

COURT FILE NO.

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

APPLICANTS ROYAL HELIUM LTD., IMPERIAL HELIUM CORP.,
AND ROYAL HELIUM EXPLORATION LIMITED.

DOCUMENT **AFFIDAVIT OF DAVID YOUNG**

ADDRESS FOR **RECONSTRUCT LLP**
SERVICE AND 80 Richmond Street West
CONTACT Suite 1700
INFORMATION OF Toronto, ON M5H 2A4
PARTY FILING THIS
DOCUMENT **Caitlin Fell / Sharon Kour**
E-mail: cfell@reconllp.com / skour@reconllp.com
Tel: 416.613.8282 / 416.613.8283
Fax: 416.613.8290

Lawyers for the Applicants

I, **David Young**, of the City of New York, in the state of New York, **MAKE OATH AND SAY:**

1. I am the Chief Executive Officer ("**CEO**") of Royal Helium Ltd., Royal Helium Exploration Limited, and Imperial Helium Corp. (each individually, an "**Applicant**", and collectively, the "**Applicants**") and have been since September 3, 2024. Accordingly, I have personal knowledge of the matters set out below. Where I have relied on information from others, I state the source of such information and verily believe it to be true. Neither the Applicants nor I waive or intend to waive any applicable privilege by any statement herein.

2. This affidavit is sworn in support of an application (the “**Application**”) returnable before the Alberta Court of King's Bench (Commercial List) (the “**Court**”) on February 19, 2025, for relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).

3. All references to currency in this affidavit are references to Canadian dollars, unless otherwise indicated

I. RELIEF SOUGHT

4. The Applicants seek the following relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”):

(a) An initial order (the “**Initial Order**”) substantially in the form attached as **Schedule “A”**:

- i. declaring that each of the Applicants are companies to which the CCAA applies;
- ii. declaring that (I) the proceedings commenced by the Applicants under Division I of Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”, and such proceedings, the “**NOI Proceedings**”) of the Applicants are taken up and continued under the CCAA, pursuant to section 11.6(a) of the CCAA; (ii) declaring that Division I of Part III of the BIA has no further application to the Applicants; (iii) terminating the NOI Proceedings; and (iv) deeming the Notices of Intention to Make a Proposal (the “**NOIs**”) filed by the Applicants, under section 50.4 of the BIA, to be withdrawn;

- iii. appointing Alvarez & Marsal Canada Inc. (“**A&M**”) as the monitor (the “**Monitor**”) of the Applicants in these proceedings;
- iv. declaring that the relief granted by order of the Ontario Superior Court of Justice (Commercial List) dated January 29, 2025 (the “**Consolidation Order**”) is hereby taken up and continued pursuant to the Initial Order;
- v. continuing and taking up under the CCAA such charges 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 priority amongst themselves:
 - 1. first – a charge in favour of the Monitor, its legal counsel, and the Applicants’ legal counsel in respect of their fees and disbursements, to a maximum amount of \$300,000 (the “**Amended Administration Charge**”); and
 - 2. second – a charge in favour of the DIP Lender up to the maximum principal amount of \$1,500,000 (“**DIP Lenders’ Charge**”);
- vi. authorizing the Applicants to pay the reasonable expenses incurred in carrying out their business in the ordinary course, including certain expenses incurred prior to the date of the Initial Order;

vii. 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

(b) such further and other relief as may be sought by the Applicants and granted by this Honourable Court.

II. OVERVIEW

Background of the Applicants

1. Royal Helium Ltd. ("**RHL**") is a public company that trades on the Toronto Stock Exchange, Venture Exchange (the "**TSX. V**") and holds 100% of the issued and outstanding capital of its two subsidiaries: Royal Helium Exploration Limited ("**RHEL**") and Imperial Helium Corp ("**IHC**", together with RHEL the "**RHL Subsidiaries**"). Since its inception, RHL has grown through a series of amalgamations, asset purchases and through exploration and drilling for new resources.

2. The Applicants are in the business of gas extraction and exploration. The company is focused on the drilling and extracting of helium for purification and the exploration of prospective helium rich lands in Saskatchewan and Alberta (the "**Business**"). The Applicants control approximately 564,000 acres of prospective helium lands through permits and leases across Saskatchewan and Alberta. Saskatchewan and Alberta 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.

3. Currently, the Applicants have wells tied into their sole helium purification facility in Alberta. with additional legacy drillings, well logs, and other geologic data suggesting significant additional resources that may be prospective for continued exploration and development of helium within the Applicants' geologic leasehold.

4. The Applicants are suffering a liquidity crisis precipitated by the failed commissioning of the helium purification facility in Steeveville, Alberta (the “**Steeveville 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 Steeveville, Alberta. However, the Applicants encountered challenges commissioning the Steeveville Facility, resulting in greater than anticipated labour costs and increased general and administrative expenses.

5. The Applicants have been further impacted in recent months by the theft of various pieces of equipment from the Steeveville Facility in December 2024. 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.

The NOI Proceeding

6. The Applicants were unable to operate the Steeveville Facility on a cash flow positive basis, and revenues from the purification plant did not meet anticipated targets. Coupled with the massive expense related to the commissioning, commencing in and around October 2024, the Applicants were not able to meet their obligations to secured lenders as they became due.

7. On January 7 and 8, 2025, the Applicants’ primary secured lenders, Canadian Western Bank (“**CWB**”) and Business Development Bank of Canada (“**BDC**” and together with CWB, the “**Lenders**”), respectively, issued Notices of Intention to Enforce Security under Section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. (the “**BIA**”). Copies of the Notices of Intention to Enforce Security and covering letters from counsel for CWB and BDC are attached as **Exhibit “A”** and “**B**”

8. On January 17, 2025, the Applicants each filed Notices of Intention to Make a Proposal

pursuant to Section 50.4(1) of the BIA (the “**NOI Proceedings**”). The filings for the NOI Proceedings were made with the Office of the Superintendent of Bankruptcy in the district of Ontario as the corporate functions of the Applicants were based in Toronto under the Applicants’ new management team, and the registered mailing address of RHL was in Toronto.

9. On January 29, 2025, the Applicants brought a motion in the Ontario Superior Court of Justice (Commercial List) for an order, among other things,: (i) procedurally consolidating the Applicants’ NOI Proceedings; (ii) extending the time for the Applicants to file a proposal to April 2, 2025 (the “**Stay Period**”); (iii) granting the Administration Charge; (iv) approving the DIP Facility and granting the DIP Lender’s Charge on the Property; and (v) ordering that the NOI Proceedings be transferred to the Court of King’s Bench of Alberta (the “**Consolidation Order**”). A copy of the Consolidation Order and the Endorsement of Penny J. dated January 29, 2025, is attached as **Exhibits “C” and “D”**.

10. Pursuant to an agreement between the Applicants and the Lenders, and with the consent of the debtor-in-possession lender (the “**DIP Lender**”) the Applicants seek to continue these proceedings under the protection of the CCAA in order to restructure the Business, access interim financing meet their immediate liquidity requirements, and develop a sale and investment solicitation process (“**SISP**”) to achieve a value maximizing result for the benefit of the Lenders and other stakeholders of the Applicants.

11. The Applicants, in consultation with the Monitor and Lenders, are developing a SISP with the aim of soliciting an offer or offers to continue the Business. It is contemplated that such transaction would entail the implementation by a purchaser or investor of an engineering solution for the Steeveville Facility to allow it to operate at optimal levels and results in increased throughput such that the facility will be able to operate on a cash flow positive basis, as it was designed for.

12. The Applicants intend to file supplementary materials for an order approving the SISP at

the February 19, 2025 hearing. Currently, the parties are still working on a mutually consensual draft of the SISP procedures and SISP approval order.

13. If the relief sought by the Applicants is granted, the Applicants intend to take the following restructuring step, among others:

- (a) continue steps to preserve the Business, including preserving the Steveville Facility, leases, licenses and permits that are integral to the Business;
- (b) develop the SISP, in consultation with the Monitor and Lenders, to solicit a sale, investment or refinancing offer in an effort to maximize realization for creditors, preserve employment (both current and future, direct and indirect), and allow the Business to emerge as a going concern; and
- (c) continue to explore the potential for a Stalking Horse Agreement with the proposed DIP Lender or other interested parties to set a baseline value of the Business and encourage competitive bidder participation during the SISP.

III. THE APPLICANTS

A. Corporate Structure

14. RHL was initially incorporated under the laws of Ontario in 2008 and continued as an extra-provincial corporation in 2019 under the laws of Saskatchewan. The company is currently registered extra-provincially in Ontario. RHL's corporate profile report is attached as **Exhibit "E"**.

B. RHL's Subsidiaries

15. RHL has two wholly owned subsidiaries: RHEL and IHC.

i. Royal Helium Exploration Limited

16. RHEL is incorporated under the laws of Saskatchewan and is extra-provincially registered in Ontario. Its Business is gas extraction and exploration. As part of the Business, RHEL has various leases and permits granting subsurface mineral rights and exploration rights in Saskatchewan. RHEL does not currently own or operate any purification facilities. RHEL's corporate profile is attached as **Exhibit "F"**.

ii. Imperial Helium Corp.

17. IHC is incorporated under the laws of the Province of British Columbia and is extra-provincially registered in Ontario. Its Business is gas extraction and exploration within the province of Alberta and it holds various leases to subsurface mineral rights to extract helium, among other things. IHC owns and operates the Steeveville Facility. IHC's corporate profile report is attached as **Exhibit "G"**.

IV. THE APPLICANTS' BUSINESS AND OPERATIONS

18. RHL is among the largest helium extraction and purification operators in Canada with helium leases and permits as well as land rights acquired both from the Crown and via freehold lease agreements with private entities.

19. Helium is a noble gas that is considered a critical mineral as it is a non-substitutable and non-renewable commodity that is essential in high-tech manufacturing, aerospace and defense, data storage, artificial intelligence, quantum computing and health care industries globally. The Applicants are uniquely positioned to be among the few capable independent suppliers able to

fulfill the global demand for helium.

20. One of the most economical methods of extracting helium is to extract it when it is trapped in the earth's subsurface. The Applicants' considerable geologic leasehold was established over many years through analysis of available existing well data as well as seismic and geological data to identify potential gas reservoirs and other prospective subsurface formations. Through this process, the Applicants believe that they have acquired mineral rights to lands in Alberta and southern Saskatchewan that contain highly economic concentrations of helium. The value in these lands is a function of both (i) the absolute volume of raw gas in the subsurface after drilling, and (ii) the grade characteristics of the individual components that make up the raw gas (i.e. the percentage of the raw gas that is helium). The prospective resource has increasing levels of value the higher the percentage of helium to the raw gas extracted, which consequently allows for higher levels of purified helium to be produced through the purification process. For example, the lands under the Steveville Facility not only contain economic percentages of helium (approximately 0.5%), but they also extract extremely high volumes of raw gas. The Steveville Facility is therefore able to produce high quality helium in large quantities.

A. Regulatory Regimes

21. Oil and gas activities, including for exploration, extraction and production, are provincially regulated in Canada. Each province and territory has established its own rules and regulations governing helium exploration, development and production. In Saskatchewan, the responsible ministry is the Ministry of Energy and Resources (the "**SMER**"). In Alberta, the responsible ministry is the Ministry of Energy and Minerals.

22. Provincial regulators issue various licences that are required for helium exploration and production, including well licences (i.e. license to drill for helium) and facility licences (i.e. to produce purified helium). These licences are issued for specific project sites which can be

comprised of numerous leased parcels of land. The provincial regulators also issue operator licences which must be in good standing in order to obtain well and facility licences.

23. Provincial regulators are also responsible for the administration and oversight of surface and subsurface leases and permits for Crown land.

B. Licenses

24. The Applicants hold well licences in Saskatchewan and Alberta granting them the right to drill and produce specific commodities such as helium. RHEL has an operator licence in Saskatchewan. IHC has an operator licence in Alberta. RHL does not hold an operator licence.

25. In Saskatchewan, the SMER issued 11 well licences to RHEL associated with 10 project areas in southern Saskatchewan. As of the date of swearing this affidavit, the Applicants have seven active well licences and have conducted drilling in three project areas in southern Saskatchewan. The Applicants do not have facility licences in Saskatchewan as they are not needed at this stage of exploration.

26. In Alberta, the Ministry of Energy and Minerals issued three well licenses to IHC which are still active and are associated with the Steeveville Facility. As owner of the Steeveville Facility, IHC also has a facility licence for purification of helium.

C. Surface Leases

27. In order to drill and extract helium, the Applicants are required to have lease agreements permitting physical access to the land where the commodity is based. Such leases are called surface leases ("**Surface Leases**"). Surface Leases are a necessary component of exploration and planning, however, their purpose is strictly to maintain physical access to the commodity located in the subsurface.

D. Subsurface Leases and Permits

28. RHEL and IHC hold helium exploration permits and subsurface leases over land in Saskatchewan and Alberta. Subsurface or mineral leases ("**Subsurface Leases**") bestow land rights to drill for, recover and remove natural resources. Permits and Subsurface Leases for Crown land are issued by the responsible provincial ministry. Individual or corporate subsurface title holders are the issuing party for permits and leases of freehold mineral rights in each province.

29. Permits grant exploration rights for helium and associated gases, but holders of such permits may not remove, produce, or recover any helium until the permit is converted to a Subsurface Lease. Only a Subsurface Lease provides the right to explore for *and* produce helium and associated gases, if licensed to do so.

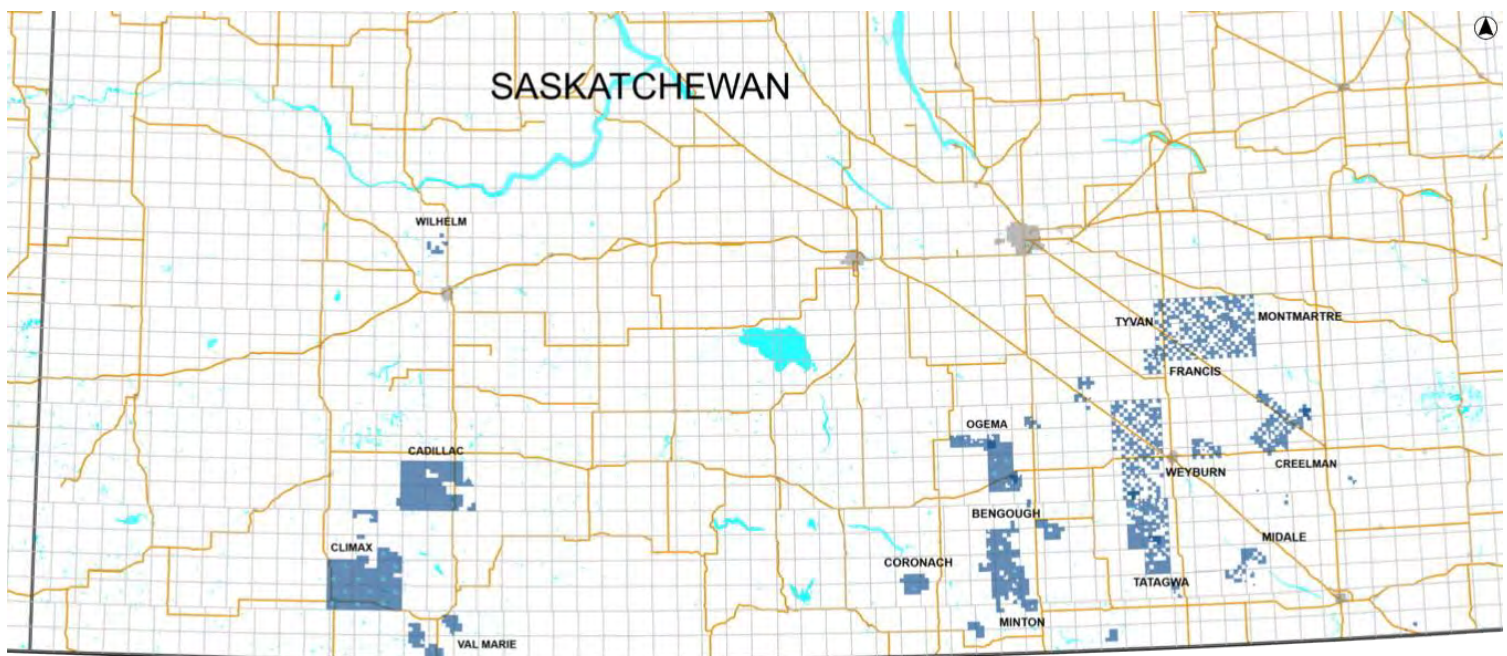
30. In Saskatchewan, RHEL holds 99 Subsurface Leases, and 11 active exploration permits which are comprised of:

- (a) 96 helium Subsurface Leases, which provide RHEL the right to prospect and extract helium and associated gases, and three petroleum natural gas ("**PNG**") leases, which provides RHEL the right to prospect and extract oil and/or gas; and
- (b) helium permits which grant RHEL the rights to prospect helium and associated gases, but not to extract them until the lease is granted. Of the 11 helium exploration permits, RHEL has submitted 5 applications to convert the permits to leases. These applications are under review by the Saskatchewan government and expected to be approved.

31. RHEL currently controls approximately 538,822 acres of prospective helium rights over 10 potential project areas covered by leases and permits. The map below highlights each of the

distinct project areas where RHL controls the prospective helium rights in southern Saskatchewan. All of the permits and leases in Saskatchewan are for Crown land.

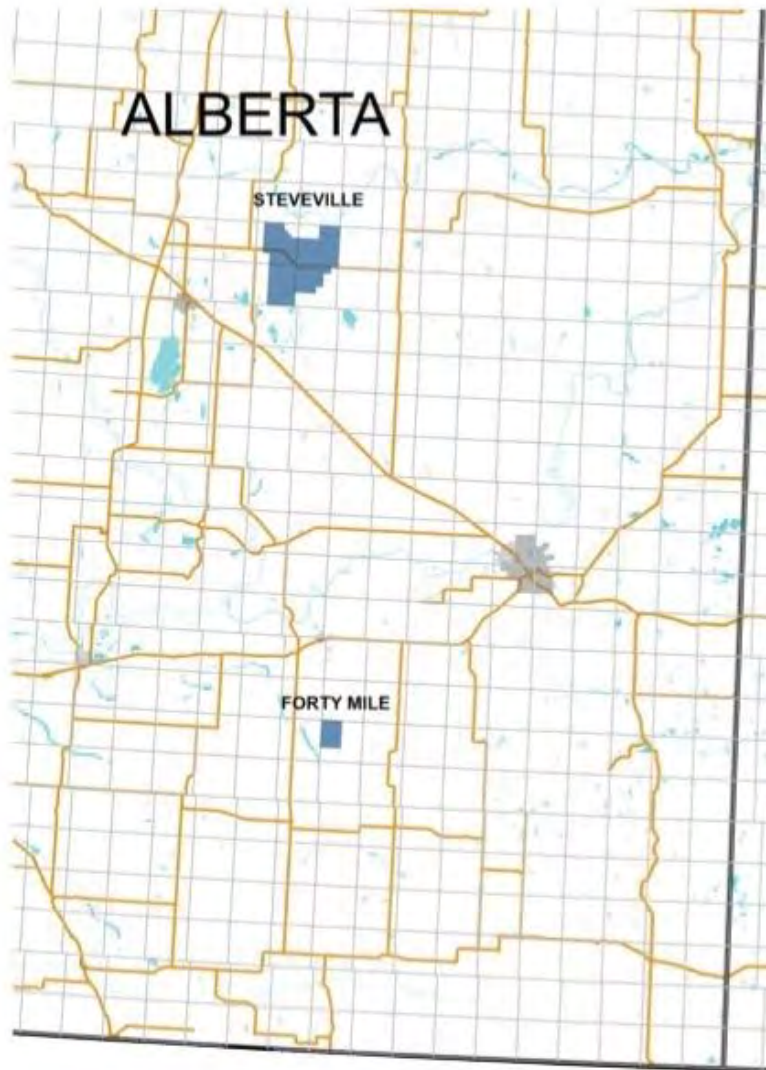
32. As part of the permit requirements in Saskatchewan, RHEL must complete a certain amount of work annually on the permitted lands to keep the permit in good standing. If the annual work requirement is not met, the Saskatchewan government allows the permit holder to pay cash in lieu of work in order to hold onto the permit. As of the date of this affidavit, the Saskatchewan government has not invoiced RHEL for cash in lieu of work. Based on internal calculations, it is estimated that RHEL's total cash in lieu of work amount is approximately \$332,000. The Applicants have no way of knowing when the government will issue invoices to RHEL.



33. In Alberta, IHC holds 32 Subsurface Leases comprised of 29 freehold mineral leases and three Crown PNG leases.

34. IHC currently holds approximately 25,000 acres of prospective helium rights over two project areas covered by leases. The map below highlights each of the distinct project areas

where IHC controls prospective helium rights. As noted above, the Steveville Facility is located on the Steveville project area and IHC holds the associated well and facility licences for helium purification that are needed to operate the facility.



E. Employees

35. The Applicants currently have two full-time employees, both in senior management. Jeff Sheppard serves as Chief Financial Officer, and I act as Chief Executive Officer.

36. The Applicants currently work with certain consultants whose services are critical to the

Business. In particular, the Applicants have retained Lee Ann East, a land and energy production consultant at Ironwood Holdings Corp. to assist the Applicants with regulatory, leasehold and related administrative matters. As a result of the Applicants' reduced workforce, they will require the increased involvement of consultants to support the Business and its stakeholders during the restructuring process.

37. Prior to the pause in the Applicants' operations at the Steveville Facility, the Applicants had contractual agreements with external contractors to provide personnel and services to IHC to operate the Steveville Facility and associated infrastructure.

38. Given that operations at the Steveville Facility were paused in September 2024 due to the Applicants' liquidity challenges, the Applicants have terminated most of their contracts with external contractors to avoid incurring further costs.

F. Banking and Cash Management

39. The Applicants share certain management and corporate services as part of the integrated enterprise. Among other things, the Applicants share a management team and other corporate services.

40. The Applicants bank exclusively with CWB. The Applicants have a total of 6 bank accounts with CWB: each Applicant has a CAD and USD bank account. The Applicants incur and pay their own expenses from their respective bank accounts with the exception of certain overhead payments (such as rent, IT systems, executives, and marketing) and insurance payments (including insurance for directors and officers, the Steveville Facility, and rented equipment) which are paid for by RHL for the benefit of all of the Applicants (the "**Cash Management System**"). The Cash Management System is used to, among other things, pay expenses including payroll, taxes, and rent. Certain pre-authorized payments are debited automatically

from the operating accounts when due, including insurance premiums. The Applicants do not have an active corporate credit card.

V. FINANCIAL POSITION OF THE APPLICANTS

41. The Applicants maintain consolidated financial statements. As of September 30, 2024, the book value of the Applicants’ assets exceeds the book value of its liabilities by approximately **\$47,476,410**. Notwithstanding asset values, the Applicants had no available cash prior to approval of the debtor-in-possession facility (the “**DIP Facility**”) and were in an acute liquidity crisis.

42. A copy of the most recent audited consolidated financial statements of RHL, for the fiscal year ending December 31, 2023, is attached as **Exhibit “H”** (the “**2023 FS**”). The 2023 FS were audited by KPMG LLP as an independent auditor.

43. The latest unaudited financial statements of RHL for the period ending September 30, 2024, is attached as **Exhibit “I”** (the “**2024 FS**”, and, together with the 2023 FS, the “**Financial Statements**”).

44. The Financial Statements reflect a consolidated balance sheet for RHL and its wholly owned subsidiaries, RHEL and IHC.

A. Assets of the Applicants

45. The 2023 FS show that as of December 31, 2023, the Applicants had consolidated assets with a current book value of \$91.8 million. The 2024 FS show consolidated assets decreasing year over year by \$4,251,731.

ASSET	2023 FS (\$)	2024 FS (\$)
Cash & Equivalents	2,611,794	0
Restricted Cash	233,831	42,000
Accounts Receivable	412,224	869,207
Prepaid & Inventory	1,243,144	1,537,135

Environmental Deposit (provincial government allocated to reclamation)	101,550	101,550
Exploration and Evaluation Assets	46,022,893	46,233,048
Property, Plant and Equipment	36,686,239	35,096,568
Right of Use Assets	4,503,123	3,683,559
Total Assets	\$91,814,798	\$87,563,067

B. Liabilities of the Applicants

46. The 2023 FS show that as of December 31, 2023, the Applicants had consolidated liabilities with a book value of \$42.2 million. The 2024 FS show a decrease in total liabilities of \$2,118,482.

LIABILITY	2023 FS (\$)	2024 FS (\$)
Bank Indebtedness	0	452,122
Accounts Payable and Accrued Liabilities	6,028,376	4,869,845
Current Portion of Lease Obligations	926,871	1,013,705
Current Portion of Rent to Own Obligations	742,188	875,090
Current Portion of Convertible Debentures	0	4,502,420
Current Portion of Term Debt	3,212,091	3,668,271
Decommissioning Liability – Non-Current	663,563	703,227
Lease Obligation – Non-Current	3,713,634	2,942,123
Rent-to-own Obligation – Non-Current	1,293,447	675,662
Convertible Debentures – Non-Current	10,237,060	3,791,126
Term Debt – Non-Current	15,387,909	16,593,066
Total Liabilities	\$42,205,139	\$40,086,657

VI. THE APPLICANTS' INDEBTEDNESS

A. Secured Obligations of the Applicants

47. The majority of the Applicants' liabilities consist of secured debt owing to CWB and BDC pursuant to a commitment letter dated February 1, 2023, as amended between CWB and BDC as lenders, IHC, as borrower, and each of RHL and RHEL, as guarantors. The original commitment letter was amended by: (i) First Amendment dated February 15, 2023; (ii) Second Amendment dated August 21, 2023; (iii) Third Amendment dated September 7, 2023; (iv) Fourth Amendment dated December 7, 2023; (v) Fifth Amendment dated December 19, 2023; (vi) Sixth

Amendment dated June 26, 2024; and, (vii) Seventh Amendment dated July 19, 2024, (collectively, the “**Amendments**”, and together with the February 1, 2023 commitment letter, the “**Commitment Letter**”).

48. The Amendments included, among other things, modifications to the Credit Facilities (defined below) and modifications to the documents in the Schedules appended to the Commitment Letter relating to security documentation, terms, and conditions, and extending the repayment date. Copies of the Commitment Letter and Amendments are attached as **Exhibits “J” to “Q”**, respectively.

49. As of January 1, 2025, the Applicants owe approximately \$19,347,419.30 to their secured creditors, BDC and CWB. The advances were primarily to finance the commissioning of the Steveville Facility and maintain operations.

50. Pursuant to the Commitment Letter, CWB extended the following demand loans to the Applicants:

- (a) Loan Segment (1): \$2,500,000 at prime plus 2% per annum; and
- (b) Loan Segment (2): \$9,300,000 at prime plus 3% per annum above prime, extended by both CWB and BDC (together, the “**Demand Loans**”).

51. Pursuant to the Commitment Letter, CWB extended the following letters of credit to the Applicants:

- (a) Loan Segment (3): \$900,000, as outlined in the First Amendment;
- (b) Loan Segment (4): \$500,000, as outlined in the First Amendment; and
- (c) Loan Segment (5): \$170,000, as outlined in the Second Amendment.

(collectively, the “**Letters of Credit**”, each the “**Letter of Credit**”). The fees for the Letters of Credit are 1% per annum based on the amount of the Letter of Credit.

52. In connection with BDC’s \$9,300,000 contribution to Loan Segment (2), BDC established its own credit facility by entering into a letter of credit dated November 27, 2023, between BDC, as lender, IHC, as borrower, and RHL and RHEL, each as guarantors, as amended on December 21, 2023, to modify security documentation, and on June 25, 2024, to extend the repayment date (collectively, the “**BDC Letter of Credit**”). The BDC Letter of Credit is attached as **Exhibit “R”**.

B. Guarantees and Security

53. The secured loans under the Commitment Letter, the Letters of Credit and the BDC Letter of Credit are jointly and severally guaranteed by RHL and RHEL and secured against their assets. These guarantees are as set out in security documentation including:

- (a) a general security agreement (“**GSA**”) dated April 21, 2023, granted by IHC in favour of CWB, amended December 15, 2023, attached as **Exhibit “S”**;
- (b) a leasehold mortgage dated April 21, 2023, granted by IHC in favour of CWB, in the principal amount of \$10,000,000, amended December 15, 2023, attached as **Exhibit “T”**;
- (c) a full liability guarantee dated April 21, 2023, granted by RHEL to and in favour of CWB (the “**RHEL Guarantee**”), attached as **Exhibit “U”**;
- (d) the RHEL Guarantee is secured by a GSA dated April 21, 2023, granted by RHEL in favour of CWB, attached as **Exhibit “V”**;
- (e) a full liability guarantee dated April 21, 2023, granted by RHL to and in favour of CWB (the “**RHL Guarantee**”), attached as **Exhibit “W”**;

- (f) the RHL Guarantee is secured by a GSA dated April 21, 2023, granted by RHL in favour of CWB, attached as **Exhibit “X”**.
- (g) a GSA dated December 15, 2023, granted by IHC in favour of BDC, attached as **Exhibit “Y”**;
- (h) a leasehold mortgage between BDC, as mortgagee, and IHC, as mortgagor, dated April 21, 2023, as amended on December 15, 2023, attached as **Exhibit “Z”**;
- (i) a guarantee dated December 2023, granted by RHEL in favour of BDC guaranteeing the obligations owed by IHC (the “**RHEL BDC Guarantee**”), attached as **Exhibit “AA”**;
- (j) the RHEL BDC Guarantee is secured by a GSA dated April 21, 2023, granted by RHEL and in favour of BDC, attached as **Exhibit “BB”**.
- (k) a guarantee dated December 2023, granted by RHL in favour of BDC guaranteeing the obligations owed by IHC (the “**RHL BDC Guarantee**”), attached as **Exhibit “CC”**; and
- (l) the RHL BDC Guarantee is secured by a GSA dated April 21, 2023, granted by RHL in favour of BDC, attached as **Exhibit “DD”**.

