consent of the holder of the priority claim), any obligations of the Company in priority to or *pari passu* with its secured debt; and (b) pay appropriate consideration for any assets of the Company which are contemplated to be acquired and that are not subject to such secured lender’s security.
33. By submitting an offer for consideration as a Binding Offer, it is deemed that such Binding Offer: (i) may, if such Binding Offer is selected as the Successful Bid, be accepted by the Company by countersigning the Binding Offer, and (ii) is irrevocable and capable of acceptance until the earlier of (A) two (2) business days after the date of closing of the applicable Successful Bid; and (B) the Outside Date.
34. The Monitor, in its reasonable judgment, and in consultation with the Company and the Lenders may waive compliance with any one or more of the requirements specified above and consider such non-compliant Binding Offer. For the avoidance of doubt, the completion of any Binding Offer shall be subject to the approval of the Court.
35. The Monitor, in consultation with the Company, may aggregate separate bids from unaffiliated Binding Offers to create one or more Qualified Bid(s) (an “**Aggregated Bid**”).

Evaluation of Competing Bids

36. A Binding Offer will be evaluated based upon several factors, including, without limitation, items such as the purchase price and the net value and form of consideration to be paid pursuant to such bid (including the extent of value available to creditors of the Company), the identity, circumstances and ability of the Binding Offer Bidder to successfully complete such transactions, including any conditions attached to the bid and the expected feasibility of such conditions, the proposed transaction documents, factors affecting the speed, certainty and value of the transaction, the assets included or excluded from the bid, any related restructuring costs, compliance or eligibility with respect to regulatory requirements, the likelihood and timing of consummating such transactions, and the ability

of the bidder to finance and ultimately consummate the proposed transaction within the timeline established by the Monitor, in consultation with the Company and Lenders.

Selection of Successful Bid

37. The Monitor in consultation with the Company and the Lenders may, following the receipt of any Binding Offer, including one or more Binding Offers comprising an Aggregated Bid, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered.
38. The Monitor, in consultation with the Company, may negotiate with Binding Offer Bidders, including Binding Offers comprising an Aggregated Bid, in any manner it considers appropriate in its business judgment with a view to maximizing the value of the Property, including at the Auction (as defined below).
39. The Monitor and the Company will, in consultation with the Lenders: (i) review and evaluate each relevant Binding Offer; and (ii) subject to paragraph 41(j) below: (A) identify the highest and otherwise best Binding Offer (the “**Successful Bid**”, and the Binding Offer Bidder making such Successful Bid, the “**Successful Bidder**”); and (B) the next highest and otherwise second best Binding Offer (the “**Back-Up Bid**”, and the Binding Offer Bidder making such Back-Up Bid, the “**Back-Up Bidder**”). The Monitor, in consultation with the Company and the Lenders, may consider any commercial factor in evaluating Binding Offers, including speed, certainty, value and preservation of employment.
40. From and after the Binding Offer Deadline, but prior to the commencement of any Auction if any), in the event that no offer is received (including an offer received by the DIP Lender) that provides sufficient consideration to repay or otherwise address the indebtedness owing to the Lenders to the satisfaction of the Lenders, the Lenders (or any one of them) shall be entitled to repay the DIP Facility in full and: (i) credit bid some or all of the amount of the DIP Facility and the Lender Secured Indebtedness, and such credit bid submitted by the Lenders (or any of them) shall be deemed to be the Successful Bid; or (ii) agree to fund an alternate process to realize on the Company’s assets.
41. If the Monitor, in consultation with the Company and the Lenders, determines that more than one Binding Offers should be considered, the Monitor may, in consultation with the Company and the Lenders, without being obligated to do so, conduct an auction (the “**Auction**”) to select the highest and/or best Binding Offer in accordance with the procedures set out below.
 - (a) The Auction will commence at a time to be designated by the Monitor and may, in the discretion of the Monitor, be held virtually via videoconference, teleconference or such other reasonable means as the Monitor deems appropriate. The Monitor will consult with the parties permitted to attend the Auction to arrange for the Auction to be so held. Subject to the terms hereof, the Monitor, in consultation with the Company and Lenders, may postpone the Auction.
 - (b) Except as otherwise permitted in the Monitor’s discretion, only the Company, the Monitor, the Lenders and the Binding Offer Bidders, and, in each case, their respective professionals and representatives, will be permitted to attend the Auction. Only Binding Offer Bidders are eligible to participate in the Auction.