54. In addition to the above, BDC required that the Applicants enter into an Environmental Agreement and Indemnity dated April 21, 2023 (the “**Environmental Agreement**”), wherein the Applicants made certain representations and warranties and entered into covenants indemnifying BDC against any loss, claim, or expense arising out of environmental liabilities. The Environmental Agreement is attached as **Exhibit “EE”**.

55. CWB and BDC also have registrations pursuant to personal property security legislation

against each of IHC and RHEL in Alberta and Saskatchewan, respectively, and against RHL in British Columbia, to secure obligations owed under the Commitment Letter, including the CWB Letters of Credit and the BDC Letter of Credit.

C. Intercreditor Agreement

56. In connection with the Credit Facilities, CWB, BDC and the Applicants entered into an intercreditor agreement dated April 10, 2023, as amended on December 20, 2023 (the “**Intercreditor Agreement**”). The Intercreditor Agreement outlines BDC and CWB’s obligations, agreements and security interests in the Applicants’ present and after-acquired property pursuant to the CWB Commitment Letter and BDC Letter of Credit. The Intercreditor Agreement is attached as **Exhibit “FF”**.

D. Other Registered Security Interests

57. Attached as **Exhibits “GG” to “II”** are Personal Property Registry searches for each of the Applicants in each of Ontario, Alberta and Saskatchewan respectively.

58. In addition to registrations in favour of the secured creditors detailed above, the following registrations are noted:

- (a) Remote Power Corp. has a registered security interest against RHL in Saskatchewan in respect of electrical generators pursuant to a lease to own agreement dated April 26, 2023, between Remote Power Corp., IHC, and RHEL (the “**Lease to Own Agreement**”). A copy of the Lease to Own Agreement is attached as **Exhibit “JJ”**.
- (b) Toronto-Dominion Bank (“**TD Bank**”) has a registered security interest against RHL in Saskatchewan. I am informed by the Applicants’ CFO, Jeff Sheppard, and

believe it to be true that TD Bank's security interest pertains to the guaranteed investment certificates, which were held as collateral for TD Bank's credit cards. I understand from Mr. Sheppard that in or around December 2024, RHL cancelled the credit cards and paid off the outstanding amounts.

- (c) Certarus Ltd. has a registered security interest against IHC in Saskatchewan over helium transport trailers pursuant to lease agreements dated December 12, 2022, and June 20, 2023.

E. Unsecured Obligations of the Applicants

i. Western Economic Diversification Canada

59. To assist with the financing of the construction of the Steeveville Facility, the Applicants received a \$3,000,000 repayable contribution from Western Economic Diversification Canada ("**WEDC**") under the Aerospace Regional Recovery Initiative pursuant to an agreement dated December 19, 2023 (as amended on February 7, 2024) (the "**WEDC Agreement**"). The loan is unsecured, non-interest bearing with repayment commencing April 1, 2025, and repayable in 60 consecutive monthly installments of \$50,000. A copy of the WEDC Agreement and an amendment dated February 7, 2024 are attached as **Exhibit "KK"**.

ii. Convertible Debentures

60. On February 8, 2023, RHL announced the raise and 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. Copies of the February Debentures are attached as **Exhibit "LL"**.

61. On June 12, 2023, RHL announced the raise and 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. Copies of the June Debentures are attached as **Exhibit “MM”**.

F. HST, Payroll, and Tax Obligations

62. The Applicants accrue GST/HST, payroll and tax liabilities in the normal course of operations. As the date of swearing this affidavit, the Applicants have no outstanding HST or source deductions except amounts accrued in the normal course and that will be remitted in the next remittance cycle. However, the Applicants owe approximately \$276,666.65 in payroll and \$64,755.41 in vacation pay accrued pre-filing. These pre-filing amounts will not be paid.

G. Ordinary Course Obligations

63. The Applicants are proposing, in the Initial Order, to stay all pre-filing obligations other than certain pre-filing amounts that have been approved for payment pursuant to the Consolidation Order, and which as at the date of this affidavit have been paid.

64. The Applicants intend to pay all amounts for goods and services provided post-filing with liquidity from ongoing receivables and advances under the DIP Facility in accordance with the Applicants’ cash flows.

H. Contingent Claims

i. Jag Litigation

65. On or around January 3, 2025, Jag Energy Ltd. ("**Jag**") commenced civil proceedings against RHL and IHC (the "**Jag Litigation**"). A copy of the Statement of Claim and Amended Statement of Claim is attached as **Exhibit "NN"**.

66. Jag claims it is owed \$601,350.95 in unpaid amounts for work and services at the Steveville Facility. As at the date of this affidavit, no statements of defence have been filed, and no examinations for discovery have been conducted, nor has any hearing been scheduled to determine the claims made by Jag. I am not aware that any liens have been filed in relation to the Jag claims.

ii. Canpar Litigation

67. On or around November 22, 2024, Canpar Holdings Ltd. ("**Canpar**") commenced civil proceedings against RHEL (the "**Canpar Litigation**"). A copy of the Statement of Claim (Court File No. KBG-RG-02707-2024) is attached as **Exhibit "OO"**.

68. The Canpar Litigation pertains to three mineral leases between Canpar as lessor and RHEL as lessee granting undivided mineral interests in the lands in Saskatchewan. Canpar claims that, in accordance with these leases, RHEL is required to pay Canpar penalties for not drilling within the specified timeframe in the total amount of \$208,901.14.

69. No statements of defence have been filed, and no examinations for discovery have been conducted, nor has any hearing been scheduled to determine the Outstanding Amount.

I. Environmental Obligations

70. RHL is an explorer, developer and producer of helium and associated gas deposits in Alberta and Saskatchewan. As such, the Applicants are subject to a comprehensive scheme of environmental obligations, including under the *Canadian Environmental Protection Act*. Among other things, these obligations may include:

- (a) the plugging of oil and gas wells that are no longer in use;
- (b) regular maintenance and monitoring of the wells to ensure their safe and efficient operation;
- (c) reporting all uncontrolled well flowing, spills, fires or explosions;
- (d) implementing precautions to prevent the wasting, leaking or escaping of oil and gas from natural reservoirs, wells or tanks; and
- (e) certain other reporting and end of life/asset retirement obligations.

71. The Applicants' compliance with these statutory and regulatory obligations is monitored and enforced by the provincial and federal ministries for natural resources.

72. IHC is regulated by the Alberta Energy Regulator ("**AER**"). The AER requires IHC to, among other things, engage an engineer and maintain facilities for health and safety and inspector services.

73. RHEL is under the purview of SMER. However, as at the date of this affidavit, the properties in Saskatchewan have no ongoing operations.

VII. THE APPLICANTS' FINANCIAL DIFFICULTIES

74. The Applicants have historically had to rely on external financing in the form of share issuance, bonds, and secured bank debt to fund the acquisition of assets, fund working capital, and generally sustain their operations. The capital structure of the Applicants is not sustainable and must be restructured for the Business to continue to operate in the long term.

A. Steveville Facility

75. On July 22, 2022, RHL acquired IHC in order to obtain the rights to certain helium properties located in southern Alberta, including the properties in Steveville, Alberta where the Steveville Facility is now located.

76. The Steveville Facility is engineered to process up to approximately 15 million cubic feet ("Mcf") per day of raw gas from the inlet wells that tie into the facility. The gross gas is primarily (>90%) nitrogen and very small amounts of methane/hydrocarbons that, at sufficient capacity, have the designed capability to power the facility. As such, the helium grade of the raw gas stream is around 0.5%, which forecasts a plant capacity, at its peak, with the ability to deliver upwards of ~2,000 Mcf per month. On an annual basis, notwithstanding natural decline of the underlying reservoir, the Steveville Facility is estimated to have the ability to produce up to roughly 24,000 Mcf.

77. The Steveville Facility is unique as it produces an exceptionally low carbon footprint. Substantially all of the gas purified at the facility is inert, providing an operating environment where the vast majority of gases may be vented into the atmosphere with virtually zero impact to the environment, given the gas's completely inert nature. In the facility's peak designed operating condition, the gas produced is recycled back into the Steveville Facility to power its own operations (as noted above), with the ability to generate excess power which can ultimately be distributed back into the electrical grid, providing additional cash-flow for IHC. The Steveville

Facility is also modular which means that even at such point in time as the current resource in the lands feeding the facility is depleted (as much as 20 years in the future), the facility can be mobilized and brought to a new area and continue to purify helium. This will allow the Applicants to move the existing facility rather than build anew, which could save the Applicants tens of millions of dollars.

78. The Steveville Facility was fabricated by a highly regarded third party engineering firm. This same firm, having designed, engineered, and fabricated the facility, had offered to include the commissioning of the Steveville Facility in their scope of work at a cost of approximately \$2.7 million. It is my understanding that former management denied this scope of work and made the decision in September 2023 to commission the Steveville Facility using the Applicants' own employees and contractors. At the time, former management communicated that taking this task on internally would result in a faster, more economic commissioning. This turned out not to be the case.

79. The commissioning was ultimately rife with challenges. The Applicants ended up incurring sustained excess costs and labour expenses to try to bring the Steveville Facility's performance up to a stable level. Unfortunately, the in-house commissioning ultimately failed. The Applicants were not able to advance the facility to its design stability and capacity specifications despite having spent vast amounts on the commissioning, including labour, contractors, and ongoing overhead while the Steveville Facility remained out of commission.

80. In 2024, the Steveville Facility produced 18 trailers of highly purified helium, achieving revenues of CAD \$2.3M, however the cost of operating the plant vastly exceeded its revenues.

81. The failure to commission the Steveville Facility in a cost-effective and timely manner deteriorated shareholder and creditor confidence in the Applicants' former management team. As a result, new leadership was appointed.

82. In or around September 2024, after significant pressure from shareholders and bondholders, existing leadership stepped aside from the Business and I was engaged by the Applicants to take on the role of CEO and immediately proceed with restructuring initiatives.

83. My review upon transition identified that, in fact, the Applicants' financial resources were fully depleted, necessitating a transformative restructuring on both a financial and operational basis. As a consequence of the Applicants' liquidity constraints, I was not financially compensated for my work during the pendency of my time as CEO or in my prior capacity as a consultant for the Applicants.

84. Immediately upon the transition to the new leadership team, I took several steps to address the Applicants' financial and operational challenges, including, among other things:

- (a) pausing operations at the Steveville Facility;
- (b) converted the Lease to Own Agreement with Remote Power Corp. to a rental agreement;
- (c) reducing the number of generators from six to two to reflect the plant's requirements;
- (d) renegotiating specialized helium trailer agreements and reducing the number of helium trailers at the Steveville Facility from four to two;
- (e) reducing the Applicants' general and administrative expenses;
- (f) collaborating with CWB and BDC to negotiate an agreement between the Applicants and the Lenders that deferrals regarding cash interest and/or amortization payments would be made to sustain the Business during the transition and in furtherance of restructuring initiatives;

(g) working with an engineering firm to assess potential operational recommissioning initiatives for the Steveville Facility; and

(h) pursuing a campaign to solicit investment of capital into the Business.

85. Although certain of these steps were successful, the Applicants have not been able to achieve a global resolution or effect a restructuring without the commencement of formal proceedings.

B. Theft of Equipment

86. On December 24, 2024, pieces of equipment were stolen from the Steveville Facility resulting in millions of dollars of damage. The perpetrator(s) are unknown at this time.

87. In response to the theft, I worked with the management team to ensure they remained active during the holiday period despite none of them being financially compensated due. The management team and I spent the holiday season dealing with local authorities and insurance companies, addressing the issue with stakeholders, and notifying secured creditors of the incident.

88. Any possibility, however limited, for the Applicants to pursue recommissioning activities at the Steveville Facility as part of the Applicants' restructuring plan, was eliminated with the theft of equipment. The theft ensured that the facility could not be re-commissioned without significant cost and delay. As a result, with the liquidity constraints faced by the Applicants, plans to recommence operations at the Steveville Facility were no longer possible in the near term.

C. NOI Proceedings

89. On January 17, 2025, each of the Applicants filed a Notice of Intention to Make a Proposal under Section 50.4(1) of the BIA to preserve the value of the Business, in response to the

demands issued by CWB and BDC. Copies of the Certificates of Filing for each of the Applicants are attached as **Exhibit “PP”**.

90. CWB and BDC objected, among other things, to the jurisdiction of filing and sought an interim receiver over the Applicants.

91. To address the concerns of the Lenders, the Applicants agreed to a settlement that would permit the restructuring to remain a debtor-in-possession process, which I believe is necessary to maximize value.

92. On January 29, 2025, on consent of the Lenders, the Applicants sought and were granted the Consolidation Order that, among other things,: (i) procedurally consolidated the Applicants' NOI Proceedings; (ii) extended the Stay Period to April 2, 2025; (iii) granted the Administration Charge; (iv) approved the DIP Facility and granted the DIP Lender's Charge on the Property; and (v) ordered that the NOI Proceedings be transferred to the Alberta Court of King's Bench.

93. The settlement between the Lenders and Applicants is reflected in the endorsement of the Honourable Justice Penny of the Ontario Superior Court of Justice (Commercial List) dated January 29, 2025. Among other things, the settlement contemplated the NOI Proceedings being converted to proceedings under the CCAA before the Alberta Court of King's Bench in Calgary and the appointment of Alvarez & Marsal Canada Inc. as Monitor.

VIII. CCAA PROTECTION

A. Cash Flow Forecast

94. The Applicants, in consultation with the Monitor, have conducted a cash flow analysis to determine the amount required to finance their ordinary course business operations over a 12-week period beginning the week of February 7, 2025 and ending the week of April 25, 2025 (the

“Cash Flow Forecast”). I understand that the Cash Flow Forecast will be attached to the pre-filing report of the Monitor.

95. The Cash Flow Forecast demonstrates that the Applicants require approximately \$1,500,000 over the 12-week period.

96. As at February 9, 2025, approximately \$400,000 of the available funds in the DIP Facility have been advanced, among other things to meet the Applicants’ cash flow needs during the NOI Proceeding prior to a conversion under the CCAA, and to make the payments contemplated in the Consolidation Order, including to the proposal trustee and its counsel, as well as the critical pre-filing payments approved pursuant to the Consolidation Order. The Applicants requested an additional \$230,000 draw from the facility on February 7, 2025, which has not yet been transferred to the Applicants.

97. The Cash Flow Forecast demonstrates that if the relief sought under the Initial Order is granted, the Applicants will have sufficient liquidity to meet their ordinary course obligations and administer a SISIP over the Stay Period.

B. The Applicants Satisfy the CCAA Statutory Requirements

98. The Applicants are affiliated companies with claims against them well in excess of \$5,000,000. In particular, the Applicants owe approximately \$19,347,419.30 to CWB and BDC, their secured creditors.

99. The Applicants are insolvent and prior to approval of the DIP Facility were unable to meet their obligations as they became due. All operations at the Steeveville Facility have been on hold since September 2024. The Applicants have no additional purification facilities. Their minimal operations (as detailed in the Cash Flow Forecast) are entirely funded by the DIP Lender and the Applicants have no other means by which to satisfy their outstanding obligations.

C. Court-Ordered Charges

100. The Applicants seek to take up and continue the Administration Charge and DIP Lender's Charge (as granted in the Consolidation Order) in these CCAA proceedings, subject to amending the Administration Charge to include the Monitor, the Monitor's counsel (the "**Amended Administration Charge**"). The Charges (defined below) will rank in the following priority amongst themselves:

(a) first, the Amended Administration Charge (to the maximum amount of \$300,000);
and

(b) second, the DIP Lender's Charge (to the maximum principal amount of \$1,500,00).

(together, the "**Charges**")

i. Amended Administration Charge

101. An Administration Charge over the Property, up to a maximum of \$300,000, was granted in the Consolidation Order securing the fees and disbursements the Proposal Trustee, its counsel, the Applicants' counsel, and the DIP Lender's, ranking in priority to all other Encumbrances (as that term is defined in the Consolidation Order) and Charges. As noted above, the Applicants seek to take up and continue the Administration Charge subject to certain amendments in the form of the Amended Administration Charge, namely, adding the Monitor and its counsel to those professionals secured by the charge, in the Initial Order.

102. The Applicants have relied upon each of the restructuring professionals that are the beneficiaries of the Amended Administration Charge in order to file this Application and to develop a restructuring plan. Each of these professionals have contributed, and will continue to contribute, significant value to the advancement of the CCAA proceedings and the completion of a successful

restructuring.

103. The Amended Administration Charge is necessary to ensure that the Applicants have the continued expertise, knowledge and participation of the restructuring professionals during these proceedings. Each of the restructuring professionals who are the beneficiaries of the Amended Administration Charge have a discrete role in the restructuring of the Applicants.

D. Proposed Monitor

104. The Applicants seek the appointment of A&M to act as Monitor in these proceedings. A&M has consented to act as Monitor if so appointed. I understand that a copy of A&M's consent to act will be appended to the Monitor's pre-filing report.

105. I am advised by Orest Konowalchuk that A&M is a licensed insolvency trustee within the meaning of section 2 of the BIA and is not precluded from acting as Monitor as a result of any restrictions under subsection 11.7(2) of the CCAA.

106. A&M is familiar with the operations of the Applicants and A&M has reviewed and assisted in the preparation of the Cash Flow Projection and has provided guidance and assistance in the commencement of this CCAA proceeding.

IX. CONCLUSION

107. I believe that it is in the interests of the Applicants and their stakeholders that this Court grant the relief requested in accordance with the terms of the proposed Initial Order.

108. I swear this affidavit in support of the Applicants' relief pursuant to the CCAA and for no other or improper purpose.

SWORN REMOTELY by David Young stated as
being located in the City of New York in the State
of New York before me at the City Toronto, in the
Province of Ontario, this 10th day of February
2025

Signed by:

Gabrielle Schachter

A Commissioner for taking Affidavits.

Signed by:

David Young

DAVID YOUNG

Name: Gabrielle Schachter LSO#80244T



Alina Stoica

THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF **DAVID YOUNG** SWORN BEFORE ME REMOTELY BY **DAVID YOUNG**
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



McCarthy Tétrault LLP
Suite 4000
421-7th Avenue S.W.
Calgary AB T2P 4K9
Canada
Tel: 403-260-3500
Fax: 403-260-3501

Sean Collins

Partner
Direct Line: (403) 260-3531
Direct Fax: (403) 260-3501
Email: scollins@mccarthy.ca

Assistant: Katie Hynne
Direct Line: (403) 260-3560
Email: khynne@mccarthy.ca

January 7, 2025

Via Courier and Registered Mail

Imperial Helium Corp.
Suite 2500
Park Place, 666 Burrard Street
Vancouver, BC V6C 2X8

Dear Sirs/Mesdames:

Re: Secured Credit Facilities granted by Canadian Western Bank (the “Lender”) to Imperial Helium Corp. (the “Borrower”)

DEMAND AND NOTICE OF INTENTION TO ENFORCE SECURITY

We are counsel to the Lender in connection with the secured credit facilities (the “**Credit Facilities**”) granted under the Commitment Letter, dated as of February 1, 2023, among the Lender, as lender, the Borrower, as borrower, and Royal Helium Ltd. (“**RHL**”) and Royal Helium Exploration Limited (“**RHEL**”, RHL and RHEL are collectively referred to as, the “**Guarantors**”, the Guarantors and the Borrower are collectively referred to as, the “**Obligors**”), as guarantors, as subsequently amended pursuant to: (i) the First Amendment to the Commitment Letter, dated February 15, 2023; (ii) the Second Amendment to the Commitment Letter, dated August 21, 2023; (iii) the Third Amendment to the Commitment Letter, dated September 7, 2023; (iv) the Fourth Amendment to the Commitment Letter, dated December 7, 2023; (v) the Fifth Amendment to the Commitment Letter, dated December 19, 2023; (vi) the Sixth Amendment to the Commitment Letter, dated June 26, 2024; and, (vii) the Seventh Amendment to the Commitment Letter, dated July 19, 2024 (collectively, as so amended, and as may be further supplemented, amended, or modified, from time to time, the “**Commitment Letter**”).

Reference is made to the security agreements granted or entered into, by the Borrower, in connection with the Commitment Letter, including, among others:

- (a) General Security Agreement, dated April 21, 2023, granted by the Borrower, to and in favour of the Lender;
- (b) General Security Agreement, dated December 15, 2023, granted by the Borrower, to and in favour of the Lender; and,
- (c) Leasehold Mortgage, dated April 21, 2023, granted by the Borrower, to and in favour of the Lender, in the principal amount of \$10,000,000.00, as amended by the

Leasehold Mortgage Amending Agreement, dated December 15, 2023, in the principal amount of \$11,800,000.00,

(collectively, the “**Borrower Security**”).

As of January 6, 2025, the Borrower is indebted, to the Lender, pursuant to the Commitment Letter, in the following amounts:

Loan Segment (2) – Demand Loan	
Outstanding Principal	\$8,626,086.95
Outstanding Interest	\$275,414.61
Total Loan Segment (2) Indebtedness	\$8,901,501.56
Loan #101019786488 – Letter of Credit Indebtedness, Partial Drawdown of Loan Segment (3)	
Outstanding Principal	\$130,641.42
Outstanding Interest	\$323.53
Total Loan Segment (2) Indebtedness	\$130,964.95
TOTAL INDEBTEDNESS	\$9,032,466.51

(collectively, the “**Indebtedness**”).

The Indebtedness continues to accrue interest, at an approximate *per diem* rate of \$2,083.29.

In addition to the Indebtedness, the following letters of credit are outstanding under the Commitment Letter:

Loan Segment (3) – Letter of Credit Facility	
Outstanding Principal (after prior draw)	\$769,358.58
Total Loan Segment (3) Indebtedness	\$769,358.58
Loan Segment (4) – Letter of Credit Facility	
Outstanding Principal	\$500,000
Total Loan Segment (4) Indebtedness	\$500,000
Loan Segment (5) – Letter of Credit Facility	
Outstanding Principal	\$170,000
Total Loan Segment (5) Indebtedness	\$170,000
TOTAL	\$1,439,358.58

(collectively, the “**Letter of Credit Obligations**”).

The Borrower has committed events of default under the Commitment Letter and the Borrower Security, including, among others:

- (a) failing to make blended monthly payments due in respect of Loan Segment (2) on October 1, 2024, November 1, 2024, December 1, 2024, and January 1, 2025, which constitutes an event of default under Section 1(a) following the heading “Events of Default” in Schedule “E” to the Commitment Letter; and,

- (b) the Borrower has advised the Lender that the Borrower has insufficient liquidity to pay its vendors and suppliers and is delinquent on various material lease and royalty payments. The adverse change in the financial condition of the Borrower constitutes an event of default under Section 1(f) following the heading “Events of Default” in Schedule “E” to the Commitment Letter,

(collectively, the “**Defaults**”).

The Credit Facilities are payable on demand. In accordance with the demand nature of the Credit Facilities and following the Defaults, we hereby, on behalf of the Lender, demand repayment of all Indebtedness plus all interest, standby fees, costs, and expenses, including, but not limited to, all legal costs and expenses (on a solicitor and their own client basis), which continue to accrue in accordance with the terms and conditions of the Commitment Letter and the Borrower Security. Please contact us on the date repayment is to be made and we shall provide the then outstanding balance, inclusive of professional fees and costs.

In addition to the foregoing, in accordance with the Borrower’s covenants to provide additional security to the Lender upon request, including under Section 19 of Schedule “A” to the Commitment Letter and Section 1.5 of Schedule “F” to the Commitment Letter, we hereby demand, on behalf of the Lender, that the Borrower provide cash collateral (the “**Cash Collateral**”) for the Letter of Credit Obligations. All Cash Collateral will be held as security for the Letter of Credit Obligations and applied to any drawings made upon the outstanding letters of credit.

Furthermore, to the extent any availability remains or becomes available under the Commitment Letter or the Credit Facilities, we hereby provide notice that all availability under the Commitment Letter and the Credit Facilities is irrevocably and indefeasibly terminated.

Additionally, reference is also made to the following:

- (a) Full Liability Guarantee, dated April 21, 2023, granted by the RHEL, to and in favour of the Lender; and,
- (b) Full Liability Guarantee, dated April 21, 2023, granted by the RHL, to and in favour of the Lender,

(collectively, the “**Guarantees**”).

By way of a copy of this letter to the Guarantors, the Lender hereby demands that the Guarantors perform their obligations, as set out under the Guarantees, within the time stipulated for repayment, as set out herein.

As it pertains to the Guarantors, reference is also made to the following:

- (a) General Security Agreement, dated April 21, 2023, granted by the RHEL, to and in favour of the Lender;
- (b) General Security Agreement, dated April 21, 2023, granted by the RHL, to and in favour of the Lender; and,

(c) Assignment of Contract, dated April 21, 2023, between RHL, the Lender, and Space Exploration Technologies Corp.,

(collectively, the “**Guarantor Security**”).

If full payment of the Indebtedness, as set forth above, along with the provision of all requested Cash Collateral for the Letter of Credit Obligations, is not made within ten (10) days from the date hereof, the Lender will take whatever steps it deems necessary or appropriate to secure payment of all amounts outstanding. To this end, we enclose for service upon each of the Obligors, Notices of Intention to Enforce Security, in accordance with Section 244(1) of the *Bankruptcy and Insolvency Act*. The Lender requests that the Obligors provide their consent to the Lender enforcing all security prior to the expiration of the statutorily mandated ten (10) day period and that, in the event the Obligors determine it advisable to provide such consent, the Obligors endorse the consents attached to their respective Notices of Intention to Enforce Security, as enclosed herein.

The Lender expressly reserves all of its rights and remedies against the Obligors, including, but not limited to, those in connection with any further amounts that may become due and owing to the Lender and the Lender’s right to make an immediate application to the Court of King’s Bench for the appointment of an interim receiver or for the appointment of a receiver and manager, prior to the expiration of the prescribed 10 day notice period, should the Lender determine that the collateral subject to the Borrower Security or the Guarantor Security is in jeopardy. This notice is without prejudice to any and all rights, powers, privileges, and remedies of the Lender under the Commitment Letter, the Borrower Security, the Guarantor Security, the Guarantees, all other agreements, instruments, or documents entered into in connection thereto, or any applicable laws, including with respect to any defaults committed by the Obligors, or any additional defaults that are or may be committed by the Obligors, all of which are expressly reserved, and nothing herein shall act as a waiver thereof.

Yours truly,

McCarthy Tétrault LLP



Sean Collins

SC/ns
Enclosures

cc: Client

Royal Helium Exploration Limited
602 – 224 4th Avenue South
Saskatoon, SK S7K 5M5
- and -
800 – 230 22nd Street
Saskatoon, SK S7K 0E9

Royal Helium Ltd.
602 – 224 4th Avenue South
Saskatoon, SK S7K 5M5
- and -

800 – 230 22nd Street
Saskatoon, SK S7K 0E9

Business Development Bank of Canada
The Edson, Suite 1301
150 – 9th Avenue S.W.
Calgary, AB T2P 3H9
Attention: Mark Sawatzki

FORM 86
Notice of Intention to Enforce Security
(Rule 124)

TO: Imperial Helium Corp. (the “Debtor”), an insolvent person

TAKE NOTICE THAT:


1. Canadian Western Bank (“**CWB**”), a secured creditor, intends to enforce its security on the Debtor’s property, being all of the Debtor’s present and after acquired personal and real property, assets, and undertakings, including, without limitation, all of the Debtor’s estate and interest in and to the lands legally described as:

MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 12
QUARTER NORTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
ALL THAT PORTION OF LEGAL SUBDIVISION 13 IN THE SAID QUARTER SECTION
WHICH IS SHOWN ON A PLAN FILED AS 8341FB AND THEREIN OUTLINED IN
YELLOW
CONTAINING 5 ACRES MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME
(the “**Lands**”).
2. The security that is to be enforced is in the form of, *inter alia*:
 - (a) General Security Agreement, dated April 21, 2023, granted by the Debtor, to and in favour of the Lender;
 - (b) General Security Agreement, dated December 15, 2023, granted by the Debtor, to and in favour of the Lender; and,
 - (c) Leasehold Mortgage in the principal amount of \$10,000,000.00, dated April 21, 2023, granted by the Debtor, to and in favour of the Lender, with respect to the Lands, as amended by the Leasehold Mortgage Amending Agreement, dated December 15, 2023, in the principal amount of \$11,800,000.00,(collectively, the “**Security**”).
3. The total amount of indebtedness secured by the Security, as of January 6, 2025, is \$9,032,466.51, plus any and all accruing interest, costs, expenses, and fees, including, without limitation, legal costs as between a solicitor and their own client.

4. The secured creditor, CWB, will not have the right to enforce the Security until the expiry of the 10-day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 7th day of January, 2025.

CANADIAN WESTERN BANK
by its duly authorized solicitors and agents,
McCarthy Tétrault LLP

Per: 
Sean Collins

CONSENT TO EARLY ENFORCEMENT

The undersigned, Imperial Helium Corp., being the Debtor referenced in the Notice of Intention to Enforce Security to which this consent is annexed, does hereby consent, in accordance with Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), to the early enforcement by Canadian Western Bank, the secured creditor, of all securities held by Canadian Western Bank, notwithstanding the fact that the requisite 10-day period, as prescribed by Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), has not yet elapsed.

DATED at _____, _____, this ____ day of _____, 2025.

IMPERIAL HELIUM CORP.

Per: _____
Name:
Title:

FORM 86
Notice of Intention to Enforce Security
(Rule 124)

TO: **Royal Helium Ltd.** (the “**Debtor**”), an insolvent person

TAKE NOTICE THAT:

1. Canadian Western Bank (“**CWB**”), a secured creditor, intends to enforce its security on the Debtor’s property, being all of the Debtor’s present and after acquired personal property, assets, and undertakings.
2. The security that is to be enforced is in the form of, *inter alia*:
 - (a) General Security Agreement, dated April 21, 2023, granted by the Debtor, to and in favour of the Lender; and,
 - (b) Assignment of Contract, dated April 21, 2023, between the Debtor, the Lender, and Space Exploration Technologies Corp.,(collectively, the “**Security**”).
3. The total amount of indebtedness secured by the Security, as of January 6, 2025, is \$9,032,466.51, plus any and all accruing interest, costs, expenses, and fees, including, without limitation, legal costs as between a solicitor and their own client.
4. The secured creditor will not have the right to enforce the Security until the expiry of the 10-day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 7th day of January, 2025.

CANADIAN WESTERN BANK
by its duly authorized solicitors and agents,
McCarthy Tétrault LLP

Per: _____



Sean Collins

CONSENT TO EARLY ENFORCEMENT

The undersigned, Royal Helium Ltd., being the Debtor referenced in the Notice of Intention to Enforce Security to which this consent is annexed, does hereby consent, in accordance with Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), to the early enforcement by Canadian Western Bank, the secured creditor, of all securities held by Canadian Western Bank, notwithstanding the fact that the requisite 10-day period, as prescribed by Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), has not yet elapsed.

DATED at _____, _____, this ____ day of _____, 2025.

ROYAL HELIUM LTD.

Per: _____
Name:
Title:

FORM 86
Notice of Intention to Enforce Security
(Rule 124)


TO: Royal Helium Exploration Limited (the “**Debtor**”), an insolvent person

TAKE NOTICE THAT:

5. Canadian Western Bank (“**CWB**”), a secured creditor, intends to enforce its security on the Debtor’s property, being all of the Debtor’s present and after acquired personal property, assets, and undertakings.
6. The security that is to be enforced is in the form of, *inter alia*, a General Security Agreement, dated April 21, 2023 (the “**Security**”), granted by the Debtor, to and in favour of the Lender.
7. The total amount of indebtedness secured by the Security, as of January 6, 2025, is \$9,032,466.51, plus any and all accruing interest, costs, expenses, and fees, including, without limitation, legal costs as between a solicitor and their own client.
8. The secured creditor will not have the right to enforce the Security until the expiry of the 10-day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 7th day of January, 2025.

CANADIAN WESTERN BANK
by its duly authorized solicitors and agents,
McCarthy Tétrault LLP

Per: 
Sean Collins

CONSENT TO EARLY ENFORCEMENT

The undersigned, Royal Helium Exploration Limited, being the Debtor referenced in the Notice of Intention to Enforce Security to which this consent is annexed, does hereby consent, in accordance with Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), to the early enforcement by Canadian Western Bank, the secured creditor, of all securities held by Canadian Western Bank, notwithstanding the fact that the requisite 10-day period, as prescribed by Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada), has not yet elapsed.

DATED at _____, _____, this ____ day of _____, 2025.

ROYAL HELIUM EXPLORATION LIMITED

Per: _____
Name:
Title:

THIS IS **EXHIBIT "B"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



January 8, 2025

By Courier and Email

(davidson@royalheliumltd.com/
dyoung@royalheliumltd.com /
sheppard@royalheliumltd.com
calcsdnotifications@bennettjones.com /
vancorp@bennettjones.com)

joliver@cassels.com
tel: +1 403 351 2921
file # 33845-455

Imperial Helium Corp.
602 224 4th Ave S
Saskatoon, SK S7K 5M5

Attention: Andrew Davidson, David Young and
Jeff Sheppard

Imperial Helium Corp.
c/o Primary Agent for Service
Bennett Jones Services Limited Partnership
4500, 855 - 2nd Street SW
Calgary, AB T2P 4K7

Attention: Nancy Helm

Imperial Helium Corp.
c/o Head Office
Suite 2500 Park Place 666 Burrard Street
Vancouver, BC V6C 2X8

Dear Sirs and/or Madams:

Re: Loan facility extended by Business Development Bank of Canada ("BDC" or the "Lender") to Imperial Helium Corp. (the "Borrower") and guaranteed by Royal Helium Ltd. ("RHL") and Royal Helium Exploration Ltd. ("RHEL" and together with RHL, the "Guarantors")

We are counsel to the Lender. We refer you to the loan and security documents (collectively, the "**Loan Documents**") described in Schedule "A" hereto, as applicable. Terms not otherwise defined herein shall have the meaning ascribed to them in Schedule "A" or the Loan Documents.

Pursuant to the Letter of Offer, the Lender established a loan facility (Loan No. 244666-02) in favour of the Borrower (the "**Facility**"). As at January 1, 2025, the total amount outstanding under the Facility is

\$8,873,510.88 (the “**Indebtedness**”), which sum includes principal and interest accrued as at January 1, 2025, but excludes other fees, costs, charges and expenses (including legal fees).

The Facility is a term facility with a maturity date of November 1, 2029. Upon the occurrence of an Event of Default (as defined in the Letter of Offer), and at the Lender's option, any obligation of the Lender to make any advance shall terminate and the Lender may demand immediate repayment of the Indebtedness.

The Borrower has committed Events of Default under the terms of the Loan Documents as a result of, among other things:

1. Failing to make monthly payments in accordance with the Letter of Offer for the months of October, November and December 2024 and January 2025;
2. Defaulting under the terms of the agreement between the Borrower and Canadian Western Bank;
3. The Borrower ceasing to carry on all or a substantial part of its business; and
4. The occurrence of a material adverse change, as a result of (among other things) the theft of certain equipment that is critical to the operations of the Borrower.

As a result of the foregoing, the Facility is now due and payable. The Lender hereby demands payment of the Indebtedness by the Borrower pursuant to the Loan Documents. Interest on the Indebtedness will continue to accrue to the date of payment at the rate set out in the Letter of Offer. The exact amount of the Indebtedness and interest which will have accrued to any date of payment shall be obtained by contacting the Lender. You will also be required to pay the Lender's legal and other expenses in connection with the Indebtedness.

Please be advised that if payment or arrangements satisfactory to the Lender are not made within 10 days of the date of this letter, the Lender will take whatever steps it deems necessary to recover the outstanding obligations of the Borrower including, without limitation, to enforce its security.

Enclosed is a Notice of Intention to Enforce Security addressed to the Borrower and issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada). Should you wish to consent to the immediate enforcement by the Lender of its security, please sign the consent and waiver below and return it to the attention of the undersigned at your earliest convenience.

The Lender expressly reserves its rights to proceed with the enforcement of its rights and remedies under the Loan Documents at any time, without further notice to you, if it becomes aware of any circumstances that might prejudice its position.

Yours truly,

Cassels Brock & Blackwell LLP

A handwritten signature in black ink that reads "Jeffrey Oliver". The signature is written in a cursive style with a large, stylized "J" and "O".

Jeffrey Oliver
Partner

JO/nt
Enclosures

ACKNOWLEDGEMENT AND CONSENT

The undersigned hereby acknowledges receipt of a Notice of Intention to Enforce Security issued by the Lender pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) in respect of the Security granted in favour of the Lender and hereby consents to the Lender enforcing its Security prior to the expiry of the 10-day period stipulated in such notice. Imperial Helium Corp. hereby waives all cure periods to which it may be entitled.

IMPERIAL HELIUM CORP.

Per: _____
Name:
Title:

SCHEDULE "A" LOAN DOCUMENTS

1. Letter of Offer dated November 27, 2023 and accepted on December 4, 2023 between the Borrower, Guarantors and the Lender, as amended by an amending letter dated and accepted on December 21, 2023, as further amended by an amending letter dated June 27, 2024 and accepted on June 28, 2024 (collectively and as amended, the "**Letter of Offer**").
2. General Security Agreement granted by the Borrower in favour of Lender dated December 15, 2023 (the "**Borrower GSA**").
3. General Security Agreement granted by RHL in favour of Lender dated April 21, 2023 (the "**RHL GSA**").
4. General Security Agreement granted by RHEL in favour of Lender dated April 21, 2023 (the "**RHEL GSA**").
5. Leasehold Mortgage dated April 21, 2023, granted by the Borrower in favour of the Lender, as amended by the Leasehold Mortgage Amending Agreement dated December 15, 2023 (the "**Leasehold Mortgage**").
6. Unlimited Guarantee dated December 15, 2023 granted by RHL in favour of the Lender ("**RHL Guarantee**").
7. Unlimited Guarantee dated December 15, 2023 granted by RHEL in favour of the Lender ("**RHEL Guarantee**").
8. Assignment of Contract dated April 21, 2023 between RHL, Space Exploration Technologies Corp. and the Lender.
9. Environmental Agreement and Indemnity dated April 21, 2023 between the Borrower, RHL and RHEL for the benefit of the Lender.
10. Interlender Agreement dated April 10, 2023 between the Lender, Canadian Western Bank ("**CWB**"), the Borrower, RHL and RHEL.
11. Second Interlender Agreement dated December 20, 2023 and between the Lender, CWB, the Borrower, RHL and RHEL.

**NOTICE OF INTENTION TO ENFORCE SECURITY UNDER SECTION 244(1) OF
THE BANKRUPTCY AND INSOLVENCY ACT (CANADA)**

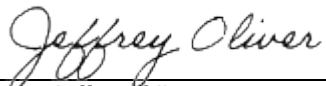
TO: Imperial Helium Corp. (the “Debtor”)

Take notice that:

1. Under section 244(1) of the *Bankruptcy and Insolvency Act* (Canada), Business Development Bank of Canada (the “**Secured Party**”) intends to enforce its security against all of the Debtor’s assets and property, including, without limitation:
 - (a) all of the Debtor’s present and after-acquired personal property; and
 - (b) all of the Debtor’s interest in any real property subject to the Security (as defined below), including without limitation the lands and premises listed in Schedule “A” hereto (the “**Lands**”).
2. The security that is to be enforced is in the form of:
 - (a) General Security Agreement granted by the Debtor in favour of the Secured Party dated December 15, 2023;
 - (b) Leasehold Mortgage dated April 21, 2023, granted by the Debtor in favour of the Secured Party, as amended by the Leasehold Mortgage Amending Agreement dated December 15, 2023; and
 - (c) all other security delivered by the Debtor to the Secured Party and all ancillary and supplemental documents thereto;(collectively, the “**Security**”).
3. The amount of indebtedness secured by the Security as at January 1, 2025 is \$8,873,510.88, plus interest and costs to the date of payment.
4. The Secured Party will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

Dated January 8, 2025

**BUSINESS DEVELOPMENT BANK OF
CANADA** by its solicitors **CASSELS BROCK &
BLACKWELL LLP**

By: 
Name: Jeffrey Oliver
Title: Partner

SCHEDULE "A"
LANDS

1. FIRST
ALL MINES AND MINERALS WITHIN, UPON OR UNDER:
MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 1
QUARTER NORTH WEST
AND THE RIGHT TO WORK THE SAME
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

SECOND
ALL MINES AND MINERALS, AND THE RIGHT TO WORK THE SAME WITHIN, UPON OR
UNDER:
MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 1
QUARTER NORTH EAST
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

THIRD
ALL MINES AND MINERALS WITHIN, UPON OR UNDER:
MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 1
QUARTER SOUTH WEST
AND THE RIGHT TO WORK THE SAME
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

FOURTH
ALL MINES AND MINERALS, AND THE RIGHT TO WORK THE SAME WITHIN, UPON OR
UNDER:
MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 1
QUARTER SOUTH EAST
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS
2. FIRST
ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 22
QUARTER NORTH WEST
AREA: 64,7 HECTARES (160 ACRES) MORE OR LESS

SECOND
ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 22
QUARTER NORTH EAST
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

THIRD
ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 22
QUARTER SOUTH WEST
AND THE RIGHT TO WORK THE SAME
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

FOURTH
ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 20

SECTION 22
QUARTER SOUTH EAST
AND THE RIGHT TO WORK THE SAME
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

3. FIRST
ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 12
QUARTER NORTH WEST
AND THE RIGHT TO WORK THE SAME
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

SECOND
ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 12
QUARTER NORTH EAST
AND THE RIGHT TO WORK THE SAME
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

THIRD
ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 12
QUARTER SOUTH WEST
AND THE RIGHT TO WORK THE SAME
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

FOURTH
ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 12
QUARTER SOUTH EAST
AND THE RIGHT TO WORK THE SAME
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

4. MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 12
QUARTER NORTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
ALL THAT PORTION OF LEGAL SUBDIVISION 13 IN THE SAID QUARTER
SECTION WHICH IS SHOWN ON A PLAN FILED AS 8341FB AND THEREIN
OUTLINED IN YELLOW
CONTAINING 5 ACRES MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME
5. TWP 19 RGE 11 W4M SEC 16 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
6. TWP 19 RGE 11 W4M SEC 17 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
7. TWP 19 RGE 11 W4M SEC 18 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
8. TWP 19 RGE 11 W4M SEC 19 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
9. TWP 19 RGE 11 W4M SEC 20 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
10. TWP 19 RGE 11 W4M SEC 21 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU

11. TWP 19 RGE 11 W4M SEC 22 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
12. TWP 19 RGE 11 W4M SEC 27 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
13. TWP 19 RGE 11 W4M SEC 28 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
14. TWP 19 RGE 11 W4M SEC 29 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
15. TWP 19 RGE 11 W4M SEC 30 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
16. TWP 19 RGE 11 W4M SEC 32 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
17. TWP 19 RGE 11 W4M SEC 33 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
18. TWP 19 RGE 11 W4M SEC 34 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
19. TWP 19 RGE 11 W4M SEC 35 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
20. TWP 19 RGE 12 W4M SEC 1 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
21. TWP 19 RGE 12 W4M SEC 2 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
22. TWP 19 RGE 12 W4M SEC 3 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
23. TWP 19 RGE 12 W4M SEC 4 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
24. TWP 19 RGE 12 W4M SEC 9 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
25. TWP 19 RGE 12 W4M SEC 10 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
26. TWP 19 RGE 12 W4M SEC 11 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
27. TWP 19 RGE 12 W4MSEC 12 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
28. TWP 19 RGE 12 W4M PTN SEC 13 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
29. TWP 19 RGE 12 W4M PTN SEC 14 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
30. TWP 19 RGE 12 W4M SEC 15 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
31. TWP 19 RGE 12 W4M SEC 16 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
32. TWP 19 RGE 12 W4M SEC 21 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
33. TWP 19 RGE 12 W4M SEC 22 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
34. TWP 19 RGE 12 W4M SEC 23 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
35. TWP 19 RGE 12 W4M SEC 24 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
36. TWP 19 RGE 12 W4M SEC 25 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
37. TWP 19 RGE 12 W4M SEC 26 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
38. TWP 19 RGE 12 W4M SEC 27 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU

39. TWP 19 RGE 12 W4M SEC 28 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
40. TWP 19 RGE 12 W4M SEC 33 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
41. TWP 20 RGE 11 W4M SEC 1 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
42. TWP 20 RGE 11 W4M SEC 2 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
43. TWP 20 RGE 11 W4M SEC 3 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
44. TWP 20 RGE 11 W4M SEC 4 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
45. TWP 20 RGE 11 W4M SEC 5 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
46. TWP 20 RGE 11 W4M SEC 8 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
47. TWP 20 RGE 11 W4M SEC 9 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
48. TWP 20 RGE 11 W4M SEC 10 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
49. TWP 20 RGE 11 W4M SEC 11 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
50. TWP 20 RGE 11 W4M SEC 12 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
51. TWP 20 RGE 11 W4M SEC 13 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
52. TWP 20 RGE 11 W4M SEC 14 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
53. TWP 20 RGE 11 W4M SEC 15 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
54. TWP 20 RGE 11 W4M SEC 16 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
55. TWP 20 RGE 11 W4M SEC 17 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
56. TWP 20 RGE 11 W4M SEC 19 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
57. TWP 20 RGE 11 W4M SEC 20 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
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59. TWP 20 RGE 11 W4M SEC 22 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
60. TWP 20 RGE 11 W4M SEC 23 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
61. TWP 20 RGE 11 W4M SEC 24 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
62. TWP 20 RGE 11 W4M SEC 25 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
63. TWP 20 RGE 11 W4M SEC 26 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
64. TWP 20 RGE 11 W4M SEC 27 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
65. TWP 20 RGE 11 W4M SEC 34 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
66. TWP 20 RGE 11 W4M SEC 35 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU

67. TWP 20 RGE 11 W4M SEC 36 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
68. TWP 20 RGE 12 W4M SEC 9 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
69. TWP 20 RGE 12 W4M N 10 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
70. TWP 20 RGE 12 W4M SEC 13 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
71. TWP 20 RGE 12 W4M SEC 14 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
72. TWP 20 RGE 12 W4M S 1/2 SEC NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
73. TWP 20 RGE 12 W4M SEC 24 NATURAL GAS IN ALL FORMATIONS BELOW BASE NISKU
74. TWP 19 RGE 11 W4M: SEC 31 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
75. TWP 19 RGE 11 W4M: SEC 34 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
76. TWP 19 RGE 11 W4M: SEC 35 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
77. TWP 19 RGE 11 W4M: SEC 36 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
78. TWP 20 RGE 11 W4M: SEC 6 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
79. TWP 20 RGE 11 W4M: SEC 7 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
80. TWP 20 RGE 11 W4M: SEC 18 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
81. TWP 20 RGE 12 W4M: SEC 1 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
82. TWP 20 RGE 12 W4M: SEC 2 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
83. TWP 20 RGE 12 W4M: SEC 3 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
84. TWP 20 RGE 12 W4M: SEC 4 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
85. TWP 20 RGE 12 W4M: N8 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
86. TWP 20 RGE 12 W4M: S 1/2 SEC 10 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
87. TWP 20 RGE 12 W4M: SEC 11 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
88. TWP 20 RGE 12 W4M: SEC 12 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
89. TWP 20 RGE 12 W4M: N1/2 SEC 15 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
90. TWP 20 RGE 12 W4M: SEC 16 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
91. TWP 20 RGE 12 W4M: SEC 17 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
92. TWP 20 RGE 12 W4M: SEC 20 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
93. TWP 20 RGE 12 W4M: SEC 21 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY

94. TWP 20 RGE 12 W4M: SEC 23 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
95. TWP 20 RGE 12 W4M: W $\frac{1}{2}$ & SE $\frac{1}{4}$ SEC 26 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
96. TWP 20 RGE 12 W4M: SEC 27 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
97. TWP 20 RGE 12 W4M: SEC 28 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
98. TWP 20 RGE 12 W4M: SEC 29 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
99. TWP 20 RGE 12 W4M: SEC 32 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
100. TWP 20 RGE 12 W4M: SEC 33 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY
101. TWP 20 RGE 12 W4M: SEC 34 NATURAL GAS IN ALL FORMATIONS BELOW BASE BIG VALLEY



January 8, 2025

**By Courier and Email (davidson@royalheliumltd.com /
dyoung@royalheliumltd.com /
sheppard@royalheliumltd.com)**

joliver@cassels.com
tel: +1 403 351 2921
file # 33845-455

Royal Helium Exploration Ltd.
602 - 224 4th Avenue South
Saskatoon, SK S7K 5M5

Attention: Andrew Davidson, David Young and Jeff
Sheppard

Royal Helium Exploration Ltd.
c/o Registered Office
800-230 22nd St E
Saskatoon, SK S7K 0E9

Attention: Samuel Bergerman

Dear Sirs and/or Madams:

**Re: Loan facility extended by Business Development Bank of Canada ("BDC" or the "Lender")
to Imperial Helium Corp. (the "Borrower") and guaranteed by Royal Helium Ltd. ("RHL") and
Royal Helium Exploration Ltd. ("RHEL" and together with RHL, the "Guarantors")**

We are counsel to the Lender. We refer you to the loan and security documents (collectively, the "**Loan Documents**") described in Schedule "A" hereto, as applicable. Terms not otherwise defined herein shall have the meaning ascribed to them in Schedule "A" or the Loan Documents.

Pursuant to the Letter of Offer, the Lender established a loan facility (Loan No. 244666-02) in favour of the Borrower (the "**Facility**"). As at January 1, 2025, the total amount outstanding under the Facility is \$8,873,510.88 (the "**Indebtedness**"), which sum includes principal and interest accrued as at January 1, 2025, but excludes other fees, costs, charges and expenses (including legal fees).

The Facility is a term facility with a maturity date of November 1, 2029. Upon the occurrence of an Event of Default (as defined in the Letter of Offer), and at the Lender's option, any obligation of the Lender to make any advance shall terminate and the Lender may demand immediate repayment of the Indebtedness.

The Borrower has committed Events of Default under the terms of the Loan Documents as a result of, among other things:

1. Failing to make monthly payments in accordance with the Letter of Offer for the months of October, November and December 2024 and January 2025;

2. Defaulting under the terms of the agreement between the Borrower and Canadian Western Bank;
3. The Borrower ceasing to carry on all or a substantial part of its business; and
4. The occurrence of a material adverse change, as a result of (among other things) the theft of certain equipment that is critical to the operations of the Borrower.

As a result of the foregoing, the Facility is now due and payable. Under the RHEL Guarantee, RHEL has guaranteed the repayment of the Indebtedness. Pursuant to the terms of the RHEL Guarantee, payment is due on demand.

The Lender hereby demands payment of the Indebtedness by RHEL pursuant to the RHEL Guarantee. Interest on the Indebtedness will continue to accrue to the date of payment at the rate set out in the Letter of Offer. The exact amount of the Indebtedness and interest which will have accrued to any date of payment shall be obtained by contacting the Lender. You will also be required to pay the Lender's legal and other expenses in connection with the Indebtedness.

Please be advised that if payment or arrangements satisfactory to the Lender are not made within 10 days of the date of this letter, the Lender will take whatever steps it deems necessary to recover the outstanding obligations of RHEL including, without limitation, to enforce its security.

Enclosed is a Notice of Intention to Enforce Security addressed to RHEL and issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada). Should you wish to consent to the immediate enforcement by the Lender of its security, please sign the consent and waiver below and return it to the attention of the undersigned at your earliest convenience.

The Lender expressly reserves its rights to proceed with the enforcement of its rights and remedies under the Loan Documents at any time, without further notice to you, if it becomes aware of any circumstances that might prejudice its position.

Yours truly,

Cassels Brock & Blackwell LLP



Jeffrey Oliver
Partner

JO/nt
Enclosures

ACKNOWLEDGEMENT AND CONSENT

The undersigned hereby acknowledges receipt of a Notice of Intention to Enforce Security issued by the Lender pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) in respect of the Security granted in favour of the Lender and hereby consents to the Lender enforcing its Security prior to the expiry of the 10-day period stipulated in such notice. Royal Helium Exploration Ltd. hereby waives all cure periods to which it may be entitled.

ROYAL HELIUM EXPLORATION LTD.

Per: _____
Name:
Title:

SCHEDULE "A" LOAN DOCUMENTS

1. Letter of Offer dated November 27, 2023 and accepted on December 4, 2023 between the Borrower, Guarantors and the Lender, as amended by an amending letter dated and accepted on December 21, 2023, as further amended by an amending letter dated June 27, 2024 and accepted on June 28, 2024 (collectively and as amended, the "**Letter of Offer**").
2. General Security Agreement granted by the Borrower in favour of Lender dated December 15, 2023 (the "**Borrower GSA**").
3. General Security Agreement granted by RHL in favour of Lender dated April 21, 2023 (the "**RHL GSA**").
4. General Security Agreement granted by RHEL in favour of Lender dated April 21, 2023 (the "**RHEL GSA**").
5. Leasehold Mortgage dated April 21, 2023, granted by the Borrower in favour of the Lender, as amended by the Leasehold Mortgage Amending Agreement dated December 15, 2023 (the "**Leasehold Mortgage**").
6. Unlimited Guarantee dated December 15, 2023 granted by RHL in favour of the Lender ("**RHL Guarantee**").
7. Unlimited Guarantee dated December 15, 2023 granted by RHEL in favour of the Lender ("**RHEL Guarantee**").
8. Assignment of Contract dated April 21, 2023 between RHL, Space Exploration Technologies Corp. and the Lender.
9. Environmental Agreement and Indemnity dated April 21, 2023 between the Borrower, RHL and RHEL for the benefit of the Lender.
10. Interlender Agreement dated April 10, 2023 between the Lender, Canadian Western Bank ("**CWB**"), the Borrower, RHL and RHEL.
11. Second Interlender Agreement dated December 20, 2023 and between the Lender, CWB, the Borrower, RHL and RHEL.

**NOTICE OF INTENTION TO ENFORCE SECURITY UNDER SECTION 244(1) OF
THE BANKRUPTCY AND INSOLVENCY ACT (CANADA)**

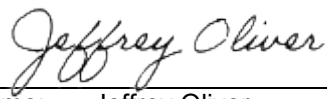
TO: Royal Helium Exploration Ltd. (the “**Debtor**”)

Take notice that:

1. Under section 244(1) of the *Bankruptcy and Insolvency Act* (Canada), Business Development Bank of Canada (the “**Secured Party**”) intends to enforce its security against all of the Debtor’s assets and property, including, without limitation, all of the Debtor’s present and after-acquired personal property.
2. The security that is to be enforced is in the form of:
 - (a) General Security Agreement granted by the Debtor in favour of the Secured Party dated April 21, 2023; and
 - (b) all other security delivered by the Debtor to the Secured Party and all ancillary and supplemental documents thereto;(collectively, the “**Security**”).
3. The amount of indebtedness secured by the Security as at January 1, 2025 is \$8,873,510.88, plus interest and costs to the date of payment.
4. The Secured Party will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

Dated January 8, 2025

**BUSINESS DEVELOPMENT BANK OF
CANADA** by its solicitors **CASSELS BROCK &
BLACKWELL LLP**

By: 
Name: Jeffrey Oliver
Title: Partner



January 8, 2025

**By Courier and Email (davidson@royalheliumltd.com /
dyoung@royalheliumltd.com /
sheppard@royalheliumltd.com)** joliver@cassels.com
tel: +1 403 351 2921
file # 33845-455

Royal Helium Ltd.
602 224 4th Ave S
Saskatoon, SK S7K 5M5

Attention: Andrew Davidson, David Young and Jeff Sheppard

Royal Helium Ltd.
800, 230 - 22 Street
Saskatoon, SK S7K 0E9

Attention: Ivan Bergerman

Dear Sirs and/or Madams:

Re: Loan facility extended by Business Development Bank of Canada ("BDC" or the "Lender") to Imperial Helium Corp. (the "Borrower") and guaranteed by Royal Helium Ltd. ("RHL") and Royal Helium Exploration Ltd. ("RHEL" and together with RHL, the "Guarantors")

We are counsel to the Lender. We refer you to the loan and security documents (collectively, the "**Loan Documents**") described in Schedule "A" hereto, as applicable. Terms not otherwise defined herein shall have the meaning ascribed to them in Schedule "A" or the Loan Documents.

Pursuant to the Letter of Offer, the Lender established a loan facility (Loan No. 244666-02) in favour of the Borrower (the "**Facility**"). As at January 1, 2025, the total amount outstanding under the Facility is \$8,873,510.88 (the "**Indebtedness**"), which sum includes principal and interest accrued as at January 1, 2025, but excludes other fees, costs, charges and expenses (including legal fees).

The Facility is a term facility with a maturity date of November 1, 2029. Upon the occurrence of an Event of Default (as defined in the Letter of Offer), and at the Lender's option, any obligation of the Lender to make any advance shall terminate and the Lender may demand immediate repayment of the Indebtedness.