- (c) Binding Offer Bidders will participate in the Auction through a duly authorized representative who has the authority to make binding offers on behalf of the Binding Offer Bidder at the Auction.
- (d) Except as otherwise set forth herein, the Monitor may waive and/or employ and announce at the Auction additional rules, including rules to facilitate the participation of parties participating in an Aggregated Bid, that are reasonable under the circumstances for conducting the Auction, provided that such rules are:
 - (i) Not materially inconsistent with the Initial Order, the SISP, the Bidding Procedures, the CCAA, or any order of the Court issued in connection with the CCAA Proceedings;
 - (ii) disclosed to each Binding Offer Bidder; and (iii) designed, by the Monitor, in its reasonable judgment, and in consultation with the Company, to result in the highest and otherwise best offer.
- (e) The Monitor may arrange for the actual bidding at the Auction to be transcribed or recorded. Each Binding Offer Bidder participating in the Auction will designate a single individual to be its spokesperson during the Auction.
- (f) Each Binding Offer Bidder participating in the Auction must confirm on the record, at the commencement of the Auction and again at the conclusion of the Auction, that it has not engaged in any collusion with the Company or any other person, including any other Binding Offer Bidder, or any of the respective representatives of such persons, without the consent of the Monitor, regarding the SISP, that has not been disclosed to all other Binding Offer Bidders.
- (g) Prior to the Auction, the Monitor will identify the highest and best of the Binding Offers received and such Binding Offers will constitute the opening bid for the purposes of the Auction (the “**Opening Bid**”). Subsequent bidding will continue in minimum increments valued at not less than \$50,000.00 cash in excess of the Opening Bid (each and “**Overbid**”). Each Binding Offer Bidder will provide evidence of its financial wherewithal and ability to consummate the transaction at the increased purchase price. Further, in the event that an Aggregated Bid qualifies to participate in the Auction, modifications to the bidding requirements may be made by the Monitor, in consultation with the Company, to facilitate bidding by the participants in the Aggregated Bid.
- (h) All Binding Offer Bidders will have the right, at any time, to request that the Monitor announce, subject to any potential new Bids, the then-current highest and best Bid and, to the extent requested by any Binding Offer Bidder, use reasonable efforts to clarify any and all questions such Binding Offer Bidder may have regarding the Monitor’s announcement of the then-current highest and best bid.
- (i) Each participating Binding Offer Bidder will be given reasonable opportunity to submit an overbid at the Auction to any then-existing overbids. The Auction will continue until the bidding has concluded and there is one remaining Binding Offer Bidder. The Monitor and the Company, in consultation with the Lenders, shall determine which Binding Offer Bidders have submitted: (i) the highest and otherwise best Binding Offer of the Auction, which shall be a Successful Bid, and

- (ii) the next highest and otherwise second best Binding Offer of the Auction, which shall be a Back-Up Bid. At such time and upon the conclusion of the bidding, the Auction will be closed, and the Binding Offer Bidder with the highest and otherwise best Binding Offer of the Auction will be a Successful Bidder. The Binding Offer Bidder with the next highest and otherwise second best Binding Offer of the Auction will be a Back-Up Bidder.
- (j) Upon selection of a Successful Bidder(s) and the Back-Up Bidder, if any, the Successful Bidder(s) and the Back-Up Bidder, if any, shall deliver to the Monitor and the Company, an amended and executed transaction document that reflects their final Bid and any other modifications submitted and agreed to during the Auction, prior to the filing of the motion material for the hearing to consider the Approval Motion.
- (k) Any Bids submitted after the conclusion of the Auction will not be considered.
- (l) The Monitor, in consultation with the Company, shall be at liberty to modify or to set additional procedural rules for the Auction as it sees fit, including to conduct the Auction by way of written submissions.
42. A Successful Bid and a Back-Up Bid, if any, will be selected by no later than 5:00 p.m. (Mountain Time) on April 23, 2025 (or such later date immediately thereafter if the Auction is conducted and not completed in one day). If a Back-Up Bid is identified in accordance with the SISP, then such Back-Up Bid shall remain open until the date (the **"Back-Up Bid Outside Date"**) on which the transaction contemplated by the applicable Successful Bid is consummated or such earlier date as the Monitor, in consultation with the Company, determines. If the transactions contemplated by the applicable Successful Bid have not closed by the Outside Date, as applicable, or the applicable Successful Bid is terminated for any reason prior to the Outside Date, as applicable, the Company and the Monitor may elect to, or by further order of the Court, seek to complete the transactions contemplated by the applicable Back-Up Bid, and will promptly seek to close the transaction contemplated by such Back-Up Bid, which will be deemed to be a Successful Bid. The Company will be deemed to have accepted such Back-Up Bid only when the Company and the Monitor have made such election.

Approval of Successful Bid

43. The Company will apply to the Court (the **"Approval Motion"**) for one or more orders: (i) approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby (such order shall also approve the Back-Up Bid(s), if any, should the Successful Bid(s) not close for any reason); and (ii) granting a vesting order(s) to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets and/or shares in the name of the applicable Successful Bidder(s) (collectively, the **"Approval Order(s)"**). The Approval Motion will be held on a date to be scheduled by the Company, in consultation with the Monitor and the Lenders, and confirmed by the Court upon application by the Company. With the consent of the Monitor, the Approval Motion may be adjourned or rescheduled by the Company without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the service list maintained in the CCAA Proceedings prior to the Approval Motion. The Company will consult with the Monitor, the

Lenders and the applicable Successful Bidder regarding the motion material to be filed by the Company for the Approval Motion.