The Borrower has committed Events of Default under the terms of the Loan Documents as a result of, among other things:

1. Failing to make monthly payments in accordance with the Letter of Offer for the months of October, November and December 2024 and January 2025;
2. Defaulting under the terms of the agreement between the Borrower and Canadian Western Bank;
3. The Borrower ceasing to carry on all or a substantial part of its business; and

4. The occurrence of a material adverse change, as a result of (among other things) the theft of certain equipment that is critical to the operations of the Borrower.

As a result of the foregoing, the Facility is now due and payable. Under the RHL Guarantee, RHL has guaranteed the repayment of the Indebtedness. Pursuant to the terms of the RHL Guarantee, payment is due on demand.

The Lender hereby demands payment of the Indebtedness by RHL pursuant to the RHL Guarantee. Interest on the Indebtedness will continue to accrue to the date of payment at the rate set out in the Letter of Offer. The exact amount of the Indebtedness and interest which will have accrued to any date of payment shall be obtained by contacting the Lender. You will also be required to pay the Lender's legal and other expenses in connection with the Indebtedness.

Please be advised that if payment or arrangements satisfactory to the Lender are not made within 10 days of the date of this letter, the Lender will take whatever steps it deems necessary to recover the outstanding obligations of RHL including, without limitation, to enforce its security.

Enclosed is a Notice of Intention to Enforce Security addressed to RHL and issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada). Should you wish to consent to the immediate enforcement by the Lender of its security, please sign the consent and waiver below and return it to the attention of the undersigned at your earliest convenience.

The Lender expressly reserves its rights to proceed with the enforcement of its rights and remedies under the Loan Documents at any time, without further notice to you, if it becomes aware of any circumstances that might prejudice its position.

Yours truly,

Cassels Brock & Blackwell LLP



Jeffrey Oliver
Partner

JO/nt
Enclosures

ACKNOWLEDGEMENT AND CONSENT

The undersigned hereby acknowledges receipt of a Notice of Intention to Enforce Security issued by the Lender pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) in respect of the Security granted in favour of the Lender and hereby consents to the Lender enforcing its Security prior to the expiry of the 10-day period stipulated in such notice. Royal Helium Ltd. hereby waives all cure periods to which it may be entitled.

ROYAL HELIUM LTD.

Per: _____
Name:
Title:

SCHEDULE "A" LOAN DOCUMENTS

1. Letter of Offer dated November 27, 2023 and accepted on December 4, 2023 between the Borrower, Guarantors and the Lender, as amended by an amending letter dated and accepted on December 21, 2023, as further amended by an amending letter dated June 27, 2024 and accepted on June 28, 2024 (collectively and as amended, the "**Letter of Offer**").
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10. Interlender Agreement dated April 10, 2023 between the Lender, Canadian Western Bank ("**CWB**"), the Borrower, RHL and RHEL.
11. Second Interlender Agreement dated December 20, 2023 and between the Lender, CWB, the Borrower, RHL and RHEL.

**NOTICE OF INTENTION TO ENFORCE SECURITY UNDER SECTION 244(1) OF
THE BANKRUPTCY AND INSOLVENCY ACT (CANADA)**

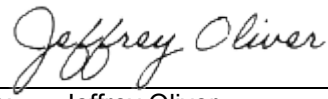
TO: Royal Helium Ltd. (the “**Debtor**”)

Take notice that:

1. Under section 244(1) of the *Bankruptcy and Insolvency Act* (Canada), Business Development Bank of Canada (the “**Secured Party**”) intends to enforce its security against all of the Debtor’s assets and property, including, without limitation, all of the Debtor’s present and after-acquired personal property.
2. The security that is to be enforced is in the form of:
 - (a) General Security Agreement granted by the Debtor in favour of the Secured Party dated April 21, 2023; and
 - (b) all other security delivered by the Debtor to the Secured Party and all ancillary and supplemental documents thereto;(collectively, the “**Security**”).
3. The amount of indebtedness secured by the Security as at January 1, 2025 is \$8,873,510.88, plus interest and costs to the date of payment.
4. The Secured Party will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

Dated January 8, 2025

**BUSINESS DEVELOPMENT BANK OF
CANADA** by its solicitors **CASSELS BROCK &
BLACKWELL LLP**

By: 
Name: Jeffrey Oliver
Title: Partner

THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

Court File No. BK-25-03176112-0031
BK-25-03176073-0031
BK-25-03176135-0031
Estate File No. 31-3176112
31-3176073
31-3176135

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

THE HONOURABLE)	WEDNESDAY, THE 29 TH
)	
JUSTICE PENNY)	DAY OF JANUARY, 2025

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ROYAL HELIUM LTD OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
IMPERIAL HELIUM CORP. OF THE CITY OF TORONTO IN THE PROVINCE OF
ONTARIO**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ROYAL HELIUM EXPLORATION LIMITED IN THE CITY OF TORONTO IN THE
PROVINCE OF ONTARIO**

**ORDER
(Approval of Procedural Consolidation, Stay Extension,
DIP Facility, and Administration Charge)**

THIS MOTION, made by Royal Helium Ltd., Imperial Helium Corp., and Royal Helium Exploration Limited (each, the “**Applicant**” and collectively, the “**Applicants**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”) for an order, among other things: (i) procedurally consolidating the Proposal Proceedings (as defined herein); (ii) extending the time to for each of the Applicants to file proposals pursuant to s. 50.4(9) of the BIA up to and including April 2, 2025; (iii) granting an Administration Charge (as defined herein); and

(iv) approving the DIP Facility (as defined herein) and granting a DIP Lender's Charge (as defined herein) in favour of Energy & Specialty Gases DIP, LLC (the ("**DIP Lender**") on the Property (as defined herein), was heard on the 29th day of January, 2025.

ON READING the affidavit of David Young, sworn January 24, 2025, and the exhibits thereto, the affidavit of Jessica Wuthmann sworn January 29, 2025, and the exhibits thereto, and the First Report of Grant Thornton Limited in its capacity as proposal trustee of the Applicants (the "**Proposal Trustee**").

ON HEARING the submissions of counsel for the Applicants, the Proposal Trustee, and such other counsel that were present, no one else appearing for any other person although duly served:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the materials filed, as set out in the Lawyer's Certificate of Service of Simran Joshi dated January 27, 2025, is hereby deemed adequate notice so that this Motion is properly returnable today and hereby dispenses with further service thereof.

STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Applicants to file a proposal with the official receiver be and is hereby extended to and including April 2, 2025 (the "**Stay Period**").

CONSOLIDATION OF ESTATES

3. **THIS COURT ORDERS** that the following proceedings:
- a) **THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF ROYAL HELIUM LTD.** court file number BK-25-3176135-0031;
 - b) **THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF IMPERIAL HELIUM CORP.** court file number BK-25-03176073-0031; and
 - c) **THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF ROYAL HELIUM EXPLORATION LIMITED,** court file number BK-03176112-0031

(collectively, the “**Proposal Proceedings**”).

is hereby procedurally consolidated and the Proposal Trustee shall be directed to administer the Proposal Proceedings on a consolidated basis for all purposes in carrying out its administrative duties and other responsibilities as trustee under the BIA including, without limitation, the following:

- a) sending notices to the creditors of the Applicants pursuant to one consolidated notice;
- b) calling and conducting any meetings of creditors of the Applicants pursuant to one combined advertisement and one meeting;
- c) issuing consolidated reports in respect of the estates of the Applicants;
- d) preparing, filing, advertising and distributing any and all filings and/or notices relating to the administration of the estates of the Applicants on a consolidated basis;
- e) taxing its fees, and those of its counsel; and
- f) bringing motions to this Honourable Court on a consolidated basis.

4. **THIS COURT ORDERS** that the single court file number BK-25-3176135-0031 and the following title of proceeding shall be assigned to the Proposal Proceedings:

**IN THE MATTER OF THE NOTICES OF
INTENTION TO MAKE A PROPOSAL OF ROYAL
HELIUM LTD., IMPERIAL HELIUM CORP., AND
ROYAL HELIUM EXPLORATION LIMITED.**

5. **THIS COURT ORDERS** that a copy of this Order shall be filed by the Applicants in the court file for each of the Proposal Proceedings, but that any other document required to be filed in and any of the Proposal Proceedings shall hereafter only be required to be filed in Court file number BK-25-3176135-0031.

6. **THIS COURT ORDERS** that the procedural consolidation herein shall not:

- a) affect the separate legal status and corporate structures of any of the Applicants;
- b) cause any of the Applicants to be liable to any claim for which it is otherwise not liable; or
- c) affect the Proposal Trustee's or any creditor's right to seek to disallow any claim, including on the basis that such claim is duplicative

CONTINUATION OF SERVICES

7. **THIS COURT ORDERS** that during the Stay Period, all persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, provided in each case that the normal prices or charges for such goods or services rendered after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Proposal Trustee, or as may be ordered by this Court.

8. **THIS COURT ORDERS** that the Applicants shall be entitled, but not required, to pay, with the written approval of the Proposal Trustee, if in the opinion of the Applicants, such payment is necessary to maintain the uninterrupted operations of the business. For clarity, such payments will not exceed the cumulative maximum amount of \$250,000 plus applicable taxes unless otherwise ordered by the Court.

ADMINISTRATION CHARGE

9. **THIS COURT ORDERS** that the Proposal Trustee, counsel to Proposal Trustee and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel for the Proposal Trustee and counsel for the Applicants as such accounts are rendered. The Proposal Trustee and its counsel shall be authorized to immediately apply any such payments made by the Applicants to their fees and disbursements and such amounts shall

constitute advances against its remuneration and disbursements when and as approved by this Court.

10. **THIS COURT ORDERS** that, pursuant to Section 64.2 of the BIA, the Proposal Trustee, counsel to the Proposal Trustee, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on all of the Applicants current and future assets, undertakings and properties of every nature and kind whatsoever and wherever situate including all proceeds thereof (the "**Property**"), which charge shall not exceed an aggregate amount of \$300,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 18 and 20 herein.

DIP FINANCING

11. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility (the "**DIP Facility**") from the DIP Lender to finance the Applicants' working capital requirements and its general corporate purposes, provided that principal amount of the borrowings under the DIP Facility shall not exceed \$1.5 million unless permitted by further order of this Court.

12. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the DIP Lender dated January 28, 2025 (the "**Commitment Letter**").

13. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

14. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 18 and 20 herein.

15. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- b) upon the occurrence of an event of default under the Commitment Letter or the Definitive Documents, the DIP Lender, upon five (5) days’ notice to the Applicants and the Proposal Trustee, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Commitment Letter, the Definitive Documents and the DIP Lender’s Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver or receiver and manager of the Applicants or the Property.

16. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by any of the Applicants under the BIA (or, in the event these proceedings are converted to proceedings under the *Companies’ Creditor Arrangement Act*, any plan of arrangement or compromise filed by any of the Applicants in such proceedings), with respect to any advances made under the Definitive Documents.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

17. **THIS COURT ORDERS** that during the Stay Period, no proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

18. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge (together, the "**Charges**"), as among them, shall be as follows:

- a) First – Administration Charge (to the maximum amount of \$300,000); and
- b) Second – DIP Lender's Charge (to the maximum principal amount of \$1,500,000).

19. **THIS COURT ORDERS** that the filing, registration, or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

20. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any individual, firm, corporation, governmental agency, or any other entities (each and any, a "**Person**").

21. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Applicants obtain the prior written consent of the Proposal Trustee, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

22. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the charges entitled to the benefit of the Charges (the “**Chargees**”) shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicants, and notwithstanding any provision to the contrary In any agreement:

- a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;
- b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- c) the payments made by the Applicants pursuant to this Order, and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

23. **THIS COURT ORDERS** that the Charges created by this Order over leases of real property in Canada shall only be a charge in the Applicants’ interests in such real property leases.

SECURITIES FILING

24. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the “**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the Securities Act (Ontario), R.S.O., c. S.5 and comparable statutes enacted by other provinces of Canada, the TSX Company Manual and other rules, regulations and policies of the

Toronto Stock Exchange and (collectively, the “**Securities Provisions**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have as a consequence of the Applicant failing to make Securities Filings required by the Securities Provisions.

25. **THIS COURT ORDERS** that none of the directors, officers, employees, or other representatives of the Applicants nor the Proposal Trustee (or its employees, agents and representatives acting in such capacity) shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions.

TRANSFER OF THE PROCEEDINGS

26. **THIS COURT ORDERS** that, pursuant to Section 187(7) of the BIA, the Proposal Proceedings are hereby transferred to the Court of King’s Bench of Alberta (the “**Alberta Court**”).

27. **THIS COURT ORDERS** that the Registrar of the Ontario Superior Court of Justice shall, in accordance with Rule 10 of the *Bankruptcy and Insolvency General Rules*, send the court files in relation to the Proposal Proceedings to the Registrar of the Alberta Court.

GENERAL

28. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and as against all Persons against whom it may otherwise be enforced.

29. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in any other foreign jurisdiction to give effect to this Order and to assist the Applicants, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to recognize and give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Applicants, the Proposal Trustee and their respective agents in carrying out the terms of this Order.

30. **THIS COURT ORDERS** that each of the Applicants and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in

carrying out the terms of this Order.

31. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Order, without the need for entry and filing.

A handwritten signature in blue ink, appearing to be "R. J.", is written over a horizontal line. The signature is stylized, with a large "R" and a smaller "J".

Schedule "A"**Critical Suppliers and Arrears Owing**

Vendor	Arrears Owing
Regulatory Consultant	\$30,000
Saskatchewan Ministry of Energy and Resources	\$170,000
Engineering Design Firm	\$50,000

IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED AND

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ROYAL HELIUM LTD, IMPERIAL HELIUM CORP. AND
ROYAL HELIUM EXPLORATION LIMITED OF THE CITY OF
TORONTO IN THE PROVINCE OF ONTARIO
Et al.

Court File No. BK-25-03176112-0031
BK-25-03176073-0031
BK-25-03176135-0031
Estate File No. 31-3176112
31-3176073
31-3176135

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

Proceedings commenced at *Toronto*

**ORDER
(Approval of Procedural Consolidation,
Administration Charge, DIP Facility and Stay
Extension)**

RECONSTRUCT LLP
Richmond-Adelaide Centre
120 Adelaide Street West, Suite 2500
Toronto, ON M5H 1T1

Caitlin Fell LSO No.
cfell@reconllp.com
Tel: 416.613.8283

Sharon Kour LSO No. 58328D
skour@reconllp.com
Tel: 416.613.8283

Fax: 416.613.8290

Lawyers for the Applicants

THIS IS **EXHIBIT "D"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



SUPERIOR COURT OF JUSTICE

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: BK-25-03176112-0031

DATE: January 29, 2025

BK-25-03176073-0031

BK-25-03176135-0031

NO. ON LIST: 4, 5, & 6

TITLE OF PROCEEDING: Royal Helium Exploration Limited
Imperial Helium
Royal Helium Ltd.

BEFORE: JUSTICE PENNY

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Sharon Kour	Lawyer for the Applicants	skour@reconllp.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Asim Iqbal	Counsel for the Proposal Trustee	asim.iqbal@gowlingwlg.com
Nathan Stewart	Counsel for Canadian Western Bank	nstewart@mccarthy.ca
Jeffrey Oliver	Counsel for Business Development Bank of Canada	joliver@cassels.com
Orest Konowalchuk	Alvarez & Marsal Canada Inc., proposed CCAA Monitor	okonowalchuk@alvarezandmarsal.com

ENDORSEMENT OF JUSTICE PENNY:

Overview

- [1] The applicants (the Company) brought this application on the Commercial List in Toronto as a proposal proceeding under the BIA. It sought initial order relief consolidating the three proceedings, extending the stay to 45 days, approving an interim DIP facility, approving an administration and DIP lender's charge and approving authority to pay pre-filing obligations to certain critical suppliers.
- [2] The application was opposed by the Company's two senior lenders, CWB and BDC on jurisdictional and other grounds. They sought an order for the appointment on an interim receiver.
- [3] The parties continued to talk, however, and have arrived at a mutually agreeable plan which enables the Company to remain in possession in order to pursue a sales process. The plan involves certain initial relief under the BIA but the immediate transfer of these proceeding to the Alberta Court of King's Bench in Calgary (the "Alberta Court") and, subject to the exercise of the powers of the Alberta Court, conversion of the BIA proceedings into CCAA proceedings.

Background

- [4] The Company is in the business of gas extraction and exploration, focused on the drilling and extraction of helium for purification. The Company controls approximately 800,000 acres of prospective helium lands through permits and leases across Saskatchewan and Alberta. Further, the Applicants acquired a helium purification facility in Steveville, Alberta, however, the facility is currently non-operational as a result of a failed commissioning.
- [5] Royal Helium Ltd. (RHL) is a public company that trades on the Toronto Stock Exchange, Venture Exchange. This company was incorporated under the laws of Ontario in 2008 and in 2019 was authorized to continue in the jurisdiction of the laws of Saskatchewan. This company is extra-provincially registered in Ontario with its registered offices in Saskatoon and Toronto. Royal Helium Exploration Limited and Imperial Helium Corp are wholly owned subsidiaries of RHL.
- [6] On January 7, 2025, CWB and BDC delivered demands and issued notices of intention to enforce security under s. 244 of the BIA. As of January 1, 2025, the Company owed approximately \$19.3 million to these banks. The secured debt is comprised of demand loans and letters of credit. These proposal proceedings were initiated on January 17, 2025.

The Agreement and The Associated Orders

- [7] The Company and CWB and BDC have reached agreement to settle CWB and BDC's opposition to the motion on the following terms (subject to the discretion of the Alberta Court):
 - a) these proceedings will be converted to proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA Proceeding") and relocated to the Alberta Court. The transfer of these NOI Proceedings to the Alberta Court is hereby approved under s. 187(7) of the BIA. The Company will continue to be represented by Reconstruct LLP. The Company's counsel will be included in the administration charge within the CCAA Proceeding and their fees, whether incurred before or after the formal date of commencement of the CCAA Proceeding, will be paid in the normal course pursuant to the initial order;

b) the CCAA Proceeding will remain debtor-in-possession with appropriate consultation rights for the secured lenders and the parties undertake to cooperate to achieve a value maximizing result;

c) Alvarez & Marsal Canada Inc. will be appointed as monitor in the CCAA Proceeding (the “Monitor”);

d) a sale and investment solicitation process (“SISP”) will be developed by the Company with CWB and BDC and will be conducted by the Company under supervision of the Monitor. The Monitor will be specifically empowered to select the successful bidder in the SISP;

e) the Company’s current CEO, David Young, will be paid his salary during the CCAA Proceeding to assist with the sales process;

f) all fees of Grant Thornton Limited in its capacity as proposal trustee (“Proposal Trustee”) and its counsel until such time as the Proposal Trustee is discharged and released as Proposal Trustee. As of January 28, 2025, the Proposal Trustee’s and its counsel’s collective fees are currently in the amount of approximately \$65,000 (plus taxes and disbursements) will be paid; and

g) the interim financing facility advanced by Energy & Specialty Gases DIP, LLC (the “DIP Lender”) is approved and the DIP Lender will remain as interim financing lender in the CCAA Proceeding unless CWB and/or BDC decide to advance their own interim financing facility on substantially similar or better terms and aligned with the cash flows filed by the Company.

[8] On consent of the parties, I approve this settlement and direct that the parties take steps to implement it as appropriate. The payments referred to herein are hereby approved.

[9] In these proposal proceedings, I specifically find that the evidentiary record supports making the following orders contemplated in the parties’ agreement:

a) these three proceedings shall be consolidated;

b) the time for the Company to file a proposal with the official shall be extended to April 2, 2025 under s. 50.4(9) of the BIA;

c) the DIP Facility of \$1.5 million is approved under s. 50.6 of the BIA;

d) the administration charge of \$300,000 is approved under s. 64.2 of the BIA;

- e) the Company may pay critical suppliers if, in the opinion of the Company, such payment is necessary to maintain the uninterrupted operations of the business. For clarity, such payments will not exceed the cumulative maximum amount of \$250,000; and
- f) the DIP Lender's and the Administration Charges are approved.

[10] The initial order under the BIA proposal proceedings shall issue in the form signed by me this day.

[11] Upon conversion of the proceedings to a CCAA Proceeding, the Proposal Trustee shall be discharged and released.

A handwritten signature in blue ink, appearing to read 'Penny J.' with a stylized flourish at the end.

Penny J.

THIS IS **EXHIBIT “E”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



Entity Number: 102077119

Page 1 of 3

Entity Name: ROYAL HELIUM LTD.

Report Date: 20-Jan-2025

Entity Details

Entity Type	Business Corporation
Entity Subtype	Saskatchewan Corporation
Entity Status	Active
Incorporation Date	01-May-2019
Annual Return Due Date	30-Jun-2025
Nature of Business	Oil and gas extraction
MRAS indicator	No

Registered Office Addresses

Physical Address	SUITE 602- 224 4TH AVENUE SOUTH, SASKATOON, Saskatchewan, Canada, S7K 5M5
Mailing Address	ROYAL HELIUM LTD., 800-365 BAY ST, TORONTO, Ontario, Canada, M5H 2V1

Directors/Officers

ANDREW DAVIDSON (Director)		Effective Date:	01-May-2019
Physical Address:	802 WRIGHT CRES, SASKATOON, Saskatchewan, Canada, S7N 4T6		
Mailing Address:	802 WRIGHT CRES, SASKATOON, Saskatchewan, Canada, S7N 4T6		
ANDREW DAVIDSON (Officer)		Effective Date:	01-May-2019
Physical Address:	802 WRIGHT CRES, SASKATOON, Saskatchewan, Canada, S7N 4T6		
Mailing Address:	802 WRIGHT CRES, SASKATOON, Saskatchewan, Canada, S7N 4T6	Office Held:	CHIEF EXECUTIVE OFFICER
JEFF SHEPPARD (Officer)		Effective Date:	01-May-2019
Physical Address:	631 CHRISTOPHER WAY, SASKATOON, Saskatchewan, Canada, S7J 3S3		
Mailing Address:	631 CHRISTOPHER WAY, SASKATOON, Saskatchewan, Canada, S7J 3S3	Office Held:	CHIEF FINANCIAL OFFICER



Entity Number: 102077119

Page 2 of 3

Entity Name: ROYAL HELIUM LTD.

Report Date: 20-Jan-2025

SYLVAIN LABERGE (Director)**Effective Date:****15-Jun-2020**

Physical Address: 49 RUE DAIGNEAULT, CHAMBLY,
Quebec, Canada, J3L 1G7

Mailing Address: 49 RUE DAIGNEAULT, CHAMBLY,
Quebec, Canada, J3L 1G7

CAMPBELL BECHER (Director)**Effective Date:****25-Nov-2020**

Physical Address: 1 NORTHRIDGE TRAIL,
CALEDON, Ontario, Canada, L7K
1T6

Mailing Address: 1 NORTHRIDGE TRAIL,
CALEDON, Ontario, Canada, L7K
1T6

MARTIN WOOD (Director)**Effective Date:****14-Jun-2022**

Physical Address: HURDWICK HOUSE, HURDWICK
GOLF CLUB, TAVISTOCK, DEVON,
United Kingdom, PL19 0LL

Mailing Address: HURDWICK HOUSE, HURDWICK
GOLF CLUB, TAVISTOCK, DEVON,
United Kingdom, PL19 0LL

JEFF SHEPPARD (Director)**Effective Date:****14-Sep-2022**

Physical Address: 631 CHRISTOPHER WAY,
SASKATOON, Saskatchewan,
Canada, S7J 3S3

Mailing Address: 631 CHRISTOPHER WAY,
SASKATOON, Saskatchewan,
Canada, S7J 3S3

KARL F KURZ (Director)**Effective Date:****07-Jun-2023**

Physical Address: 2126 FAWN MEADOW LANE,
RICHMOND, Texas, United
States, 77406

Mailing Address: 2126 FAWN MEADOW LANE,
RICHMOND, Texas, United
States, 77406

Transfer Agent

Entity Number

101009861

Entity Name

COMPUTERSHARE TRUST COMPANY OF CANADA



Entity Number: 102077119

Page 3 of 3

Entity Name: ROYAL HELIUM LTD.

Report Date: 20-Jan-2025

Physical Address

100 UNIVERSITY AVE., 8TH FLOOR, TORONTO, Ontario, Canada,
M5J2Y1

Mailing Address

COMPUTERSHARE TRUST COMPANY OF CANADA, 100 UNIVERSITY
AVE., 8TH FLOOR, TORONTO, Ontario, Canada, M5J2Y1

Email

cacslegal@computershare.com

Articles

Minimum Number of Directors: 3 **Maximum Number of Directors:** 10

Share Structure:

Class Name	Voting Rights	Authorized Number	Number Issued
COMMON SHARES	Yes	Unlimited	
PREFERRED SHARES	Yes	Unlimited	

Event History

Type	Date
Notice of Change of Registered Office/Mailing Address	20-Jan-2025
Resignation of Director	17-Sep-2024
Business Corporation - Amend Articles	29-May-2024
Business Corporation - Annual Return	27-May-2024
Notice of Change of Directors/Officers	27-May-2024
Business Corporation - Annual Return	27-Jun-2023
Notice of Change of Directors/Officers	07-Jun-2023
Notice of Change of Directors/Officers	14-Sep-2022
Business Corporation - Amend Articles	14-Sep-2022
Notice of Change of Directors/Officers	22-Jul-2022
Notice of Change of Directors/Officers	21-Jul-2022
Business Corporation - Annual Return	24-May-2022
Business Corporation - Annual Return	22-Jul-2021
Notice of Change of Directors/Officers	18-Dec-2020
Notice of Change of Directors/Officers	25-Aug-2020
Business Corporation - Annual Return	15-Jul-2020
Notice of Shareholders	15-Jul-2020
Business Corporation - Amend Articles	30-Aug-2019
Business Corporation - Jurisdictional Continuance	01-May-2019

THIS IS **EXHIBIT “F”** REFERRED TO IN THE
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STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



Entity Number: 102027788

Page 1 of 3

Entity Name: ROYAL HELIUM EXPLORATION LIMITED

Report Date: 20-Jan-2025

Entity Details

Entity Type	Business Corporation
Entity Subtype	Saskatchewan Corporation
Entity Status	Active
Amalgamation Date	19-Jul-2017
Annual Return Due Date	31-Aug-2025
Nature of Business	Oil and gas extraction
Amalgamated From	101294635 - VELA RESOURCES CORP. 102025500 - 102025500 SASKATCHEWAN LTD.
MRAS indicator	No

Registered Office Addresses

Physical Address	602 - 224 4TH AVENUE SOUTH, SASKATOON, Saskatchewan, Canada, S7K 5M5
Mailing Address	ROYAL HELIUM EXPLORATION LIMITED, 800-365 BAY ST, TORONTO, Ontario, Canada, M5H 2V1

Directors/Officers

ANDREW DAVIDSON (Director)		Effective Date:	19-Jul-2017
Physical Address:	802 WRIGHT CRES., SASKATOON, Saskatchewan, Canada, S7N 4T6		
Mailing Address:	802 WRIGHT CRES., SASKATOON, Saskatchewan, Canada, S7N 4T6		

Shareholders

Shareholder Name	Mailing Address	Share Class	Shares Held
ROYAL HELIUM LTD.	602-224 4TH AVE S, SASKATOON, SASKATCHEWAN, CANADA, S7K 5M5	CLASS A	100



Entity Number: 102027788

Page 2 of 3

Entity Name: ROYAL HELIUM EXPLORATION LIMITED

Report Date: 20-Jan-2025

Articles

Minimum Number of Directors: 1 **Maximum Number of Directors:** 10

Share Structure:

Class Name	Voting Rights	Authorized Number	Number Issued
CLASS A	Yes	Unlimited	100
CLASS B	No	Unlimited	
CLASS C	No	Unlimited	
CLASS D	Yes	Unlimited	
CLASS E	No	Unlimited	
CLASS F	No	Unlimited	

Previous Entity Names

Type	Name	Effective Until
Registered Name	ROYAL HELIUM CORPORATION	30-Jan-2019
English Name	ROYAL HELIUM CORPORATION	30-Jan-2019

Event History

Type	Date
Notice of Change of Registered Office/Mailing Address	20-Jan-2025
Business Corporation - Annual Return	24-Jul-2024
Notice of Change of Registered Office/Mailing Address	24-Jul-2024
Business Corporation - Annual Return	20-Jul-2023
Business Corporation - Annual Return	20-Jul-2022
Notice of Shareholders	24-Aug-2021
Business Corporation - Annual Return	24-Aug-2021
Business Corporation - Annual Return	31-Aug-2020
Business Corporation - Restoral	05-Dec-2019
Business Corporation - Amend Articles with Name Change	30-Jan-2019
Notice of Change of Directors/Officers	30-Jan-2019
Resignation of Director	29-Jan-2019
Business Corporation - Annual Return	26-Sep-2018



Saskatchewan
Corporate Registry

Profile Report

Entity Number: 102027788

Page 3 of 3

Entity Name: ROYAL HELIUM EXPLORATION LIMITED

Report Date: 20-Jan-2025

Notice of Shareholders

26-Sep-2018

Notice of Change of Registered Office/Mailing Address

07-Mar-2018

Notice of Change of Directors/Officers

12-Feb-2018

Business Corporation - Amalgamation

19-Jul-2017

THIS IS **EXHIBIT "G"** REFERRED TO IN THE
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STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



BC Company Summary

For IMPERIAL HELIUM CORP.

Date and Time of Search: January 08, 2025 06:52 AM Pacific Time

Currency Date: July 30, 2024

ACTIVE

Incorporation Number: BC1183467

Name of Company: IMPERIAL HELIUM CORP.

Business Number: 730136280 BC0001

Recognition Date and Time: Incorporated on October 18, 2018 10:13 AM Pacific Time **In Liquidation:** No

Last Annual Report Filed: October 18, 2024 **Receiver:** No

COMPANY NAME INFORMATION

Previous Company Name

RIO MINERA CAPITAL INC.

Date of Company Name Change

November 05, 2019

REGISTERED OFFICE INFORMATION

Mailing Address:

SUITE 2500 PARK PLACE
666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

Delivery Address:

SUITE 2500 PARK PLACE
666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

SUITE 2500 PARK PLACE
666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

Delivery Address:

SUITE 2500 PARK PLACE
666 BURNARD STREET
VANCOUVER BC V6C 2X8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

Young, David

Mailing Address:

8235 DANBURY BLVD, UNIT 201
NAPLES FL 34120
UNITED STATES

Delivery Address:

8235 DANBURY BLVD, UNIT 201
NAPLES FL 34120
UNITED STATES



NO OFFICER INFORMATION FILED AS AT October 18, 2024.



THIS IS **EXHIBIT "H"** REFERRED TO IN THE
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STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



ROYAL HELIUM LTD.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023



KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB T2P 4B9
Tel 403-691-8000
Fax 403-691-8008
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Royal Helium Ltd.

Opinion

We have audited the consolidated financial statements of Royal Helium Ltd. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of indicators of impairment for exploration and evaluation assets

Description of the matter

We draw attention to note 3, note 4, and note 7 to the financial statements. The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of helium resources have been found in assessing economic and technical feasibility. The Company assesses its exploration and evaluation assets to determine whether any indication of impairment exists at the end of each reporting period. Significant judgment is required in determining whether indicators of impairment exist, including factors and considerations such as the remaining period for which the Company has the right to explore, whether expenditures on further exploration and evaluation of helium properties are planned, whether commercially viable quantities of helium resources have been discovered or whether data exists to suggest the carrying amount is unlikely to be recovered.

At December 31, 2023, the Company determined that no indicators of impairment existed on its exploration and evaluation assets.

Why the matter is a key audit matter

We identified the evaluation of indicators of impairment for exploration and evaluation assets as a key audit matter. Significant auditor judgment was required in evaluating the results of the Company's indicators of impairment assessment.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the Company's indicators of impairment assessment by:

- Assessing the remaining period and right to explore for a selection of helium permits
- Assessing whether further expenditures for exploration and evaluation of helium properties are planned by examining the Company's internal documents and certain minutes of the meetings of the Board of Directors.
- Assessing whether data exists to suggest the carrying amount of exploration and evaluation assets is unlikely to be recovered by examining external market and industry data, the Company's press releases and certain minutes of the meetings of the Board of Directors to assess if the Company has decided to continue or discontinue exploration for and evaluation of mineral resources in the specific areas.



Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Timothy Arthur Richards.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
April 24, 2024

Royal Helium Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at December 31,	2023	2022
ASSETS		
Current		
Cash and cash equivalents (note 6)	\$ 2,611,794	\$ 1,002,973
Restricted cash (note 6)	233,831	-
Accounts receivable	412,224	751,363
Prepaid and inventory	1,243,144	1,119,450
Total current assets	4,500,993	2,873,786
Non-current		
Environmental deposit (note 11)	101,550	101,550
Exploration and evaluation assets (note 7)	46,022,893	45,626,613
Property, plant and equipment (note 8)	36,686,239	11,147,975
Right of use assets (note 9)	4,503,123	-
Total assets	\$ 91,814,798	\$ 59,749,924
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (note 10)	\$ 6,028,376	\$ 8,780,986
Current portion of lease obligation (note 9)	926,871	-
Current portion of rent to own obligation (note 12)	742,188	-
Current portion of term debt (note 14)	3,212,091	-
Total current liabilities	10,909,526	8,780,986
Non-current		
Decommissioning liability (note 11)	663,563	375,994
Lease obligation (note 9)	3,713,634	-
Rent to own obligation (note 12)	1,293,447	-
Convertible debentures (note 13)	10,237,060	-
Term debt (note 14)	15,387,909	-
Total liabilities	\$ 42,205,139	\$ 9,156,980
Shareholders' Equity		
Share capital (note 15)	\$ 83,116,371	\$ 75,574,713
Equity portion of convertible debentures (note 13)	732,285	-
Contributed surplus	11,963,251	10,176,855
Deficit	(46,202,248)	(35,158,624)
Total shareholders' equity	49,609,659	50,592,944
Total liabilities and shareholders' equity	\$ 91,814,798	\$ 59,749,924
Contingencies and Commitments (notes 7, 8 and 22)		
Subsequent Events (notes 8, 13 and 26)		

Approved by the Board of Directors on April 24, 2024

“Andrew Davidson”
Andrew Davidson, President and Director

“John Pringle”
John Pringle, Director

The accompanying notes are an integral part of these consolidated financial statements.

Royal Helium Ltd.**Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

	December 31, 2023	December 31, 2022
Helium sales	\$ 98,162	\$ -
Royalties	(5,644)	-
	92,518	-
Operating costs and expenses		
Operating costs	2,120,866	-
General and administrative (notes 19)	4,191,062	2,782,665
Depreciation (notes 8 and 9)	941,325	-
Exploration and evaluation expense (note 7)	289,781	-
Finance expenses, net (note 20)	2,544,464	9,549
Share-based compensation	596,750	1,406,790
Loss on shares for debt	31,264	-
Loss on sale of royalty credits (note 7)	-	190,000
Other loss (note 24)	420,630	-
Net loss and comprehensive loss for the year	\$ (11,043,624)	\$ (4,389,004)
Basic and diluted loss per share (note 18)	\$ (0.04)	\$ (0.02)
Weighted average number of shares outstanding – basic and diluted (note 18)	246,645,084	177,991,367

The accompanying notes are an integral part of these consolidated financial statements.

Royal Helium Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	December 31, 2023	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (11,043,624)	\$ (4,389,004)
Items not affecting cash:		
Share-based payments (note 16)	596,750	1,406,790
Accretion – finance obligations (notes 9 and 12)	414,121	-
Accretion – decommissioning liability (note 11)	9,040	9,549
Accretion – convertible debentures (note 13)	652,032	-
Accrued interest – convertible debentures (note 13)	1,132,125	-
Depreciation (notes 8 and 9)	941,325	-
Loss on sale of royalty credits (note 7)	-	190,000
Loss on settlement of accounts payable	31,264	-
Exploration and evaluation expense (note 7)	289,781	-
Changes in non-cash working capital (note 25)	1,591,449	(505,987)
Net cash used in operating activities	(5,385,737)	(3,288,652)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds – warrant exercise (note 15)	1,061,600	-
Proceeds – broker warrant exercise (note 15)	18,114	282,975
Proceeds – stock option exercise (note 15)	-	142,100
Issuance of common shares (note 15)	5,175,000	8,050,575
Share issuance costs (note 15)	(650,746)	(899,509)
Issuance of convertible debentures (note 13)	12,800,000	-
Convertible debenture issuance costs (note 13)	(1,145,898)	-
Issuance of term debt (note 14)	18,600,000	-
Lease payments (note 9)	(677,057)	-
Rent to own payments (note 12)	(873,862)	-
Net cash provided by financing activities	34,307,151	7,576,141
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired in asset acquisition (note 5)	-	31,364
Additions to exploration and evaluation assets (note 7)	(1,049,636)	(4,290,438)
Additions to property, plant and equipment (note 8)	(22,365,934)	(11,110,970)
Environmental deposit	-	(101,550)
Transfer to restricted cash (note 6)	(233,831)	-
Change in non-cash working capital (note 25)	(3,663,192)	1,773,525
Net cash used in investing activities	(27,312,593)	(13,698,069)
Change in cash	1,608,821	(9,410,580)
Cash, beginning of year	1,002,973	10,413,553
Cash, end of year	\$ 2,611,794	\$ 1,002,973

The accompanying notes are an integral part of these consolidated financial statements.

Royal Helium Ltd.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Equity portion of Convertible Debentures	Total Shareholders' Equity
Balance as at December 31, 2021	\$ 47,415,565	\$ 7,970,545	\$ (30,769,620)	\$ -	\$ 24,616,490
Share issuance – acquisition (note 5)	20,437,509	-	-	-	20,437,509
Share issuance – financing (note 15)	8,050,575	-	-	-	8,050,575
Share issuance – broker warrants exercise (note 15)	541,980	(259,006)	-	-	282,974
Share issuance – stock option exercise (note 15)	205,086	(62,986)	-	-	142,100
Share issuance costs (note 15)	(899,509)	-	-	-	(899,509)
Broker warrants issued (note 17)	(176,493)	176,493	-	-	-
Stock option issuance – acquisition (note 16)	-	26,771	-	-	26,771
Warrant issuance – acquisition (note 17)	-	400,318	-	-	400,318
Broker warrant issuance – acquisition (note 17)	-	517,930	-	-	517,930
Share based compensation (note 16)	-	1,406,790	-	-	1,406,790
Net loss for the year	-	-	(4,389,004)	-	(4,389,004)
Balance as at December 31, 2022	\$ 75,574,713	\$ 10,176,855	\$ (35,158,624)	\$ -	\$ 50,592,944
Share issuance – financing (note 15)	5,175,000	-	-	-	5,175,000
Broker warrants issued (note 17)	(136,575)	136,575	-	-	-
Share issuance – broker warrants exercise (note 15)	24,733	(6,619)	-	-	18,114
Share issuance – warrants exercise (note 15)	1,061,600	-	-	-	1,061,600
Share issuance – interest payment (note 15)	283,605	-	-	-	283,605
Share issuance – shares for debt (note 15)	496,686	-	-	-	496,686
Share issuance – shares for property (note 15)	161,735	-	-	-	161,735
Share issuance costs (note 15)	(650,746)	-	-	-	(650,746)
Debt issuance – convertible debentures (note 13)	-	1,059,690	-	854,310	1,914,000
Conversions – convertible debentures (note 13)	1,125,620	-	-	(122,025)	1,003,595
Share based compensation (note 16)	-	596,750	-	-	596,750
Net loss for the year	-	-	(11,043,624)	-	(11,043,624)
Balance as at December 31, 2023	\$ 83,116,371	\$ 11,963,251	\$ (46,202,248)	\$ 732,285	\$ 49,609,659

The accompanying notes are an integral part of these consolidated financial statements.

Royal Helium Ltd.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Royal Helium Ltd. (the “Company” or “RHL”) (formerly RHC Capital Corporation) is focused on primary helium production from its helium leases and permits in Saskatchewan and Alberta, Canada. On February 27, 2017, the Company began trading on the NEX board of the TSX Venture Exchange (“TSX-V”) under the trading symbol “RHC.H”. On July 25, 2017, the Company resumed trading on the TSX-V under the trading symbol “RHC”. The address of its registered office is 224 4th Avenue South, Suite 602, Saskatoon, Saskatchewan, S7K 5M5.

The Company was incorporated under the laws of the Province of Ontario on August 15, 2008 and continued into the Province of Saskatchewan on May 1, 2019.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with the IFRS Accounting Standard (“IFRS”) issued by the International Accounting Standard Board (“IASB”) and interpretations from the IFRS Interpretations Committee (“IFRIC”).

These consolidated financial statements have been prepared on a historical basis, except for those financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

Capital management

The Company defines the capital that it manages as its working capital. The Company's objectives when managing capital are to manage its business in an effective manner with the goal of increasing the value of its assets. The Company regularly monitors its available capital and, as necessary, adjusts to changing economic circumstances and the risk characteristics of the underlying assets. In order to maintain or adjust capital requirements, the Company may consider the issuance of new shares, the entry into joint venture arrangements or farm-out agreements, or engage in debt financing.

There were no changes in the Company's approach to capital management during the years ended December 31, 2023 and 2022.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX-V which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2023, the Company was not in compliance with Policy 2.5. Capital requirements imposed by lending institutions will begin December 31, 2024.

For the year ended December 31, 2023, the Company used cash in operating activities of \$5,385,737 and had a working capital deficit of \$6,408,533 as at December 31, 2023. Although, management has available \$2,500,000 of undrawn demand operating loan for working capital purposes (note 14) and subsequent to year end received a \$3,000,000 repayable contribution from Western Economic Diversification Canada, the Company will need additional cash resources to meet liquidity requirements while the Steeveville helium plant is brought up to capacity in efforts to generate positive cash flow from operations. The Company to address its liquidity requirements has entered into a bought deal equity financing for gross proceeds of \$6,000,000 (note 26).

Royal Helium Ltd.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

The Company has also historically received support from various lenders (note 14 and note 26) and will require this ongoing support. To that end, the Company is required under its current lending arrangements to maintain a cash flow coverage ratio of not less than 1.10:1, a tangible net working capital ratio of not greater than 1.25:1 and a fixed charge coverage ratio of not less than 1.10:1 beginning December 31, 2024 (note 14). Based on current forecasts management is projecting potential non-compliance with the above noted covenants as at December 31, 2024. There can be no assurance that the Company will be able to obtain a waiver for the potential covenant default or an amendment to the covenants, if necessary, prior to December 31, 2024. This potential covenant default may result in the term debt being due on demand and would trigger other cross-covenant defaults.

The continuance of the Company remains dependent upon the discovery of economically recoverable resources in the underlying helium claims and the ability of the Company to increase the current output of the Steeveville helium plant to planned capacity in efforts to generate positive cash flows from operations, in addition to obtaining waivers for potential covenant defaults or amendments to the covenant. Although, there remains considerable risk around the Company's ability to address these substantial uncertainties the Company believes the bought deal equity financing will generate cash to address current projected liquidity requirements and that the continued support of the lender will be available to manage lending covenant requirements before December 31, 2024.

Use of estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

These consolidated financial statements were approved and authorized for issuance by the board of directors on April 22, 2024.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these statements.

Basis of consolidation

These consolidated financial statements include the accounts of RHL together with its wholly owned subsidiaries, Royal Helium Exploration Limited ("RHEL") and Imperial Helium Corp. ("IHC"). Subsidiaries consist of entities over which the Company is exposed to, or has right to, variable returns as well as the ability to affect these returns through the power to direct the relevant activities of the entities. All intercompany balances and transactions have been eliminated on consolidation.

Decommissioning Obligations

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category unless it arises from the normal course of production activities, in which case it is recognized in profit or loss.

Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date.

3. MATERIAL ACCOUNTING POLICIES (continued)

Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs, whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the asset retirement obligations are charged against the provision to the extent the provision was established.

Exploration and evaluation assets

Exploration and Evaluation Expenditures

Pre-license costs are recognized in the statement of loss as incurred.

Exploration and evaluation costs, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation assets according to the nature of the assets acquired. The costs are accumulated in cost centres by well, field or exploration area, pending determination of technical feasibility and commercial viability.

The Company assesses the recoverability of exploration and evaluation assets, before and at the moment of reclassification, to property, plant and equipment. Exploration and evaluation assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The impairment of exploration and evaluation assets, and any eventual reversal thereof, is recognized in the statement of profit or loss.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when wells have been deemed commercially viable and resources are determined to exist. A review of each exploration license or field is carried out, at least annually, to ascertain whether commercially viable resources have been discovered. Upon determination of commercially viable resources, exploration and evaluation assets attributable to those resources are first tested for impairment and then reclassified from exploration and evaluation assets to property, plant and equipment. The cost of undeveloped land that expires is recognized in profit or loss.

Development and Production Costs

Items of property, plant and equipment, which include helium development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into CGUs for impairment testing. The Company has grouped its development and production assets into the Southern Sask CGU and the Alberta CGU. When significant parts of an item of property, plant and equipment, including helium interests, have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property, plant and equipment, including helium interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit or loss.

Subsequent Costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as property, plant and equipment only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred. Such capitalized helium interests generally represent costs incurred in developing resources and bringing in or enhancing production from such resources and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is

Royal Helium Ltd.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)

derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depletion and Depreciation

The net carrying value of development or production assets is depleted using the unit-of-production method by reference to the ratio of production in the year to the related best estimate resources, taking into account estimated future development costs necessary to bring those resources into production. Future development costs are estimated taking into account the level of development required to produce the resources. These estimates are reviewed by Company at least quarterly.

For other assets, depreciation is recognized in profit or loss on a declining balance basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for other assets for the current and comparative years are as follows:

- | | |
|----------------------------------|-----------------------------|
| • Office equipment and fixtures | 30% declining basis |
| • Computer hardware and software | 30% declining basis |
| • Property, plant and equipment | 20% declining basis |
| • Facility | 25 year straight line basis |

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Impairment**Non-Financial Assets**

The carrying amounts of the Company's non-financial assets, other than exploration and evaluation assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the CGUs). The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less cost to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of best case helium resources.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell helium assets is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate, which would be applied by such a market participant to arrive at a net present value of the CGU. Consideration is given to acquisition metrics of recent transactions completed on similar assets to those contained within the relevant CGU.

3. MATERIAL ACCOUNTING POLICIES (continued)

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Exploration and evaluation assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount and when sufficient data exists to determine technical feasibility and commercial viability. For purposes of impairment testing, E&E assets are allocated to CGUs or groups of CGUs.

Impairment losses, for non-financial assets other than goodwill, recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

Income taxes

Income taxes comprise current and deferred income taxes. Income taxes are recognized in the consolidated statements of loss, except to the extent that they relate to items recognized directly in other comprehensive income (OCI) or directly in shareholders' equity, in which case, the income taxes are also recognized directly in OCI or shareholders' equity, respectively. Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred income taxes are recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income taxes are not recognized if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable income nor loss. Deferred income taxes are provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income taxes are determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position dates and are expected to apply when the deferred income tax asset is realized or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and liabilities are presented as non-current.

Share-based payments and warrants

RHL grants stock options to certain employees, directors, consultants and contractors of the Company. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date as the fair value of services received cannot be reliably estimated. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note.

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the

3. MATERIAL ACCOUNTING POLICIES (continued)

number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

Stock-based compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. This number is reviewed at least annually, with any change in estimate recognized immediately in stock-based compensation expense with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. For share based payment arrangements with cash alternatives, these are structured so that the fair value of one settlement alternative is the same as the other. In such cases, the fair value of the equity component will be zero, and hence the fair value of the compound instrument will be the same as the fair value of the debt component.

The consideration received from private placement units and the issuance of warrants is allocated to share capital.

Loss per share

Loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Revenue

Revenue from the sale of helium is recognized when control of the product is transferred to the buyer based on the consideration specified in the contracts with customers. This usually occurs when the product is physically transferred at the delivery point agreed upon in the contract and legal title to the product passes to the customer.

The Company evaluates its arrangements with third parties to determine if the Company acts as the principal or as an agent. In making this evaluation, the Company considers if it obtains control of the product delivered or services provided, which is indicated by the Company having the primary responsibility for the delivery of the product or rendering of the service, having the ability to establish prices or having inventory risk. If the Company acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Company.

4. MANAGEMENT'S CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Convertible debentures

The Debentures are a non-derivative financial instrument that creates a financial liability of the entity and grants an option to the holder of the instrument to convert it into common shares of the Company. The liability component of the Debentures is initially recorded at the fair value of a similar liability that does not have a conversion option. The equity component is recognized initially, net of deferred income taxes, as the difference between gross proceeds and the fair value of the liability component. Transaction costs are allocated to the liability and equity components in proportion to the allocation of proceeds. Subsequent to initial recognition, the liability component of the Debentures is measured at amortized cost using the effective interest method and is accreted each period, such that the carrying value will equal the principal amount outstanding at maturity. The equity component is not re-measured. The carrying amounts of the liability and equity components of the Debentures are reclassified to shareholders' capital on conversion to common shares.

The preparation of consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the consolidated financial statements:

Significant Estimates

Decommissioning liabilities

The Company is required to provide for decommissioning liabilities. The Company must estimate these costs in accordance with existing laws, contracts and other policies. The estimate of future costs involves a number of estimates relating to timing, type of costs and associated contract negotiations, and review of potential methods and technical advancements. Furthermore, due to uncertainties concerning environmental remediation, the ultimate cost of the Company's decommissioning liability could differ from amounts provided. The estimate of the Company's obligation is subject to change due to amendments to applicable laws and regulations and as new information concerning the Company's operations become available.

The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future.

Share-based payments

The Company has a variety of share-based payments to employees, directors, consultants and contractors as well as share-based payments issued as consideration for acquisitions. When share-based awards are granted, the Company measures the fair value of each award and recognizes the amount as expense over the vesting period. Management makes a variety of assumptions in calculating the fair value of share-based payments. Management uses the Black-Scholes option pricing model in determining the fair value of its share-based payments. Application of the option pricing model requires estimates in expected dividend yields, expected volatility of the underlying assets based on past volatility experienced and the expected life of the award granted. These estimates may ultimately be different from the estimates initially made, resulting in an overstatement or understatement of net loss.

Convertible debentures

The liability component of the Debentures is initially recorded at the fair value of a similar liability that does not have a conversion option. Management makes a variety of assumptions in calculating the fair value on the initial recognition of the liability component based on the interest rates similar liability that do not have a conversion option would be.

Royal Helium Ltd.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

4. MANAGEMENT'S CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**Significant Judgments***Impairment of non-financial assets*

The Company's fair value measurement with respect to the carrying amount of non-financial assets is based on numerous assumptions and may differ significantly from actual fair values. The fair values are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated fair values of non-financial assets to their carrying values. The Company's fair value estimates are based on numerous assumptions. The fair value estimates may differ from actual fair values and these differences may be significant and could have a material impact on the Company's financial position and result of operations. Assets are reviewed for an indication of impairment at each reporting date. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends, interruptions in exploration and evaluation activities and a significant drop in helium prices.

Exploration and evaluation ("E&E") assets

The application of the Company's accounting policy for E&E requires management to make certain judgments as to future events and circumstances as to whether economic quantities of helium resources have been found in assessing economic and technical feasibility. The Company assesses its exploration and evaluation assets to determine whether any indication of impairment exists at the end of each reporting period. Significant judgment is required in determining whether indicators of impairment exist, including factors and considerations such as the remaining period for which the Company has the right to explore, whether expenditures on further exploration and evaluation of helium properties are planned, whether commercially viable quantities of helium resources have been discovered or whether data exists to suggest the carrying amount is unlikely to be recovered.

5. STEVEVILLE ACQUISITION

On July 22, 2022, the Company completed an acquisition of Imperial Helium Corp. ("the Acquisition") of certain helium properties located in Southern Alberta (the "Steveville Assets"). The Acquisition was completed for total non-cash consideration of \$21,382,528 as further outlined below. The common shares have been ascribed a fair value of \$0.32 per common share issued, as determined based on the Company's closing share price on July 22, 2022.

The Company incurred transaction costs of \$408,827 in fees and commissions, which were capitalized to exploration and evaluation assets.

The transaction has been accounted for as an asset acquisition.

Royal Helium Ltd.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

5. STEVEVILLE ACQUISITION (continued)

The purchase price, based on management's estimates of fair values, is as follows:

Net assets acquired:	Steeville Acquisition	
Cash and cash equivalents	\$	31,364
Accounts receivables		122,196
Prepaid		42,176
Exploration and evaluation assets		23,538,631
Property, plant and equipment		37,005
Accounts payables and accrued liabilities		(1,801,500)
Decommissioning liability		(178,517)
Net assets acquired	\$	21,791,355

Consideration		
Common shares (63,867,217 at \$0.32 per share)	\$	20,437,509
Replacement stock options (note 16)		26,771
Replacement warrants (note 17)		400,318
Replacement broker options (note 17)		517,930
Transaction costs - cash		408,827
Total consideration paid	\$	21,791,355

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash at bank and on hand	\$ 2,611,794	\$ 1,002,973
Total cash and cash equivalents	\$ 2,611,794	\$ 1,002,973

GIC's held as collateral	\$ 42,000	\$ -
Interest reserve	191,831	-
Total restricted cash	\$ 233,831	\$ -

Royal Helium Ltd.

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7. EXPLORATION AND EVALUATION ASSETS

	Balance as at January 1, 2022	Acquisition / Renewals	Consultants and Geophysics	Drilling	Expiry and transfers	Other Exploration	Balance as at December 31, 2022
Bengough/ Ogema	\$ 6,411,022	\$ -	\$ 23,134	\$ 542,749	\$ -	\$ 53,614	\$ 7,030,519
Cadillac	77,931	3,151	200,658	-	-	30,813	312,553
Climax	11,614,138	7,313	1,209,884	237,439	-	(1,740,898)	11,327,876
Coronach	25,000	-	-	-	-	952	25,952
Creelman	25,000	4,203	9,000	-	-	-	38,203
Francis	2,446	5,871	-	-	-	33,491	41,808
Midale	20,135	-	-	-	-	10,989	31,124
Minton	-	1,214	6,000	-	-	-	7,214
Steveville	-	23,538,631	-	-	-	(18,618)	23,520,013
Swift current	-	-	42,665	-	-	-	42,665
Val Marie	109,405	1,334	490,086	2,355,856	-	26,539	2,983,220
Weyburn	127,886	-	-	-	-	37,525	165,411
40 Mile	-	-	99,875	-	-	-	99,875
	\$ 18,412,963	\$ 23,561,717	\$ 2,081,302	\$ 3,136,044	\$ -	\$ (1,565,593)	\$ 45,626,433

On September 28, 2022, the Saskatchewan government issued \$1,791,187 royalty credits to the Company, of which \$1,790,000 were sold on September 29, 2022 for \$1,600,000 to a third party Saskatchewan oil company. The credits were received in relation to the Climax Hydraulic stimulation program as previously approved under the Saskatchewan Petroleum Innovation Incentive ("SPII") program. The Company has reduced other exploration costs for the Climax project for the \$1,791,187 royalty credits received and recorded \$190,000 loss on sale of royalty credits. At December 31, 2022 the remaining \$1,187 royalty tax credits are recorded in accounts receivable.

	Balance as at January 1, 2023	Acquisition / Renewals	Consultants and Geophysics	Drilling	Expiry and transfers	Other Exploration	Balance as at December 31, 2023
Bengough/ Ogema	\$ 7,030,519	\$ 30,405	\$ 866	\$ 17,784	\$ -	\$ (4,673)	\$ 7,074,901
Cadillac	312,553	81,691	131,564	-	-	-	525,808
Climax	11,327,876	(43,499)	-	-	-	(6,956)	11,277,421
Coronach	25,952	-	-	-	-	10,352	36,304
Creelman	38,203	6,763	-	-	(38,527)	651	7,090
Francis	41,808	6,818	-	-	(73,821)	33,491	8,296
Midale	31,124	4,360	-	-	-	-	35,484
Minton	7,214	-	-	-	-	-	7,214
Steveville	23,520,013	352,615	23,212	-	(501,746)	(3,165)	23,390,929
Swift current	42,665	-	39,269	-	-	-	81,934
Val Marie	2,983,400	3,798	21,116	-	-	(2,271)	3,006,043
Weyburn	165,411	9,876	-	-	(177,433)	31,565	29,419
40 Mile	99,875	401,735	40,440	-	-	-	542,050
	\$ 45,626,613	\$ 854,562	\$ 256,467	\$ 17,784	\$ (791,527)	\$ 58,994	\$ 46,022,893

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7. EXPLORATION AND EVALUATION ASSETS (continued)

Included in other exploration costs for the Climax project is a reduction of \$6,956 (December 31, 2022 – reduction of \$11,021) and for the Ogema project is a reduction of \$5,976 (December 31, 2022 – reduction of \$9,468) and for the Val Marie project is a reduction of \$2,319 (December 31, 2022 – increase of \$26,539) and for the Steeveville project is a reduction of \$8,313 (December 31, 2022 – \$nil) which is related to the estimated decommissioning liability (note 11).

The Company holds helium exploration permits and helium leases over land in Saskatchewan and Alberta. The Company has annual lease expenditure commitments of approximately \$228,878 and annual permit expenditure commitments as follows 2024 - \$85,000, 2025 - \$65,000, 2026 - \$75,000 and 2027 - \$nil.

During the year, the Company allowed certain claims to expire as it was determined that future work would be focused on other properties.

In addition, the Company completed its helium processing facility and determined that \$501,746 should be transferred from exploration and evaluation assets to helium producing properties included in property, plant and equipment (note 8). There were no impairment on the transfer of exploration and evaluation to helium producing properties.

There were no impairment indicators for the exploration and evaluation assets as of December 31, 2023 and 2022.