44. All Binding Offers (other than the Successful Bid(s) but including the applicable Back-Up Bid(s)) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s), with no further or continuing obligation of the Company or the Monitor to any unsuccessful Binding Offer Bidders.

Deposits

45. The Deposit(s):
- (a) will, upon receipt from the Binding Offer Bidder(s), be retained by the Monitor and deposited in a non-interest-bearing trust account;
 - (b) received from the Successful Bidder(s) and the Back-Up Bidder will:
 - (i) be applied to the purchase price to be paid by the applicable Successful Bidder of the Back-Up Bidder whose Successful Bid or Back-Up Bid, as applicable, is the subject of the Approval Order(s), upon closing of the approved transaction; and
 - (ii) otherwise be held and refunded in accordance with the terms of the definitive documentation in respect of the applicable Successful Bid or Back-Up Bid, provided that (A) all such documentation will provide that the Deposit, will be fully refunded to the Back-Up Bidder on the Back-Up Bid Outside Date; and (B) all such documentation will provide that the Deposit will be retained by the Company and forfeited by the Successful Bidder, if its Successful Bid fails to close by the Outside Date and such failure is attributable to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of its Successful Bid; and
 - (c) received from the Binding Offer Bidder(s) that are not a Successful Bidder or a Back-Up Bidder will be fully refunded to the Binding Offer Bidder(s) that paid the Deposit(s), as applicable, as soon as practical following the closing of the applicable Successful Bid.

“As is, Where is”

46. Any sale (or sales), including in the case of liquidation, of the Property or the Business or portions thereof will be on an “**as is, where is**” basis except for representations and warranties that are provided in writing in any definitive documents. Any such representations and warranties provided for in the definitive documents will not survive closing.

Confidentiality

47. Unless otherwise set out herein, other than as required in connection with any Auction or Approval Motion or as otherwise ordered by the Court, neither the Company nor the Monitor will disclose: (i) the identity of any Potential Bidder or Qualified Bidder; or (ii) the terms of any bid, Sale Proposal, Partial Sale Proposal, or Binding Offer, to any other bidder

or any of its affiliates, except to the extent the Monitor, with the consent of such applicable parties is seeking to combine separate Bids into Aggregated Bids. Potential Bidders, Qualified Bidders, Known Potential Bidders, Binding Offer Bidders and each of their respective affiliates shall not communicate with, or contact, directly or indirectly, any other Potential Bidder, Qualified Bidder, Known Potential Bidder, Binding Offer Bidder, or their respective affiliates, without the express written consent of the Monitor, and such communications or discussions are to take place under the supervision of the Monitor. For greater certainty, nothing in this section shall limit the ability of the Monitor or the Company to disclose information in relation to the identity of any Potential Bidder or Qualified Bidder or the terms of any bid, Sale Proposal, Partial Sale Proposal, or Binding Offer, to the Lenders.

Further Orders

48. At any time during the SISP, the Company or the Monitor may apply to the Court for advice and directions with respect to any aspect of this SISP including, but not limited to, the continuation of or termination of the SISP or with respect to the discharge of its powers and duties hereunder.

Additional Terms

49. In addition to any other requirement of the SISP, prior to seeking Court approval for any transaction or Bid contemplated by this SISP, the Monitor will provide a report to the Court on the SISP, parts of which may be filed under seal, including in respect of any and all Bids received.
50. Notwithstanding the terms of the SISP and these Bidding Procedures, the Company may, with the consent of the Monitor and the Lenders (other than any Lender that has indicated an intention to bid in the SISP), at any time bring an application to seek approval of a stalking horse bid in respect of some or all of the Property or the Business and related bid procedures, including to establish further or other bid procedures or the extension of any timeline set out herein.
51. The Monitor may, with the consent of the Company and the Lenders, terminate the SISP in relation to all or any part of the Business or Property, including if no acceptable bids are received by any deadline contemplated herein.
52. This SISP does not, and will not, be interpreted to create any contractual or legal relationship between the Company or the Monitor and any other party, other than as specifically set forth in the NDA or any other definitive agreement executed.
53. Notwithstanding anything to the contrary herein, the Monitor shall have no liability whatsoever to any person or entity, including without limitation any Potential Bidder, Qualified Bidder, Binding Offer Bidder, Known Potential Bidder, Successful Bidder, Back-Up Bidder, or any other creditor or stakeholder, or the Company, as a result of implementation or otherwise in connection with this SISP, except to the extent that any such liabilities result from the gross negligence or wilful misconduct of the Monitor, as determined by the Court, and all such persons or entities shall have no claim against the Monitor in respect of the SISP for any reason whatsoever.