8. PROPERTY, PLANT AND EQUIPMENT

	Computer Hardware	Helium Producing Properties	Facility	Rent to Own	Total
<u>Cost</u>					
Balance, December 31, 2021	\$ -	\$ -	\$ -	\$ -	\$ -
Additions – Steeveville acquisition (note 5)	37,005	-	-	-	37,005
Additions	3,074	-	11,107,896	-	11,110,970
Balance, December 31, 2022	40,079	-	11,107,896	-	11,147,975
Additions	2,541	-	22,363,393	2,775,390	25,141,324
Decommissioning	-	-	302,093	-	302,093
Transfers (note 7)	-	501,746	-	-	501,746
Balance, December 31, 2023	\$ 42,620	\$ 501,746	\$ 33,773,382	\$ 2,775,390	\$ 37,093,138
<u>Accumulated amortization</u>					
Balance, December 31, 2021 and 2022	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	11,101	-	-	395,798	406,899
Balance, December 31, 2023	\$ 11,101	\$ -	\$ -	\$ 395,798	\$ 406,899
<u>Carrying Value</u>					
Balance, December 31, 2022	\$ 40,079	\$ -	\$ 11,107,896	\$ -	\$ 11,147,975
Balance, December 31, 2023	\$ 31,519	\$ 501,746	\$ 33,773,382	\$ 2,379,592	\$ 36,686,239

Royal Helium Ltd.

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8. PROPERTY, PLANT AND EQUIPMENT (continued)

Property plant and equipment additions in the period relate to the helium processing facility, which is under construction. Since the facility is under construction, it is not available for use and is not being depreciated. Near the end of the year, the facility became available for use and \$501,746 was transferred from exploration and evaluation assets to property, plant and equipment (note 7).

9. RIGHT OF USE ASSET

The Company has a lease agreement for the helium transport trailers.

The continuity of the right of use asset ("ROU") and lease liability for the years ended December 31, 2023 and 2022 is as follows:

Right of use asset	
Value of ROU as at December 31, 2022	\$ -
Initial recognition of ROU	5,037,548
Depreciation	(534,525)
Value of ROU as at December 31, 2023	\$ 4,503,123
Lease liability	
Lease liability as at December 31, 2022	\$ -
Initial recognition of lease liability	5,037,548
Lease payments	(677,057)
Lease accretion	280,014
Lease liability as at December 31, 2023	\$ 4,640,505
Current portion	\$ 926,871
Long-term portion	3,713,634
	\$4,640,505

Lease obligation

The Company's total undiscounted amount of cash flow required to settle its lease obligation is approximately \$5,800,000 at December 31, 2023 and is expected to settle in 2027. The Company applied a discount rate of 12% to calculate the discounted value of the lease obligation at initial recognition.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
Accounts payable	\$ 5,891,044	\$ 8,633,796
Accruals and others	137,332	147,190
	\$ 6,028,376	\$ 8,780,986

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11. DECOMMISSIONING LIABILITIES

	December 31, 2023	December 31, 2022
Balance, beginning of year	\$ 375,994	\$ 203,333
Additions – Steveville acquisition (note 5)	-	178,517
Additions	302,093	26,137
Change in inflation and discount rate	(23,564)	(41,542)
Accretion	9,040	9,549
Balance, end of year	\$ 663,563	\$ 375,994

The total of the decommissioning liabilities are estimated based on the Company's net ownership interest in all the wells, the estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. Management of the Company has estimated that based on their net ownership interest, the total undiscounted cash flows required to settle the obligations will be \$852,586. The obligations have been discounted using a risk free rate of 3.02% (December 31, 2022 - 3.28%) and an inflation rate of 1.62% (December 31, 2022 - 2.09%) per year. Most of these obligations are not expected to be settled until approximately 10 years in the future and will be funded from general Company resources at that time.

As December 31, 2023, the Company has a \$101,550 (December 31, 2022 - \$101,550) deposit held by the Saskatchewan government for future site reclamation.

12. RENT TO OWN DEBT OBLIGATION**Rent to own liability**

Rent to own liability as at December 31, 2022	\$ -
Initial recognition of debt	2,775,390
Payments	(873,862)
Rent to own accretion	134,107
Rent to own liability as at December 31, 2023	\$ 2,035,635
Current portion	\$ 742,188
Long-term portion	1,293,447
	\$ 2,035,635

Rent to own obligation

The Company's total undiscounted amount of cash flow required to settle its rent to own obligation is approximately \$2,366,310 at December 31, 2023 and is expected to settle in 2026. The Company applied a discount rate of 12% to calculate the discounted value of the rent to own obligation at initial recognition and the asset is held as collateral on the debt obligation.

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Notes to the Consolidated Financial Statements

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13. CONVERTIBLE DEBENTURES

a) On February 8, 2023, the Company closed a bought deal financing and issued 5,500 units for gross proceeds of \$5,500,000. Each unit consists of \$1,000 convertible debenture principal amount and 3,846 common share purchase warrants. The convertible debenture bears interest at 14% per annum, is paid semi annually in arrears and matures on December 31, 2025. Each warrant is exercisable at \$0.32 for a period of 36 months and the Company may elect to accelerate the expiry date in the event the volume weighted average trading price exceeds \$0.65 per share for 20 consecutive trading days.

The convertible debentures are convertible at the holder's option into common shares at a fixed conversion price of \$0.26 per share.

As the debenture has a conversion feature, the equity and debt components must be bifurcated with value assigned to each as well as to the warrants issued as part of the offering. The value assigned to the liability on the date of issuance was the present value of the contractually determined stream of future cash flows discounted at 26.99%, being the estimated rate that the market would apply to an instrument with comparable credit status and provide substantially the same cash flows, on the same terms, but without the conversion option. From the date of issuance, the liability component accretes up to its principal value using the effective interest method, with the charge recorded in the consolidated statement of loss. The fair value assigned to the warrants and the conversion feature, on the date of issuance, was based on the Black-Scholes option pricing model for each and assigned on a relative fair value basis. This resulted in an initial amount of \$4,568,000 being allocated to the liability portion and \$475,520 being allocated to the equity portion and \$456,480 to the warrant.

During the year, \$1,280,000 of principal was converted into common shares. As at December 31, 2023, the principal amount owing was \$4,220,000.

b) On June 12, 2023, the Company closed a bought deal financing and issued 7,300 units for gross proceeds of \$7,300,000. Each unit consists of \$1,000 convertible debenture principal amount and 2,703 common share purchase warrants. The convertible debenture bears interest at 12% per annum, is paid semi annually in arrears and matures on June 30, 2025. Each warrant is exercisable at \$0.40 for a period of 36 months and the Company.

The convertible debentures are convertible at the holder's option into common shares at a fixed conversion price of \$0.37 per share.

As the debenture has a conversion feature, the equity and debt components must be bifurcated with value assigned to each as well as to the warrants issued as part of the offering. The value assigned to the liability on the date of issuance was the present value of the contractually determined stream of future cash flows discounted at 25.63%, being the estimated rate that the market would apply to an instrument with comparable credit status and provide substantially the same cash flows, on the same terms, but without the conversion option. From the date of issuance, the liability component accretes up to its principal value using the effective interest method, with the charge recorded in the consolidated statement of loss. The fair value assigned to the warrants and the conversion feature, on the date of issuance, was based on the Black-Scholes option pricing model for each and assigned on a relative fair value basis. This resulted in an initial amount of \$6,318,000 being allocated to the liability portion and \$378,790 being allocated to the equity portion and \$603,210 to the warrant.

As at December 31, 2023, the principal amount owing was \$7,300,000. After the reporting period, \$2,500,000 principal amount was converted to common shares.

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Notes to the Consolidated Financial Statements

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13. CONVERTIBLE DEBENTURES (continued)

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance, December 31, 2022	\$ -	\$ -	\$ -
Issuance - initial recognition	12,800,000	10,886,000	854,310
Less: issuance costs	-	(1,145,899)	-
Interest	-	848,521	-
Accretion - interest	-	652,032	-
Conversion	(1,280,000)	(1,003,594)	(122,025)
Balance, December 31, 2023	\$ 11,520,000	\$ 10,237,060	\$ 732,285

On June 30, 2023, the Company paid accrued debenture interest by issuing 822,044 common shares, valued at \$283,605. The interest accrued at the time of the issuance was \$299,562, and the \$8,246 difference was recorded against interest expense. In January 2, 2024, the Company paid accrued debenture interest by issuing 3,788,660 common shares, valued at \$784,253.

14. TERM DEBT

On April 24, 2023, the Company closed a term debt financing, and received its first draw, with Canadian Western bank ("CWB") and Business Development Bank of Canada ("BDC"), acting pari passu, for \$7,500,000 each, \$15,000,000 in total.

On December 21, 2023, Canadian Western bank ("CWB") and Business Development bank of Canada, acting pari passu, increased the term loans for \$1,800,000 each, and extended the first principal repayment date to February 1, 2024.

As of December 31, 2023, the Company has drawn the full debt facility. During the year ended December 31, 2023 the Company has paid \$697,210 interest related to the term debt, \$352,695 has been capitalized to property, plant and equipment and \$344,515 has been expensed.

	CWB	BDC	Total
Balance as at December 31, 2022	\$ -	\$ -	\$ -
Debt advances	9,300,000	9,300,000	18,600,000
Rent to own liability as at December 31, 2023	\$ 9,300,000	\$ 9,300,000	\$ 18,600,000
Current portion	1,617,391	1,594,700	3,212,091
Long term portion	7,682,609	7,705,300	15,387,909
	\$ 9,300,000	\$ 9,300,000	\$ 18,600,000

CWB

Prime rate plus 3%, secured by all present and future assets, repayable in monthly blended payments of \$134,783 principal plus accrued interest, maturing on February 1, 2030. Repayable at any time without penalty.

Under the terms of the debt, the Company is required to maintain a cash flow coverage ratio of not less than 1.10 and a debt to tangible net work ratio not greater than 1.25, beginning December 31, 2024.

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14. TERM DEBT (continued)BDC

BDC floating rate, secured by all present and future assets, repayable in monthly blended payments of \$132,850 principal plus accrued interest, maturing on February 1, 2030. Once in any 12 month period, the Company can prepay up to 15% of the outstanding principal without penalty.

Under the terms of the debt, the Company is required to maintain a fixed charge coverage ratio of 1.10, beginning December 31, 2024.

In addition, CWB has provided the Company with a \$2,500,000 demand operating loan for working capital purposes. At December 31, 2023, no funds have been drawn from the demand operating loan. The Company's access to the operating loan is limited to 75% of Canadian trade accounts and 90% of good earned United States trade accounts that are Economic Development Canada insured and do not exceed 90 days aging.

15. SHARE CAPITAL AND EQUITY RESERVES

Authorized share capital - the authorized share capital consists of an unlimited number of common shares.

Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, December 31, 2021	142,621,726	47,415,565
Share issuance – bought deal	30,963,750	8,050,575
Share issuance – Steeveville acquisition (note 5)	63,867,217	20,437,509
Share issuance – stock option exercise	515,600	205,086
Share issuance – broker warrant exercise	1,286,250	541,980
Fair value allocation – broker warrants	-	(176,493)
Share issue costs	-	(899,509)
Balance, December 31, 2022	239,254,543	75,574,713
Share issuance – financing	21,562,500	5,175,000
Share issuance – warrant exercise	3,317,500	1,061,600
Share issuance – broker warrant exercise	69,669	24,733
Share issuance – shares for debt	1,373,133	496,686
Share issuance – conversion of debenture	4,922,880	1,125,620
Share issuance – Acquisition of exploration and evaluation asset	468,796	161,735
Shares issuance – payment of debenture interest	822,044	283,605
Fair value allocation – broker warrants	-	(136,575)
Share issue costs	-	(650,746)
Balance, December 31, 2023	271,791,065	\$ 83,116,371

On July 22, 2022, the Company closed the Steeveville acquisition and issued 63,867,217 common shares valued at \$0.32 per common share (see note 5).

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15. SHARE CAPITAL AND EQUITY RESERVES (continued)

On October 13, 2022, the Company completed a first close on a bought deal financing of 27,912,982 units at a price of \$0.26 per unit for gross proceeds of \$7,257,375. Each unit consisted of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.32 for a 36 month period. The Company paid \$435,443 cash finder's fees and other expenses and issued 1,674,779 broker warrants. The broker warrants are exercisable into units at \$0.26 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.32 for a 36 month period from the closing date of the financing (see note 17).

On October 19, 2022, the Company completed a final close on a bought deal financing of 3,050,768 units at a price of \$0.26 per unit for gross proceeds of \$793,200. Each unit consisted of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.32 for a 36 month period. The Company paid \$47,592 cash finder's fees and other expenses and issued 183,046 broker warrants. The broker warrants are exercisable into units at \$0.26 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.32 for a 36 month period from the closing date of the financing (see note 17).

On April 21, 2023, the Company completed issued 1,069,383 common shares as settlement of \$365,746 in accounts payable. At the date of issuance, the common shares were valued at \$0.37 per common share and the Company recorded a loss on settlement of \$52,603.

On June 30, 2023, the Company closed the 40 mile property acquisition and issued 468,796 common shares valued at \$0.345 per common share.

On July 19, 2023, the Company completed issued 303,750 common shares as settlement of \$118,539 in accounts payable. At the date of issuance, the common shares were valued at \$0.32 per common share and the Company recorded a gain on settlement \$21,339.

On November 14, 2023, the Company completed a first close on a bought deal financing of 18,750,000 units at a price of \$0.24 per unit for gross proceeds of \$4,500,000. Each unit consisted of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period. The Company paid \$472,191 cash finder's fees and other expenses and issued 1,050,000 broker warrants. The broker warrants are exercisable into units at \$0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period from the closing date of the financing (see note 17).

On December 14, 2023, the Company completed a final close on a bought deal financing of 2,812,500 units at a price of \$0.24 per unit for gross proceeds of \$675,000. Each unit consisted of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period. The Company paid \$73,519 cash finder's fees and other expenses and issued 168,750 broker warrants. The broker warrants are exercisable into units at \$0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period from the closing date of the financing (see note 17).

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16. STOCK OPTIONS

On September 14, 2022, the shareholders of the Company approved a stock option plan, pursuant to which, the Company may issue up to a number of options that is 10% of the outstanding common shares of the Company to employees, directors and officers.

The following table reflects the continuity of stock options for the years presented:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2021	10,250,000	\$ 0.43
Issued – Steveville acquisition (note 5)	552,600	0.33
Issued – Steveville acquisition (note 5)	3,653,300	0.41
Issued	6,090,000	0.26
Exercised	(245,600)	0.33
Exercised	(270,000)	0.23
Expired	(307,000)	0.33
Expired	(3,653,300)	0.41
Balance, December 31, 2022	16,070,000	0.37
Issued	1,250,000	0.38
Issued	500,000	0.40
Exercisable, December 31, 2023	17,820,000	\$ 0.37

As at December 31, 2023, 17,820,000 (December 31, 2022 – 16,070,000) options were issued and outstanding and exercisable with a weighted average remaining life of 2.91 years (December 31, 2022 – 3.75).

On July 22, 2022, the Company granted 552,600 replacement stock options as part of the consideration for the acquisition of Steveville Acquisition (see note 5). The options have an exercise price of \$0.33, expire August 21, 2022 and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.32, expected yield of 0%, expected volatility of 72% based on the historical volatility of the Company, risk free rate of 3.07% and an expected life of 30 days, which resulted in a fair value of \$0.022 per option. During the period, 245,600 options were exercised, the remaining 307,000 expired unexercised.

On July 22, 2022, the Company granted 3,653,300 replacement stock options as part of the consideration for the acquisition of Steveville Acquisition (see note 5). The options have an exercise price of \$0.41, expire August 21, 2022 and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.32, expected yield of 0%, expected volatility of 72% based on the historical volatility of the Company, risk free rate of 3.07% and an expected life of 30 days, which resulted in a fair value of \$0.004 per option. The options expired unexercised.

On December 1, 2022, the Company granted 6,090,000 stock options, of the total options granted 4,590,000 were granted to directors and officers with the balance issued to consultants of the Company. The options have an exercise price of \$0.26, expire December 1, 2027 and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.24, expected yield of 0%, expected volatility of 182% based on the historical volatility of the Company, risk free rate of 3.22% and an expected life of 5 years, which resulted in a fair value of \$0.231 per option.

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16. STOCK OPTIONS (continued)

On March 28, 2023, the Company granted 500,000 stock options, of the total options granted 500,000 were granted to consultants of the Company. The options have an exercise price of \$0.38, expire March 28, 2028 and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.36, expected yield of 0%, expected volatility of 171% based on the historical volatility of the Company, risk free rate of 3.10% and an expected life of 5 years, which resulted in a fair value of \$0.341 per option.

On May 3, 2023, the Company granted 750,000 stock options, of the total options granted 750,000 were granted to consultants of the Company. 500,000 of the options have an exercise price of \$0.38, expire April 26, 2028 and 250,000 expire May 3, 2028, and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.365, expected yield of 0%, expected volatility of 170% based on the historical volatility of the Company, risk free rate of 2.98% and an expected life of 5 years, which resulted in a fair value of \$0.345 per option.

On May 25, 2023, the Company granted 500,000 stock options, of the total options granted 500,000 were granted to a director of the Company. The options have an exercise price of \$0.40, expire May 25, 2028 and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.355, expected yield of 0%, expected volatility of 170% based on the historical volatility of the Company, risk free rate of 3.63% and an expected life of 5 years, which resulted in a fair value of \$0.335 per option.

17. WARRANTS AND BROKER WARRANTS

The following table reflects the continuity of warrants for the years presented:

	Number of warrants	Weighted Average Exercise Price
Balance, December 31, 2021	28,019,511	\$ 0.60
Issued	30,963,750	0.26
Issued – Steeveville acquisition (note 5)	546,460	0.41
Issued – Steeveville acquisition (note 5)	17,217,440	0.61
Expired	(10,769,511)	0.35
Balance December 31, 2022	65,977,650	0.51
Issued	21,153,000	0.32
Issued	19,731,900	0.40
Issued	18,750,000	0.31
Issued	2,812,500	0.31
Exercised	(3,317,500)	0.32
Expired	(17,217,440)	0.61
Expired	(17,250,000)	0.75
Expired	(546,460)	0.41
Balance, December 31, 2023	90,093,650	\$ 0.34

As of December 31, 2023, 90,093,650 (December 31, 2022 – 65,977,650) warrants were issued and outstanding with a weighted average remaining life of 2.25 years (December 31, 2022 – 1.52).

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(Expressed in Canadian dollars)

17. WARRANTS AND BROKER WARRANTS (continued)

On July 22, 2022, the Company issued 546,460 replacement warrants. The warrants have an exercise price of \$0.41, expire with a range of January 18, 2023 to March 15, 2023. The issue date fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.32, expected yield of 0%, expected volatility range of 65.43% to 72.29% based on the historical volatility of the Company, risk free rate of 3.07% and an expected life range of 0.49 to 0.65 years, which resulted in a fair value range of \$0.038 to \$0.041 per warrant (see note 5).

On July 22, 2022, the Company issued 17,217,440 replacement warrants as part of the consideration for the acquisition of Steveston Acquisition (see note 5). The warrants have an exercise price of \$0.61, expire with a range of May 18, 2023 to November 8, 2023. The issue date fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.32, expected yield of 0%, expected volatility range of 67.51% to 73.21% based on the historical volatility of the Company, risk free rate of 3.07% and an expected life range of 0.82 to 1.30 years, which resulted in a fair value range of \$0.022 to \$0.047 per warrant.

On February 8, 2023, the Company issued 21,153,000 warrants as part of the convertible debt issuance. The warrants have an exercise price of \$0.32, expire January 10, 2026 (see note 13). The issue date fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.28, expected yield of 0%, expected volatility of 116.69% based on the historical volatility of the Company, risk free rate of 3.95% and an expected life range of 3 years, which resulted in an ascribed value of \$456,480 in total.

On June 12, 2023, the Company issued 19,731,900 warrants as part of the convertible debt issuance. The warrants have an exercise price of \$0.40, expire June 9, 2026 (see note 13). The issue date fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.35, expected yield of 0%, expected volatility of 95.54% based on the historical volatility of the Company, risk free rate of 4.40% and an expected life range of 3 years, which resulted in an ascribed value of \$603,210 in total.

On November 14, 2023, the Company issued 18,750,000 warrants as part of the unit issuance. The warrants have an exercise price of \$0.31, expire November 14, 2026 (see note 15) and has not been disclosed separate from share capital.

On December 14, 2023, the Company issued 2,812,500 warrants as part of the unit issuance. The warrants have an exercise price of \$0.31, expire December 14, 2026 (see note 15) and has not been disclosed separate from share capital.

Royal Helium Ltd.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

17. WARRANTS AND BROKER WARRANTS (continued)

The following table reflects the continuity of broker warrants for the years presented:

	Number of warrants	Weighted Average Exercise Price
Balance, December 31, 2021	4,068,750	\$ 0.39
Issued	1,857,825	0.26
Issued – Steveville acquisition (note 5)	1,752,724	0.41
Exercised	(1,286,250)	0.22
Expired	(184,750)	0.22
Balance, December 31, 2022	6,208,299	0.39
Issued	1,050,000	0.24
Issued	168,750	0.24
Exercised	(69,669)	0.26
Expired	(182,750)	0.22
Expired	(1,752,724)	0.41
Expired	(2,415,000)	0.50
Balance, December 31, 2023	3,006,906	\$ 0.26

As of December 31, 2023, 3,006,906 (December 31, 2022 – 6,208,299) warrants were issued and outstanding with a weighted average remaining life of 1.64 years (December 31, 2022 – 0.82 years).

On July 22, 2022, the Company issued 1,752,724 replacement broker warrants as part of the consideration for the acquisition of Steveville Acquisition (see note 5). The broker warrants are exercisable into units at \$0.41 per unit, with each unit comprised on once common share and one half of one common share purchase warrant, each whole warrant exercisable at \$0.61 for a 24 month period, expire May 17, 2023. The issue date fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.32, expected yield of 0%, expected volatility of 62.42% based on the historical volatility of the Company, risk free rate of 3.07% and an expected life of 0.82 years. The fair value of the broker units were \$517,930.

On October 13, 2022, the Company issued 1,674,779 broker warrants upon closing of a bought deal financing. The broker warrants are exercisable into units at \$0.26 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.32 for a 36 month period. The fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.235, expected yield of 0%, expected volatility of 76% based on the historical volatility of the Company, risk free rate of 4.07% and an expected life of 2 years. The fair value of the broker units were \$159,104.

On October 19, 2022, the Company issued 183,046 broker warrants upon closing of a bought deal financing. The broker warrants are exercisable into units at \$0.26 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.32 for a 36 month period. The fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.235, expected yield of 0%, expected volatility of 76% based on the historical volatility of the Company, risk free rate of 4.18% and an expected life of 2 years. The fair value of the broker units were \$17,389.

Royal Helium Ltd.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

17. WARRANTS AND BROKER WARRANTS (continued)

On November 14, 2023, the Company issued 1,050,000 broker warrants upon closing of a bought deal financing. The broker warrants are exercisable into units at \$0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period. The fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.22, expected yield of 0%, expected volatility of 79% based on the historical volatility of the Company, risk free rate of 4.40% and an expected life of 3 years. The fair value of the broker units were \$119,700.

On December 14, 2023, the Company issued 168,750 broker warrants upon closing of a bought deal financing. The broker warrants are exercisable into units at \$0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period. The fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.215, expected yield of 0%, expected volatility of 73% based on the historical volatility of the Company, risk free rate of 3.93% and an expected life of 3 years. The fair value of the broker units were \$16,875.

18. NET LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2023, was based on the loss attributable to common shareholders of \$11,043,624 (December 31, 2022 - \$4,389,004) and the weighted average number of common shares outstanding of 246,645,084 for the year ended December 31, 2023 (December 31, 2022 – 177,991,367).

During the years ended December 31, 2023 and 2022, all outstanding options, warrants and broker warrants were anti-dilutive and were therefore excluded from the diluted loss per share calculation.

19. GENERAL AND ADMINISTRATIVE

Years ended December 31,	2023	2022
Audit and accounting	\$ 72,104	\$ 148,608
General office and other	2,587,234	1,346,324
Investor relations and marketing	820,035	975,975
Legal and professional	711,689	311,758
Total general and administrative	\$ 4,191,062	\$ 2,782,665

20. FINANCE EXPENSE

Years ended December 31,	2023	2022
Accretion – debt obligations	\$ 393,624	\$ -
Accretion – decommissioning liability	9,040	9,549
Accretion – convertible debentures	652,032	-
Interest – convertible debentures	1,196,862	-
Interest – term debt	344,515	-
Interest income	(51,609)	-
Total Finance expense, net	\$ 2,544,464	\$ 9,549

Royal Helium Ltd.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

21. INCOME TAXES

- a) The statutory tax rate for the year ended December 31, 2023 is 26.5% (year ended December 31, 2022 – 26.5%).

	December 31, 2023	December 31, 2022
Loss for the year before income taxes	\$ (11,043,624)	\$ (4,389,004)
Expected income tax recovery based on statutory rate	(2,926,000)	(1,163,000)
Adjustment to expected income tax benefit:		
Share based compensation	158,000	373,000
Other	3,000	4,000
Adjustments in respect of prior years	-	86,000
Change in unrecognized deferred tax asset	2,765,000	700,000
Income tax provision (recovery)	\$ -	\$ -

The components of the deferred tax asset (liability) are as follows:

	December 31, 2023	December 31, 2022
Exploration and evaluation assets	\$ 7,122,000	\$ 985,000
PP&E assets	(7,122,000)	(985,000)
Deductible temporary differences	\$ -	\$ -

At December 31, 2023 and 2022, the Company has an unrecognized deferred tax income asset as it is not considered probable that future taxable profits will be sufficient to realize the benefits of deferred tax assets at this time.

- b) Deferred income tax assets and (liabilities) recorded are as follows:

Deferred tax assets (liabilities) have not been recognized in respect of the following deductible (taxable) temporary differences:

	December 31, 2023	December 31, 2022
Exploration and evaluation assets	\$ -	\$ 473,000
Asset retirement obligations	664,000	397,000
Capital loss carry-forwards	18,123,000	18,808,000
Non-capital loss carry-forwards	16,933,000	16,933,000
Share issue costs	2,475,000	3,296,000
Deductible temporary differences	\$ 38,195,000	\$ 39,907,000

As at December 31, 2023 and 2022, the Company has a deferred tax asset in the amount of \$1,756,000 which has not been recognized in respect of the deductible temporary differences as these differences arose from the initial recognition of an asset in a transaction which was not a business combination and at the time of the transaction, affected neither accounting nor tax loss.

Non-capital losses available as at December 31, 2023 can be carried forward for twenty years, and begin to expire in 2029. As at December 31, 2023, the Company has estimated non-capital losses of approximately \$34.0 million.

Royal Helium Ltd.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

22. CONTINGENCIES AND COMMITMENTS**Contracts**

The Company is party to certain management consulting contracts. Upon termination of these contracts, the Company will be required to make payments of \$564,000 pursuant to the terms of these contracts. As a triggering event has not taken place as at December 31, 2023, these amounts have not been recorded in these consolidated financial statements.

Environmental contingencies

The Company's exploration and evaluation activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Property expenditure commitments

See notes 7 and 19.

Legal matters

From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at period end, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to net loss in that period.

23. RELATED PARTY TRANSACTIONS

The following table summarizes transactions with key management personnel:

Year ended December 31,	2023	2022
Consulting fees – management	\$ 165,838	\$ 500,000
Wages	600,000	-
Director fees	301,000	163,067
Total	\$ 1,066,838	\$ 663,067

Year ended December 31,	2023	2022
Short term benefits	\$ 1,066,838	\$ 663,067
Share based compensation	340,000	1,060,290
Total	\$ 1,406,838	\$ 1,723,357

As at December 31, 2023, the Company had \$239,014 (December 31, 2022 – \$229,026), included in accounts payable and accrued liabilities, owing to its key management personnel and directors for salary and wages.

The Company has an agreement for office space and related services for a monthly fixed fee of \$4,000 (2022 - \$4,000), with another company that has common management and directors. The Company incurred \$48,000 in 2023 (2022 – \$48,000) in respect of this agreement and had \$26,750 (2022 – \$nil), included in accounts payable and accrued liabilities as at December 31, 2023. See notes 8, 10 and 23.

Royal Helium Ltd.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

24. FINANCIAL INSTRUMENTS**Financial risks factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the Board of Directors. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk**Foreign exchange risk**

Foreign exchange risk arises when assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company does not hedge foreign currency exposures. All of the operating assets were located in Canada and majority of the Company's liabilities were also settled in Canada, therefore the Company does not have any significant foreign currency risk.

(b) Credit risk

The maximum exposure to credit risk for deposits approximates the amount recognized as cash, accounts receivable, and environmental deposit in the consolidated statements of financial position. Bank deposits are held with reputable Banks, therefore credit risk is low. The Company does not hold any collateral as security. Accounts receivable are all considered current and primarily relate to GST.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's financial liabilities comprise accounts payable and accrued liabilities which are due within 30 days.

The Company mitigates liquidity risk by planning its project expenditures in advance of undertaking significant commitments. see note 2.

(d) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to helium to determine the appropriate course of action to be taken by the Company.

During the period, the Company incurred a financial loss of \$420,630 related to a phishing attack. In response, the Company has filed police reports and adjusted all related internal controls. The Company continues to work with authorities and other parties to recover the loss, but there can be no assurance the loss will be recovered.

Royal Helium Ltd.

Notes to the Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

25. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2023	December 31, 2022
Change in non-cash working capital:		
Accounts receivable	\$ 339,139	\$ (309,382)
Prepaid and inventory	(123,694)	(790,649)
Accounts payable and accrued liabilities	(2,287,188)	2,367,568
	\$ (2,071,743)	\$ 1,267,537
Allocated to:		
Operating	\$ 1,591,449	\$ (505,988)
Investing	(3,663,192)	1,773,525
	\$ (2,071,743)	\$ 1,267,537

During the year ended December 31, 2023, the Company paid \$64,735 cash interest (December 31, 2022 - nil).

26. SUBSEQUENT EVENTS

On January 2, 2024, the Company paid accrued debenture interest by issuing 3,788,660 common shares, valued at \$784,253.

On January 19, 2024, the board of directors granted the aggregate of 909,070 deferred share units ("DSUs") to certain directors, 5,963,635 performance share units ("PSUs") to certain officers and 950,000 stock options to certain directors, employees and consultants of the Company. The stock options are exercisable at \$0.35 and expire January 19, 2029. The stock options vest immediately on the date of the grant, and the DSUs and PSUs vest one year from the date of grant.

On February 23, 2024, the Company received a \$3,000,000 repayable contribution from Western Economic Diversification Canada under the Aerospace Regional Recovery Initiative. The loan is non-interest bearing with repayment commencing April 1, 2025 and repayable in 60 monthly payments.

On March 12, 2024, the Company issued 380,804 common shares to a market awareness and liquidity consultant.

On April 2, 2024, \$2,500,000 principal amount of the June 12% series convertible debentures were converted to 6,757,500 common shares.

On April 24, 2024, the Company announced a bought deal financing for gross proceeds of \$6,000,030.

THIS IS **EXHIBIT "I"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



ROYAL HELIUM LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

(Unaudited - Prepared by Management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim financial statements for the period ended September 30, 2024.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management.

Royal Helium Ltd.
Interim Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	September 30 2024	December 31 2023
ASSETS		
Current		
Cash and cash equivalents (note 3)	\$ -	\$ 2,611,794
Restricted cash (note 3)	42,000	233,831
Accounts receivable	869,207	412,224
Prepaid and inventory	1,537,135	1,243,144
Total current assets	2,448,342	4,500,993
Non-current		
Environmental deposit (note 8)	101,550	101,550
Exploration and evaluation assets (note 4)	46,233,048	46,022,893
Property, plant and equipment (note 5)	35,096,568	36,686,239
Right of use assets (note 6)	3,683,559	4,503,123
Total assets	\$ 87,563,067	\$ 91,814,798
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (note 3)	\$ 452,122	\$ -
Accounts payable and accrued liabilities (note 7)	4,869,845	6,028,376
Current portion of lease obligation (note 6)	1,013,705	926,871
Current portion of rent to own obligation (note 9)	875,090	742,188
Current portion of convertible debentures (note 10)	4,502,420	-
Current portion of term debt (note 11)	3,668,271	3,212,091
Total current liabilities	15,381,453	10,909,526
Non-current		
Decommissioning liability (note 8)	703,227	663,563
Lease obligation (note 6)	2,942,123	3,713,634
Rent to own obligation (note 9)	675,662	1,293,447
Convertible debentures (note 10)	3,791,126	10,237,060
Term debt (note 11)	16,593,066	15,387,909
Total liabilities	\$ 40,086,657	\$ 42,205,139
Shareholders' Equity		
Share capital (note 12)	\$ 91,996,643	\$ 83,116,371
Equity portion of convertible debentures (note 10)	602,562	732,285
Contributed surplus	12,501,483	11,963,251
Deficit	(57,624,278)	(46,202,248)
Total shareholders' equity	47,476,410	49,609,659
Total liabilities and shareholders' equity	\$ 87,563,067	\$ 91,814,798
Contingencies and Commitments (notes 4, 5 and 18)		
Subsequent Events (note 22)		

Approved by the Board of Directors on November 28, 2024

"David Young"

David Young, President, CEO and Director

"Campbell Becher"

Campbell Becher, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

RHC Capital Corporation
Condensed Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Resource Sales	\$ 674,666	\$ -	\$ 2,276,996	\$ -
Royalties	(38,306)	-	(130,050)	-
	636,360	-	2,146,946	-
Operating costs and expenses				
Operating costs	1,238,920	-	4,721,048	-
General and administrative (note 16)	785,060	548,953	2,619,436	3,448,106
Depreciation (notes 5 and 6)	814,289	358,899	2,444,295	411,917
Finance (note 17)	1,151,196	757,175	3,487,731	1,255,770
Share-based compensation	89,999	170,500	296,466	596,750
Net loss and comprehensive loss for the period	\$ (3,443,104)	\$ (1,835,527)	\$ (11,422,030)	\$ (5,712,543)
Basic and diluted loss per share (note 15)	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.02)
Weighted average number of shares outstanding (note 15)	357,650,286	246,038,073	318,376,545	242,877,495

Royal Helium Ltd.
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

For the nine months ended September 30,	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (11,422,030)	\$ (5,712,543)
Items not affecting cash:		
Share-based payments (note 13)	296,466	596,750
Accretion – finance obligations (notes 6 and 9)	536,845	166,068
Accretion – decommissioning liability (note 8)	16,391	9,040
Accretion – convertible debentures (note 10)	687,954	340,190
Accrued interest – convertible debentures (note 10)	950,692	757,644
Depreciation (notes 5 and 6)	2,444,295	411,917
Loss on settlement of accounts payable	-	51,294
Changes in non-cash working capital (note 21)	772,457	177,574
Net cash used in operating activities	(5,716,930)	(3,202,066)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds – private placement	6,000,030	-
Proceeds – warrant exercise (note 12)	-	1,061,600
Proceeds – broker warrant exercise (note 12)	-	18,114
Share issuance costs (note 12)	(654,612)	(105,036)
Issuance of convertible debentures (note 10)	-	12,800,000
Convertible debenture issuance costs (note 10)	-	(1,145,898)
Issuance of term debt (note 11)	3,000,000	14,284,898
Lease payments (note 6)	(1,075,389)	(260,000)
Rent to own payments (note 9)	(631,016)	(236,631)
Term debt payments (note 11)	(1,338,663)	-
Net cash provided by financing activities	5,300,350	26,417,047
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to exploration and evaluation assets (note 4)	(186,882)	(948,457)
Additions to property, plant and equipment (note 5)	(35,060)	(17,739,621)
Transfer from (to) restricted cash (note 3)	191,831	(402,258)
Change in non-cash working capital (note 21)	(2,617,225)	(3,445,851)
Net cash used in investing activities	(2,647,336)	(22,536,187)
Change in cash	(3,063,916)	678,794
Cash, beginning of period	2,611,794	1,002,973
Cash, end of period	\$ (452,122)	\$ 1,681,767

The accompanying notes are an integral part of these consolidated financial statements.

Royal Helium Ltd.

Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Equity portion of Convertible Debentures	Total Shareholders' Equity
Balance as at December 31, 2022	\$ 75,574,713	\$ 10,176,855	\$ (35,158,624)	\$ -	\$ 50,592,944
Share issuance – broker warrants exercise (note 12)	24,733	(6,619)	-	-	18,114
Share issuance – warrants exercise (note 12)	1,061,600	-	-	-	1,061,600
Share issuance – interest payment (note 12)	283,605	-	-	-	283,605
Share issuance – shares for debt (note 12)	496,686	-	-	-	496,686
Share issuance – shares for property (note 12)	161,735	-	-	-	161,735
Share issuance costs (note 12)	(105,036)	-	-	-	(105,036)
Debt issuance – convertible debentures (note 10)	-	752,730	-	639,270	1,392,000
Conversions – convertible debentures (note 10)	178,430	-	-	(16,013)	162,417
Share based compensation (note 13)	-	596,750	-	-	596,750
Net loss for the period	-	-	(5,712,543)	-	(5,712,543)
Balance as at September 30, 2023	\$ 77,676,466	\$ 11,519,716	\$ (40,871,167)	\$ 623,257	\$ 48,948,272
Balance as at December 31, 2023	\$ 83,116,371	\$ 11,963,251	\$ (46,202,248)	\$ 732,285	\$ 49,609,659
Share issuance – financing (note 12)	6,000,030	-	-	-	6,000,030
Broker warrants issued (note 14)	(241,766)	241,766	-	-	-
Share issuance – interest payment (note 12)	1,443,269	-	-	-	1,443,269
Share issuance – shares for service (note 12)	64,737	-	-	-	64,737
Share issuance costs (note 12)	(654,612)	-	-	-	(654,612)
Conversions – convertible debentures (note 10)	2,268,614	-	-	(129,723)	2,138,891
Share based compensation (note 13)	-	296,466	-	-	296,466
Net loss for the period	-	-	(11,422,030)	-	(11,422,030)
Balance as at September 30, 2024	\$ 91,996,643	\$ 12,501,483	\$ (57,624,278)	\$ 602,562	\$ 47,476,410

The accompanying notes are an integral part of these consolidated financial statements.

Royal Helium Ltd.

Notes to the Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Royal Helium Ltd. (the "Company" or "RHL") (formerly RHC Capital Corporation) is focused on primary helium production from its helium leases and permits in Saskatchewan and Alberta, Canada. On February 27, 2017, the Company began trading on the NEX board of the TSX Venture Exchange ("TSX-V") under the trading symbol "RHC.H". On July 25, 2017, the Company resumed trading on the TSX-V under the trading symbol "RHC". The address of its registered office is 224 4th Avenue South, Suite 602, Saskatoon, Saskatchewan, S7K 5M5.

The Company was incorporated under the laws of the Province of Ontario on August 15, 2008 and continued into the Province of Saskatchewan on May 1, 2019.

2. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2023.

The unaudited condensed interim consolidated financial statements of the Corporation for the three and nine month periods ended September 30, 2024 were authorized for issuance by the Corporation's board of directors on November 28, 2024.

These unaudited condensed interim consolidated financial statements have been prepared on a historical basis, except for those financial instruments carried at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting.

Capital management

The Company defines the capital that it manages as its working capital. The Company's objectives when managing capital are to manage its business in an effective manner with the goal of increasing the value of its assets. The Company regularly monitors its available capital and, as necessary, adjusts to changing economic circumstances and the risk characteristics of the underlying assets. In order to maintain or adjust capital requirements, the Company may consider the issuance of new shares, the entry into joint venture arrangements or farm-out agreements, or engage in debt financing.

There were no changes in the Company's approach to capital management during the period ended September 30, 2024.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX-V which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of September 30, 2024, the Company was not in compliance with Policy 2.5. Capital requirements imposed by lending institutions will begin December 31, 2024.

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2. BASIS OF PREPARATION (continued)

For the nine months ended September 30, 2024, the Company used cash in operating activities of \$5,716,929 (December 31, 2023 - \$5,385,737) and had a working capital deficit of \$12,933,111 as at September 30, 2024 (December 31, 2023 - \$6,408,533). Although, management has available \$2,500,000 of undrawn demand operating loan for working capital purposes (note 11), the Company will need additional cash resources to meet liquidity requirements while the Steeveville helium plant is brought up to capacity in efforts to generate positive cash flow from operations. To address its liquidity requirements, the Company continues to seek and assess financing options.

The Company has also historically received support from various lenders (note 11) and will require this ongoing support. To that end, the Company is required under its current lending arrangements to maintain a cash flow coverage ratio of not less than 1.10:1, a tangible net working capital ratio of not greater than 1.25:1 and a fixed charge coverage ratio of not less than 1.10:1 beginning December 31, 2024 (note 11). Based on current forecasts management is projecting potential non-compliance with the above noted covenants as at December 31, 2024. There can be no assurance that the Company will be able to obtain a waiver for the potential covenant default or an amendment to the covenants, if necessary, prior to December 31, 2024. This potential covenant default may result in the term debt being due on demand and would trigger other cross-covenant defaults.

The continuance of the Company remains dependent upon the discovery of economically recoverable resources in the underlying helium claims and the ability of the Company to increase the current output of the Steeveville helium plant to planned capacity in efforts to generate positive cash flows from operations, in addition to obtaining waivers for potential covenant defaults or amendments to the covenant. Although, there remains considerable risk around the Company's ability to address these substantial uncertainties the Company believes future financing options and facility operations will generate sufficient cash to address current projected liquidity requirements and that the continued support of the lenders will be available to manage lending covenant requirements before December 31, 2024.

Use of estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions.

These consolidated financial statements were approved and authorized for issuance by the board of directors on November 28, 2024.

3. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023
(Bank indebtedness) cash at bank and on hand	\$ (452,122)	\$ 2,611,794
Total (bank indebtedness) cash and cash equivalents	\$ (452,122)	\$ 2,611,794
GIC's held as collateral	\$ 42,000	\$ 42,000
Interest reserve	-	191,831
Total restricted cash	\$ 42,000	\$ 233,831

Royal Helium Ltd.

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4. EXPLORATION AND EVALUATION ASSETS

	Balance as at January 1, 2023	Acquisition / Renewals	Consultants and Geophysics	Drilling	Expiry and transfers	Other Exploration	Balance as at December 31, 2023
Bengough/ Ogema	\$ 7,030,519	\$ 30,405	\$ 866	\$ 17,784	\$ -	\$ (4,673)	\$ 7,074,901
Cadillac	312,553	81,691	131,564	-	-	-	525,808
Climax	11,327,876	(43,499)	-	-	-	(6,956)	11,277,421
Coronach	25,952	-	-	-	-	10,352	36,304
Creelman	38,203	6,763	-	-	(38,527)	651	7,090
Francis	41,808	6,818	-	-	(73,821)	33,491	8,296
Midale	31,124	4,360	-	-	-	-	35,484
Minton	7,214	-	-	-	-	-	7,214
Steveville	23,520,013	352,615	23,212	-	(501,746)	(3,165)	23,390,929
Swift current	42,665	-	39,269	-	-	-	81,934
Val Marie	2,983,400	3,798	21,116	-	-	(2,271)	3,006,043
Weyburn	165,411	9,876	-	-	(177,433)	31,565	29,419
40 Mile	99,875	401,735	40,440	-	-	-	542,050
	\$ 45,626,613	\$ 854,562	\$ 256,467	\$ 17,784	\$ (791,527)	\$ 58,994	\$ 46,022,893

	Balance as at January 1, 2024	Acquisition / Renewals	Consultants and Geophysics	Drilling	Expiry and transfers	Other Exploration	Balance as at September 30, 2024
Bengough/ Ogema	\$ 7,074,901	\$ 35,134	\$ -	\$ -	\$ -	\$ 4,240	\$ 7,114,275
Cadillac	525,808	28,503	-	-	-	-	554,311
Climax	11,277,421	73,861	-	-	-	4,935	11,356,217
Coronach	36,304	844	-	-	-	-	37,148
Creelman	7,090	2,611	-	-	-	-	9,701
Francis	8,296	6,818	-	-	-	-	15,114
Midale	35,484	4,295	-	-	-	-	39,779
Minton	7,214	6,022	-	-	-	-	13,236
Steveville	23,390,929	-	-	-	-	12,452	23,403,381
Swift current	81,934	2,650	-	-	-	-	84,584
Val Marie	3,006,043	4,323	-	-	-	1,645	3,012,011
Weyburn	29,419	9,980	-	-	-	-	39,399
40 Mile	542,050	-	-	9,600	-	2,242	553,892
	\$ 46,022,893	\$ 175,041	\$ -	\$ 9,600	\$ -	\$ 25,514	\$ 46,233,048

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4. EXPLORATION AND EVALUATION ASSETS (continued)

Included in other exploration costs for the Climax project is an increase of \$4,935 (December 31, 2023 – reduction of \$6,956) and for the Ogema project is an increase of \$4,240 (December 31, 2023 – reduction of \$5,976) and for the Val Marie project is an increase of \$1,645 (December 31, 2023 – reduction of \$2,319) and for the Steveville project is an increase of \$12,452 (December 31, 2023 – reduction of \$8,313) which is related to the estimated decommissioning liability (note 8).

The Company holds helium exploration permits and helium leases over land in Saskatchewan and Alberta. The Company has annual lease expenditure commitments of approximately \$228,878 and annual permit expenditure commitments as follows 2024 - \$85,000, 2025 - \$65,000, 2026 - \$75,000 and 2027 - \$nil.

In the year ended December 31, 2023, the Company allowed certain claims to expire as it was determined that future work would be focused on other properties.

In the year ended December 31, 2023, the Company completed its helium processing facility and determined that \$501,746 should be transferred from exploration and evaluation assets to helium producing properties included in property, plant and equipment (note 8). There were no impairment on the transfer of exploration and evaluation to helium producing properties.

There were no impairment indicators for the exploration and evaluation assets as of September 30, 2024 and December 31, 2023.

5. PROPERTY, PLANT AND EQUIPMENT

	Computer Hardware	Helium Producing Properties	Facility	Rent to Own	Total
<u>Cost</u>					
Balance, December 31, 2022	\$ 40,079	\$ -	\$ 11,107,896	\$ -	\$ 11,147,975
Additions	2,541	-	22,363,393	2,775,390	25,141,324
Decommissioning	-	-	302,093	-	302,093
Transfers (note 4)	-	501,746	-	-	501,746
Balance, December 31, 2023	42,620	501,746	33,773,382	2,775,390	37,093,138
Additions	3,824	-	31,236	-	35,060
Balance, September 30, 2024	\$ 46,444	\$ 501,746	\$ 33,804,618	\$ 2,775,390	\$ 37,128,198
<u>Accumulated amortization</u>					
Balance, December 31, 2022	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	11,101	-	-	395,798	406,899
Balance, December 31, 2023	\$ 11,101	\$ -	\$ -	\$ 395,798	\$ 406,899
Depreciation	7,092	10,741	1,013,201	593,697	1,624,731
Balance, September 30, 2024	\$ 18,193	\$ 10,741	\$ 1,013,201	\$ 989,495	\$ 2,031,630
<u>Carrying Value</u>					
Balance, December 31, 2023	\$ 31,519	\$ 501,746	\$ 33,773,382	\$ 2,379,592	\$ 36,686,239
Balance, September 30, 2024	\$ 28,251	\$ 491,005	\$ 32,791,417	\$ 1,785,895	\$ 35,096,568

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

Property plant and equipment additions in the prior period relate to the helium processing facility, which was under construction until the fourth quarter of 2023. While the facility was under construction, it was not available for use and was not being depreciated. When the facility became available for use the Company transferred \$501,746 from exploration and evaluation assets to property, plant and equipment (note 4), and commenced depreciation.

6. RIGHT OF USE ASSET

The Company has a lease agreement for the helium transport trailers.

The continuity of the right of use asset ("ROU") and lease liability for the periods ended September 30, 2024 and December 31, 2023 is as follows:

Right of use asset	
Value of ROU as at December 31, 2022	\$ -
Initial recognition of ROU	5,037,548
Depreciation	(534,525)
Value of ROU as at December 31, 2023	4,503,123
Depreciation	(819,564)
Value of ROU as at September 30, 2024	\$ 3,683,559
Lease liability	
Lease liability as at December 31, 2022	\$ -
Initial recognition of lease liability	5,037,548
Lease payments	(677,057)
Lease accretion	280,014
Lease liability as at December 31, 2023	4,640,505
Lease payments	(1,075,389)
Lease accretion	390,712
Lease liability as at September 30, 2024	\$ 3,955,828
Current portion	\$ 1,013,705
Long-term portion	2,942,123
	\$3,955,828

Lease obligation

The Company's total undiscounted amount of cash flow required to settle its lease obligation is approximately \$4,910,285 at September 30, 2024 (December 31, 2023 - \$5,800,000) and is expected to settle in 2027. The Company applied a discount rate of 12% to calculate the discounted value of the lease obligation at initial recognition.

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7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2024	December 31, 2023
Accounts payable	\$ 4,391,892	\$ 5,891,044
Accruals and others	477,953	137,332
	\$ 4,869,845	\$ 6,028,376

8. DECOMMISSIONING LIABILITIES

	September 30, 2024	December 31, 2023
Balance, beginning of period	\$ 663,563	\$ 375,994
Additions	-	302,093
Change in inflation and discount rate	23,273	(23,564)
Accretion	16,391	9,040
Balance, end of period	\$ 703,227	\$ 663,563

The total of the decommissioning liabilities are estimated based on the Company's net ownership interest in all the wells, the estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. Management of the Company has estimated that based on their net ownership interest, the total undiscounted cash flows required to settle the obligations will be \$852,586. The obligations have been discounted using a risk free rate of 3.13% (December 31, 2023 - 3.02%) and an inflation rate of 1.49% (December 31, 2023 - 1.62%) per year. Most of these obligations are not expected to be settled until approximately 10 years in the future and will be funded from general Company resources at that time.

As September 30, 2024, the Company has a \$101,550 (December 31, 2023 - \$101,550) deposit held by the Saskatchewan government for future site reclamation.

9. RENT TO OWN DEBT OBLIGATION

Rent to own liability		
Rent to own liability as at December 31, 2022	\$	-
Initial recognition of debt		2,775,390
Payments		(873,862)
Rent to own accretion		134,107
Rent to own liability as at December 31, 2023		2,035,635
Payments		(631,016)
Rent to own accretion		146,133
Rent to own liability as at September 30, 2024	\$	1,550,752
Current portion	\$	875,090
Long-term portion		675,662
	\$	1,550,752

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9. RENT TO OWN DEBT OBLIGATION (continued)**Rent to own obligation**

The Company's total undiscounted amount of cash flow required to settle its rent to own obligation is approximately \$1,498,663 at September 30, 2024 (December 31, 2023 - \$2,366,310) and is expected to settle in 2026. The Company applied a discount rate of 12% to calculate the discounted value of the rent to own obligation at initial recognition and the asset is held as collateral on the debt obligation.

10. CONVERTIBLE DEBENTURES

a) On February 8, 2023, the Company closed a bought deal financing and issued 5,500 units for gross proceeds of \$5,500,000. Each unit consists of \$1,000 convertible debenture principal amount and 3,846 common share purchase warrants. The convertible debenture bears interest at 14% per annum, is paid semi annually in arrears and matures on December 31, 2025. Each warrant is exercisable at \$0.32 for a period of 36 months and the Company may elect to accelerate the expiry date in the event the volume weighted average trading price exceeds \$0.65 per share for 20 consecutive trading days.

The convertible debentures are convertible at the holder's option into common shares at a fixed conversion price of \$0.26 per share.

As the debenture has a conversion feature, the equity and debt components must be bifurcated with value assigned to each as well as to the warrants issued as part of the offering. The value assigned to the liability on the date of issuance was the present value of the contractually determined stream of future cash flows discounted at 26.99%, being the estimated rate that the market would apply to an instrument with comparable credit status and provide substantially the same cash flows, on the same terms, but without the conversion option. From the date of issuance, the liability component accretes up to its principal value using the effective interest method, with the charge recorded in the consolidated statement of loss. The fair value assigned to the warrants and the conversion feature, on the date of issuance, was based on the Black-Scholes option pricing model for each and assigned on a relative fair value basis. This resulted in an initial amount of \$4,568,000 being allocated to the liability portion and \$475,520 being allocated to the equity portion and \$456,480 to the warrant.

In the period, \$nil (year ended December 31, 2023 - \$1,280,000) of principal was converted into common shares. As at September 30, 2024 and December 31, 2023, the principal amount owing was \$4,220,000.

b) On June 12, 2023, the Company closed a bought deal financing and issued 7,300 units for gross proceeds of \$7,300,000. Each unit consists of \$1,000 convertible debenture principal amount and 2,703 common share purchase warrants. The convertible debenture bears interest at 12% per annum, is paid semi annually in arrears and matures on June 30, 2025. Each warrant is exercisable at \$0.40 for a period of 36 months and the Company.

The convertible debentures are convertible at the holder's option into common shares at a fixed conversion price of \$0.37 per share.

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10. CONVERTIBLE DEBENTURES (continued)

As the debenture has a conversion feature, the equity and debt components must be bifurcated with value assigned to each as well as to the warrants issued as part of the offering. The value assigned to the liability on the date of issuance was the present value of the contractually determined stream of future cash flows discounted at 25.63%, being the estimated rate that the market would apply to an instrument with comparable credit status and provide substantially the same cash flows, on the same terms, but without the conversion option. From the date of issuance, the liability component accretes up to its principal value using the effective interest method, with the charge recorded in the consolidated statement of loss. The fair value assigned to the warrants and the conversion feature, on the date of issuance, was based on the Black-Scholes option pricing model for each and assigned on a relative fair value basis. This resulted in an initial amount of \$6,318,000 being allocated to the liability portion and \$378,790 being allocated to the equity portion and \$603,210 to the warrant.

In the period, \$2,500,000 (year ended December 31, 2023 - \$nil) of principal was converted into common shares. As at September 30, 2024, the principal amount owing was \$4,800,000 (December 31, 2023 - \$7,300,000).

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance, December 31, 2022	\$ -	\$ -	\$ -
Issuance - initial recognition	12,800,000	10,886,000	854,310
Less: issuance costs	-	(1,145,899)	-
Interest	-	848,521	-
Accretion - interest	-	652,032	-
Conversion	(1,280,000)	(1,003,594)	(122,025)
Balance, December 31, 2023	11,520,000	10,237,060	732,285
Accrued interest	-	950,692	-
Interest payments	-	(1,443,269)	-
Accretion - interest	-	687,954	-
Conversion	(2,500,000)	(2,138,891)	(129,723)
Balance, September 30, 2024	\$ 9,020,000	\$ 8,293,546	\$ 602,562
Current portion	4,800,000	4,502,420	
Long-term portion	4,220,000	3,791,126	
	\$ 9,020,000	\$ 8,293,546	

On June 30, 2023, the Company paid accrued debenture interest by issuing 822,044 common shares, valued at \$283,605. The interest accrued at the time of the issuance was \$299,562, and the \$8,246 difference was recorded against interest expense.

On January 2, 2024, the Company paid accrued debenture interest by issuing 3,788,660 common shares, valued at \$784,253.

On July 2, 2024, the Company paid accrued debenture interest by issuing 8,448,929 common shares, valued at \$659,016.

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11. TERM DEBT

On April 24, 2023, the Company closed a term debt financing, and received its first draw, with Canadian Western bank (“CWB”) and Business Development Bank of Canada (“BDC”), acting pari passu, for \$7,500,000 each, \$15,000,000 in total.

On December 21, 2023, Canadian Western bank (“CWB”) and Business Development bank of Canada, acting pari passu, increased the term loans for \$1,800,000 each, and extended the first principal repayment date to February 1, 2024.

As of December 31, 2023, the Company has drawn the full debt facility. During the year ended December 31, 2023 the Company has paid \$697,210 interest related to the term debt, \$352,695 has been capitalized to property, plant and equipment and \$344,515 has been expensed.

On February 23, 2024, the Company received a \$3,000,000 repayable contribution from Western Economic Diversification Canada (“WEDC”) under the Aerospace Regional Recovery Initiative. The loan is unsecured, non-interest bearing with repayment commencing April 1, 2025 and repayable in 60 monthly payments.

On June 26, 2024, the Company received a 90 day principal repayment deferral from CWB and BDC. Effective July 1, 2024 to the end of September 30, 2024, the Company is only required to pay monthly interest. The amortization period is unchanged.

	CWB	BDC	WEDC	Total
Balance as at December 31, 2022	\$ -	\$ -	\$ -	\$ -
Debt advances	9,300,000	9,300,000	-	18,600,000
Balance as at December 31, 2023	9,300,000	9,300,000	-	18,600,000
Debt advances	-	-	3,000,000	3,000,000
Repayments	(673,913)	(664,750)	-	(1,338,663)
Balance as at September 30, 2024	\$ 8,626,087	\$ 8,635,250	\$ 3,000,000	\$ 20,261,337
Current portion	1,696,935	1,671,336	300,000	3,668,271
Long term portion	6,929,152	6,963,914	2,700,000	16,593,066
	\$ 8,626,087	\$ 8,635,250	\$ 3,000,000	\$ 20,261,337

CWB

Prime rate plus 3%, secured by all present and future assets, repayable in monthly blended payments of \$134,783 principal plus accrued interest, maturing on February 1, 2030. Repayable at any time without penalty.

Under the terms of the debt, the Company is required to maintain a cash flow coverage ratio of not less than 1.10 and a debt to tangible net work ratio not greater than 1.25, beginning December 31, 2024.

BDC

BDC floating rate, secured by all present and future assets, repayable in monthly blended payments of \$132,850 principal plus accrued interest, maturing on February 1, 2030. Once in any 12 month period, the Company can prepay up to 15% of the outstanding principal without penalty.

Under the terms of the debt, the Company is required to maintain a fixed charge coverage ratio of 1.10, beginning December 31, 2024.

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11. TERM DEBT (continued)

In addition, CWB has provided the Company with a \$2,500,000 demand operating loan for working capital purposes. At September 30, 2024, \$474,051 has been drawn from the demand operating loan. The Company's access to the operating loan is limited to 75% of Canadian trade accounts and 90% of good earned United States trade accounts that are Economic Development Canada insured and do not exceed 90 days aging.

12. SHARE CAPITAL AND EQUITY RESERVES

Authorized share capital - the authorized share capital consists of an unlimited number of common shares.

Changes in issued share capital are as follows:

	Number of common shares	Amount
Balance, December 31, 2022	239,254,543	75,574,713
Share issuance – financing	21,562,500	5,175,000
Share issuance – warrant exercise	3,317,500	1,061,600
Share issuance – broker warrant exercise	69,669	24,733
Share issuance – shares for debt	1,373,133	496,686
Share issuance – conversion of debenture	4,922,880	1,125,620
Share issuance – Acquisition of exploration and evaluation asset	468,796	161,735
Shares issuance – payment of debenture interest	822,044	283,605
Fair value allocation – broker warrants	-	(136,575)
Share issue costs	-	(650,746)
Balance, December 31, 2023	271,791,065	83,116,371
Share issuance – financing	66,667,000	6,000,030
Share issuance – payment of debenture interest	12,237,589	1,443,269
Share issuance – share for debt	380,804	64,737
Share issuance – conversion of debenture	6,757,500	2,268,614
Fair value allocation – broker warrants	-	(241,766)
Share issue costs	-	(654,612)
Balance, September 30, 2024	357,833,958	\$ 91,996,643

On April 21, 2023, the Company issued 1,069,383 common shares as settlement of \$365,746 in accounts payable. At the date of issuance, the common shares were valued at \$0.37 per common share and the Company recorded a loss on settlement of \$52,603.

On June 30, 2023, the Company closed the 40 mile property acquisition and issued 468,796 common shares valued at \$0.345 per common share.

On July 19, 2023, the Company issued 303,750 common shares as settlement of \$118,539 in accounts payable. At the date of issuance, the common shares were valued at \$0.32 per common share and the Company recorded a gain on settlement \$21,339.

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12. SHARE CAPITAL AND EQUITY RESERVES (continued)

On November 14, 2023, the Company completed a first close on a bought deal financing of 18,750,000 units at a price of \$0.24 per unit for gross proceeds of \$4,500,000. Each unit consisted of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period. The Company paid \$472,191 cash finder's fees and other expenses and issued 1,050,000 broker warrants. The broker warrants are exercisable into units at \$0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period from the closing date of the financing (see note 14).

On December 14, 2023, the Company completed a final close on a bought deal financing of 2,812,500 units at a price of \$0.24 per unit for gross proceeds of \$675,000. Each unit consisted of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period. The Company paid \$73,519 cash finder's fees and other expenses and issued 168,750 broker warrants. The broker warrants are exercisable into units at \$0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period from the closing date of the financing (see note 14).

On March 12, 2024, the Company issued 380,804 common shares for service. At the date of issuance, the common shares were valued at \$0.17 per common share and the Company recorded an expense of \$64,737.

On April 2, 2024, \$2,500,000 principal amount of the June 12% series convertible debentures were converted to 6,757,500 common shares.

On May 8, 2024, the Company closed a bought deal financing of 66,667,000 units at a price of \$0.09 per unit for gross proceeds of \$6,000,030. Each unit consisted of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.12 for a 36 month period. The Company paid \$434,666 cash finder's fees and other expenses and issued 3,899,458 broker warrants. The broker warrants are exercisable into units at \$0.09 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.12 for a 36 month period from the closing date of the financing.

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13. STOCK OPTIONS

On September 14, 2022, the shareholders of the Company approved a stock option plan, pursuant to which, the Company may issue up to a number of options that is 10% of the outstanding common shares of the Company to employees, directors and officers.

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price
Balance, December 31, 2022	16,070,000	\$ 0.37
Issued	1,250,000	0.38
Issued	500,000	0.40
Balance, December 31, 2023	17,820,000	0.37
Issued	950,000	0.35
Issued	2,499,999	0.085
Forfeited	(200,000)	0.26
Forfeited	(530,000)	0.23
Forfeited	(1,300,000)	0.44
Forfeited	(750,000)	0.66
Forfeited	(2,405,000)	0.26
Forfeited	(300,000)	0.38
Forfeited	(150,000)	0.35
Exercisable, September 30, 2024	15,634,999	\$ 0.33

As at September 30, 2024, 15,634,999 (December 31, 2023 – 17,820,000) options were issued and outstanding and exercisable with a weighted average remaining life of 2.30 years (December 31, 2023 – 2.91).

On March 28, 2023, the Company granted 500,000 stock options, of the total options granted 500,000 were granted to consultants of the Company. The options have an exercise price of \$0.38, expire March 28, 2028 and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.36, expected yield of 0%, expected volatility of 171% based on the historical volatility of the Company, risk free rate of 3.10% and an expected life of 5 years, which resulted in a fair value of \$0.341 per option.

On May 3, 2023, the Company granted 750,000 stock options, of the total options granted 750,000 were granted to consultants of the Company. 500,000 of the options have an exercise price of \$0.38, expire April 26, 2028 and 250,000 expire May 3, 2028, and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.365, expected yield of 0%, expected volatility of 170% based on the historical volatility of the Company, risk free rate of 2.98% and an expected life of 5 years, which resulted in a fair value of \$0.345 per option.

On May 25, 2023, the Company granted 500,000 stock options, of the total options granted 500,000 were granted to a director of the Company. The options have an exercise price of \$0.40, expire May 25, 2028 and vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.355, expected yield of 0%, expected volatility of 170% based on the historical volatility of the Company, risk free rate of 3.63% and an expected life of 5 years, which resulted in a fair value of \$0.335 per option.

Royal Helium Ltd.

Notes to the Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

13. STOCK OPTIONS (continued)

On January 19, 2024, the board of directors granted 950,000 stock options to certain directors, employees and consultants of the Company. The stock options are exercisable at \$0.35 and expire January 19, 2029. The stock options vest immediately. The grant date fair value of the options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.20, expected yield of 0%, expected volatility of 163% based on the historical volatility of the Company, risk free rate of 3.64% and an expected life of 5 years, which resulted in a fair value of \$0.184 per option.

On January 19, 2024, the board of directors granted the aggregate of 909,070 deferred share units (“DSUs”) to certain directors, 5,963,635 performance share units (“PSUs”) to certain officers and directors. The DSUs and PSUs vest one year from the grant.

On June 19, 2024, the board of directors granted 5,000,000 stock options to a consultant of the Company. The stock options are exercisable at \$0.085 and expire June 19, 2027. The stock options vest evenly over six months, with the first vesting period commencing immediately. The grant date fair value of the vested options was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.08, expected yield of 0%, expected volatility of 70% based on the historical volatility of the Company, risk free rate of 3.88% and an expected life of 3 years, which resulted in a fair value of \$0.038 per option.

14. WARRANTS AND BROKER WARRANTS

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted Average Exercise Price
Balance, December 31, 2022	65,977,650	\$ 0.51
Issued	21,153,000	0.32
Issued	19,731,900	0.40
Issued	18,750,000	0.31
Issued	2,812,500	0.31
Exercised	(3,317,500)	0.32
Expired	(17,217,440)	0.61
Expired	(17,250,000)	0.75
Expired	(546,460)	0.41
Balance, December 31, 2023	90,093,650	\$ 0.34
Issued	66,667,000	0.12
Balance, September 30, 2024	156,760,650	\$ 0.24

As of September 30, 2024, 156,760,650 (December 31, 2023 – 90,093,650) warrants were issued and outstanding with a weighted average remaining life of 1.97 years (December 31, 2023 – 2.25).

On February 8, 2023, the Company issued 21,153,000 warrants as part of the convertible debt issuance. The warrants have an exercise price of \$0.32, expire January 10, 2026 (see note 10). The issue date fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.28, expected yield of 0%, expected volatility of 116.69% based on the historical volatility of the Company, risk free rate of 3.95% and an expected life range of 3 years, which resulted in an ascribed value of \$456,480 in total.

Royal Helium Ltd.

Notes to the Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

14. WARRANTS AND BROKER WARRANTS (continued)

On June 12, 2023, the Company issued 19,731,900 warrants as part of the convertible debt issuance. The warrants have an exercise price of \$0.40, expire June 9, 2026 (see note 10). The issue date fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.35, expected yield of 0%, expected volatility of 95.54% based on the historical volatility of the Company, risk free rate of 4.40% and an expected life range of 3 years, which resulted in an ascribed value of \$603,210 in total.

On November 14, 2023, the Company issued 18,750,000 warrants as part of the unit issuance. The warrants have an exercise price of \$0.31, expire November 14, 2026 (see note 12) and has not been disclosed separate from share capital.

On December 14, 2023, the Company issued 2,812,500 warrants as part of the unit issuance. The warrants have an exercise price of \$0.31, expire December 14, 2026 (see note 12) and has not been disclosed separate from share capital.

On May 8, 2024, the Company issued 66,667,000 warrants as part of the unit issuance. The warrants have an exercise price of \$0.12, expire May 8, 2027 (see note 12) and has not been disclosed separate from share capital.

The following table reflects the continuity of broker warrants for the periods presented:

	Number of warrants	Weighted Average Exercise Price
Balance, December 31, 2022	6,208,299	\$ 0.39
Issued	1,050,000	0.24
Issued	168,750	0.24
Exercised	(69,669)	0.26
Expired	(182,750)	0.22
Expired	(1,752,724)	0.41
Expired	(2,415,000)	0.50
Balance, December 31, 2023	3,006,906	\$0.26
Issued	3,899,458	0.09
Balance, September 30, 2024	6,906,364	\$ 0.16

As of September 30, 2024, 6,906,364 (December 31, 2023 – 3,006,906) warrants were issued and outstanding with a weighted average remaining life of 1.86 years (December 31, 2023 – 1.64 years).

On November 14, 2023, the Company issued 1,050,000 broker warrants upon closing of a bought deal financing. The broker warrants are exercisable into units at \$0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period. The fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.22, expected yield of 0%, expected volatility of 79% based on the historical volatility of the Company, risk free rate of 4.40% and an expected life of 3 years. The fair value of the broker units were \$119,700.

Royal Helium Ltd.

Notes to the Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

14. WARRANTS AND BROKER WARRANTS (continued)

On December 14, 2023, the Company issued 168,750 broker warrants upon closing of a bought deal financing. The broker warrants are exercisable into units at \$0.24 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.31 for a 36 month period. The fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.215, expected yield of 0%, expected volatility of 73% based on the historical volatility of the Company, risk free rate of 3.93% and an expected life of 3 years. The fair value of the broker units were \$16,875.

On May 8, 2024, the Company issued 3,899,458 broker warrants upon closing of a bought deal financing. The broker warrants are exercisable into units at \$0.09 per unit, with each unit comprised of one common share and one common share purchase warrant, each whole warrant exercisable at \$0.12 for a 36 month period. The fair value of the warrants was estimated using the Black-Scholes pricing model with the following weighted average assumptions: share price of \$0.075, expected yield of 0%, expected volatility of 71% based on the historical volatility of the Company, risk free rate of 4.27% and an expected life of 3 years. The fair value of the broker units were \$241,766.

15. NET LOSS PER COMMON SHARE

The calculation of basic and diluted loss per share for the three month periods ended September 30, 2024, was based on the loss attributable to common shareholders of \$3,443,104 (September 30, 2023 - \$1,835,527) and the weighted average number of common shares outstanding of 357,650,286 for the period ended September 30, 2024 (September 30, 2023 – 246,038,073).

The calculation of basic and diluted loss per share for the nine month periods ended September 30, 2024, was based on the loss attributable to common shareholders of \$11,422,030 (September 30, 2023 - \$5,712,543) and the weighted average number of common shares outstanding of 318,376,545 for the period ended September 30, 2024 (September 30, 2023 – 242,877,495).

During the periods ended September 30, 2024 and 2023, all outstanding options and warrants were anti-dilutive and were therefore excluded from the diluted loss per share calculation.

16. GENERAL AND ADMINISTRATIVE

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Audit and accounting	\$ 33,568	\$ 26,517	\$ 87,691	\$ 57,104
General office and other	490,298	368,419	1,593,242	2,414,783
Investor relations and marketing	216,196	131,800	701,084	561,483
Legal and professional	44,998	22,217	237,419	414,736
Total general and administrative	\$ 785,060	\$ 548,953	\$ 2,619,436	\$ 3,448,106

Royal Helium Ltd.

Notes to the Interim Consolidated Financial Statements
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(Expressed in Canadian dollars)

17. FINANCE EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Accretion – debt obligations	\$ 156,282	\$ 143,284	\$ 536,845	\$ 166,068
Accretion – decommissioning	4,743	3,360	16,391	9,040
Accretion – convertible debentures	224,805	191,409	687,954	340,190
Interest – convertible debentures	294,098	414,882	950,692	757,644
Interest – term debt	471,268	4,240	1,295,849	4,240
Interest income	-	-	-	(21,412)
Total Finance expense, net	\$ 1,151,196	\$ 757,175	\$ 3,487,731	\$ 1,255,770

18. CONTINGENCIES AND COMMITMENTS**Contracts**

The Company is party to certain management consulting contracts. Upon termination of these contracts, the Company will be required to make payments of \$324,000 pursuant to the terms of these contracts. As a triggering event has not taken place as at September 30, 2024, these amounts have not been recorded in these consolidated financial statements.

Environmental contingencies

The Company's exploration and evaluation activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Property expenditure commitments

See notes 4.

Legal matters

From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at period end, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to net loss in that period.

Royal Helium Ltd.

Notes to the Interim Consolidated Financial Statements
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(Expressed in Canadian dollars)

19. RELATED PARTY TRANSACTIONS

The following table summarizes transactions with key management personnel:

Nine months ended September 30,	2024	2023
Consulting fees – management	\$ 186,689	\$ -
Wages	410,000	552,750
Director fees	202,800	223,000
Total	\$ 799,489	\$ 775,750

Nine months ended September 30,	2024	2023
Short term benefits	\$ 799,489	\$ 775,750
Share based compensation	73,600	340,000
Total	\$ 873,089	\$ 1,115,750

As at September 30, 2024, the Company had \$641,021 (December 31, 2023 – \$239,014), included in accounts payable and accrued liabilities, owing to its key management personnel and directors for salary and wages.

The Company has an agreement for office space and related services for a monthly fixed fee of \$4,000 (2023 - \$4,000), with another company that has common management and directors. The Company incurred \$36,000 in 2024 (2023 – \$36,000) in respect of this agreement and had \$25,200 (December 31, 2023 – \$26,750), included in accounts payable and accrued liabilities as at September 30, 2024. See notes 5, 7 and 18.

20. FINANCIAL INSTRUMENTS**Financial risks factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the Board of Directors. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk**Foreign exchange risk**

Foreign exchange risk arises when assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company does not hedge foreign currency exposures. All of the operating assets were located in Canada and majority of the Company's liabilities were also settled in Canada, therefore the Company does not have any significant foreign currency risk.

(b) Credit risk

The maximum exposure to credit risk for deposits approximates the amount recognized as cash, accounts receivable, and environmental deposit in the consolidated statements of financial position. Bank deposits are held with reputable Banks, therefore credit risk is low. The Company does not hold any collateral as security. Accounts receivable are all considered current and primarily relate to GST.

Royal Helium Ltd.

Notes to the Interim Consolidated Financial Statements
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(Expressed in Canadian dollars)

20. FINANCIAL INSTRUMENTS (continued)**(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's financial liabilities comprise accounts payable and accrued liabilities which are due within 30 days.

The Company mitigates liquidity risk by planning its project expenditures in advance of undertaking significant commitments. see note 2.

(d) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as it relates to helium to determine the appropriate course of action to be taken by the Company.

In the year ended December 31, 2023, the Company incurred a financial loss of \$420,630 related to a phishing attack. In response, the Company has filed police reports and adjusted all related internal controls.

21. SUPPLEMENTAL CASH FLOW INFORMATION

	September 30, 2024	September 30, 2023
Change in non-cash working capital:		
Accounts receivable	\$ (456,983)	\$ 339,310
Prepaid and inventory	(293,991)	(1,982)
Accounts payable and accrued liabilities	(1,093,794)	(3,605,605)
	\$ (1,844,768)	\$ (3,268,277)
Allocated to:		
Operating	\$ 772,457	\$ 177,574
Investing	(2,617,225)	(3,445,851)
	\$ (1,844,768)	\$ (3,268,277)

During the period ended September 30, 2024, the Company paid \$1,249,942 cash interest (December 31, 2023 - \$64,735).

22. EVENTS AFTER THE REPORTING PERIOD

Prior to and after the reporting period, the Company has completed a substantive change in management and the board in support of an operational realignment initiative, supported by key shareholders, creditors and other stakeholders. The previous CEO agreed to step down, as have various legacy board members. New leadership, which includes Daivd Young, have significantly reduced general and administrative expenses through elimination of non-core business expenditures. In addition, Management and its active Board have immediately put to action a plan to re-commission the Steveville Facility allowing for higher volumes to be processed by the facility in an increasingly efficiency, stable, and cost effective manner, as designed.

THIS IS **EXHIBIT "J"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



February 1, 2023

Imperial Helium Corp.
602 224 4th Ave SE
Saskatoon, SK
S7K 5M5

Attention: Mr. Andrew Davidson

Dear Sirs

On the basis of the financial statements and other information provided by Imperial Helium Corp. (the "Borrower"), and by Royal Helium Ltd. and Royal Helium Exploration Limited. (collectively, the "Guarantors") in connection with your request for financing, Canadian Western Bank (the "Bank") has authorized the following loans subject to the terms and conditions outlined in this Commitment Letter (this "Agreement"). This "Agreement" replaces all previous agreements.

1. **LOAN AMOUNT:**

1.1. Loan Segment (1): Demand Operating Loan \$2,500,000.00 (the "Operating Loan").

1.2. Loan Segment (2): Demand Loan #1 \$7,500,000.00 ("DNR #1")

Collectively referred to as the "Loans".

2. **PURPOSE OF LOANS:**

Amounts advanced by the Bank are to be used by the Borrower as follows:

2.1. Loan Segment (1): To finance the day-to-day operations of the Borrower's business.

2.2. Loan Segment (2): To assist in financing the construction of the Steeveville helium facility (the "Project"). The program can be summarized as follows:

<u>PROGRAM</u>		<u>FINANCING</u>	
Engineering Fees	\$1,144,500	Borrower Equity:	\$11,799,677
Land		CWB Pari Passu	\$7,500,000
Survey/Regulatory	\$120,000	BDC Pari Passu	\$7,500,000
ArjaePlant Proposal	\$16,100,001		
Equipment	\$1,700,000		
Construction & Commissioning	\$7,753,175		
	<hr/>		<hr/>
	\$26,799,677		\$26,799,677

No material change may be made in the program without the prior written consent of the Bank.

If it becomes evident, as the program progresses, that the cost will be greater than the above figures, the Bank may, at its sole discretion, withhold further disbursements of the Loan until the amount of the overrun has been provided by the Borrower or otherwise arranged on a basis acceptable to the Bank. In the event that the cost exceeds, or the Borrower becomes aware that it will exceed, the above figures, the Borrower shall immediately notify and provide particulars to the Bank. If the actual cost should be less than the above figures, the Bank may, at its sole discretion, reduce the amount of the Loan accordingly.

#5110, 324 58th Ave SE, Calgary, AB T2H 0P1
t. 403.252.2299 | f. 403.252.2374
cwbank.com

272126.00004/07697010.3

OBSESSED WITH YOUR SUCCESS™

3. INTEREST RATES:

Loans shall bear interest while outstanding before and after maturity and default at the following rate(s):

- 3.1. Loan Segment (1): Interest to float at a rate of 2.00% per annum above the Bank's Prime Lending Rate ("Prime"). As of the date of this Agreement, Prime is 6.70% per annum.
- 3.2. Loan Segment (2): Interest to float at a rate of 3.00% per annum above Prime. As of the date of this Agreement, Prime is 6.70% per annum.

Unless otherwise specified, all interest shall be payable without demand on the dates specified by the Bank and shall be calculated daily, compounded monthly. Overdue interest shall bear interest at the same rate.

4. ADVANCES:

- 4.1. Loan segment (1) will revolve in multiples of \$1.00 and will be available following satisfaction of the Margin Conditions and Conditions Precedent as set forth in Schedules "B" and "D" herein attached.
- 4.2. Loan segment (2) shall be available in monthly draws of no less than \$100,000.00 following satisfaction of the Conditions Precedent as set forth in Schedule "D" herein attached.

5. REPAYMENT:

All amounts outstanding under all segments shall be repaid on demand. Unless demanded, the Bank will accept payment as follows:

- 5.1. Loan Segment (1): On demand
- 5.2. Loan Segment (2): Interest only for the initial 6 months, when the loan will then reduce by principal plus interest monthly payments for the term noted. Principal plus interest payments are based on an amortization of 6 years.

For any DNR loan advanced on a floating rate basis with blended monthly payments, the Bank will have the discretion to vary the amount of the required monthly instalments each calendar quarter to reflect changes in Prime.

6. INTEREST RESERVE:

The amount of \$567,000 shall be deposited, at the outset (and prior to any advance of funds hereunder), to the IR Account (as hereinafter defined) account and assigned to the Bank. Reserve to be utilized to provide payments during construction and interest only period.

7. FEES:

- 7.1. The Borrower shall pay to the Bank a set up fee of \$50,000.00 which has been paid to the Bank.
- 7.2. The Borrower shall pay a monthly administration fee of \$250.00 to cover the cost of administration in monitoring the Operating Loan and review of all reporting information as outlined in the attached Schedule "C". This fee is in addition to the account's standard service charges.
- 7.3. The Borrower shall pay an annual review fee of \$5,000.00 each year in conjunction with the annual review (based on the Borrower's fiscal year end financial statements) to renew outstanding loans.
- 7.4. The Borrower shall pay a late reporting fee of \$250.00 per month for each monthly report. In addition, a fee of \$500.00 per month, or portion thereof, shall apply for late provision of annual Financial Statements/Reporting after expiry of the 120 day period that is delivered late.
- 7.5. The Borrower shall pay a draw fee of \$300.00 per advance on loan segment (2)
- 7.6. The Borrower shall pay CWBdirect service fees as applicable.

8. **SECURITY:**

The attached Schedule "A" forms part of this Agreement.

9. **KEY COVENANTS/ CONDITIONS:**

The attached Schedule "B" forms part of this Agreement.

10. **REPORTING REQUIREMENTS:**

The attached Schedule "C" forms part of this Agreement.

11. **CONDITIONS PRECEDENT TO DRAWDOWN:**

The attached Schedule "D" forms part of this Agreement.

12. **GENERAL CONDITIONS:**

The attached Schedule "E" forms part of this Agreement.

13. **STANDARD LOAN TERMS AND DEFINITIONS:**

The attached Schedule "F" forms part of this Agreement.

14. **REVIEW:**

All loans are subject to review at any time by the Bank, and in any event will be reviewed annually, based on the year-end financial statements of the Borrower and Guarantor(s).

15. **PREPAYMENT OF DEMAND NON REVOLVING LOAN(S):**

15.1. Prepayment of individual loan drawdowns are permitted without charges with the exception of loans drawn under the fixed rate option.

16. **COSTS:**

All costs, including, but not limited to, legal counsel expense, appraisal fees, cost consultant fees and reasonable out-of-pocket expenses incurred by the Bank in connection with the preparation and registration of this Agreement and the Bank's security and the enforcement of the Bank's rights under this Agreement or the Bank's security are for the account of the Borrower and this Agreement will serve as the Bank's authority to charge this amount to the Borrower's deposit account under advice to the Borrower.

17. **ASSIGNMENT BY BORROWER:**

The Borrower shall not assign or encumber its rights and obligations under the Loan(s), this Agreement or the whole or any part of any advance to be made hereunder, without the prior written consent of the Bank.

18. **BANK'S COUNSEL:**

Legal work and documentation to be performed at the Borrower's expense through the Bank's counsel:

Gary Cochrane – Fasken Martineau LLP
Telephone: 403 261-5370

19. **MATERIAL CHANGE:**

Acceptance of this Agreement by the Borrower provides full and sufficient acknowledgement that, if in the opinion of the Bank any material adverse change in risk occurs, including without limiting the generality of the foregoing, any material adverse change in the financial condition of the Borrower or any Guarantor, any obligation by the Bank to advance all or any portion of the loan may be withdrawn or cancelled at the sole discretion of the Bank, acting in a commercially reasonable manner.

20. NON-MERGER:

The terms and conditions set out herein shall not be superseded by nor merge in and shall survive the execution, delivery and/or registration of any instruments of security or evidences of indebtedness granted by the Borrower and/or any Guarantor(s) hereafter, and the advance of any funds by the Bank. In the event of a conflict between the security documents and the terms of this letter, the Commitment Letter governs.

21. ACCOUNTING CHANGES:

In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in the Commitment Letter, then the Borrower and the Bank agree to enter into negotiations in order to amend such provisions of the Commitment Letter so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be substantially the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as an amendment shall have been executed and delivered by the Borrower(s) to the Bank all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred.

Accounting Changes refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Canadian Institute of Chartered Accountants, and all events including changes resulting from implementation of the International Financial Reporting Standards to the extent required by the Canadian Accounting Standards Board.

ACCEPTANCE:

To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantor(s).

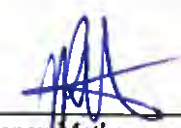
If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter. This Agreement will expire if not accepted by February 10, 2023.

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Sincerely,

CANADIAN WESTERN BANK



Edwin Ginter
Senior Manager, Commercial Banking

Nancy Matheos
AVP and Deputy District Manager

ACKNOWLEDGEMENT:


The Borrower(s) certifies that all information provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

BORROWER:**Imperial Helium Corp.**

Signed


Andrew Davidson, Pres CEO & Sole Director

Signed


Jeff Sheppard, CFO

Accepted

Feb 1, 2023
Date**GUARANTORS:**

We/I acknowledge receiving advice of the Agreement described above and agree our/my guarantee is binding even if the Bank changes or waives compliance with the terms of this Agreement.

Royal Helium Ltd.

Signed


Andrew Davidson, Pres CEO & Dir

Accepted

Feb 1, 2023

Date

Signed


Jeff Sheppard, CFO and Director

Accepted

Feb 1, 2023

Date

Royal Helium Exploration Limited.

Signed


Andrew Davidson, Pres CEO & Sole Director

Accepted

Feb 1, 2023

Date

Signed


Jeff Sheppard, CFO

Accepted

Feb 1, 2023

Date

SCHEDULE "A" - DEMAND**SECURITY**

All security documentation described herein must be prepared, executed and registered, as required by the Bank, prior to drawdown of any funds. The types of security, supporting resolutions and agreements to be provided by the Borrower to the Bank will be in form and content satisfactory to the Bank and/or its solicitors, and without restricting the generality of the foregoing, will include:

1. Loan Agreement executed by the Borrower and Guarantors;
2. General Security Agreement of the Borrower providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions including Alberta and Saskatchewan.
3. Demand Note for DNR #1;
4. Revolving Credit Agreement for the Operating Loan;
5. First position re-advanceable leasehold mortgage of 20 year lease made between Canadian Natural Resources Ltd, as Landlord, and the Borrower as tenant (expiring March 2042) on realty located at Steveville, Alberta and legally described as Meridian 4 Range 12 Township 20 Section 12 Quarter North West containing 64.7 hectares (760 acres) more or less, excepting thereout: all that portion of legal subdivision 13 in said quarter section which is shown on a plan filed as 8341FB and therein outlined in yellow containing 5 acres more particularly described in Certificate of Title no. 181 743 688 covering an area of 11.37 acres. Mortgage in the principal amount of \$24,000,000.00. Building location survey or title insurance required. Landlords Consent and Waiver Required.
6. Acknowledged Assignment of the lease relative to the gathering system, as appropriate;
7. Full Liability Guarantee from Royal Helium Ltd. in favour of the Bank guaranteeing all indebtedness of the Borrower to the Bank, supported by:
 - o General Security Agreement providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions including Alberta and Saskatchewan.
 - o Assignment of the Product Supply Agreement dated January 1, 2023 between Royal Helium Ltd ("Seller") and Space Exploration Technologies Corp ("Buyer") relating to the gas processing, helium purification facility located in Steveville, Alberta supply arrangement between the Seller and Buyer, together the Seller and Buyers consent and acknowledgment of the assignment.
 - o Specific Assignment of Trade Marks, Mineral Rights, and Surface Rights to Royal Helium Ltd, as appropriate
 - o Environmental Indemnity to be executed by Royal Helium Ltd
 - o Acknowledged Assignment of the lease relative to the gathering system, as appropriate;
8. Full Liability Guarantee from Royal Helium Exploration Limited in favour of the Bank guaranteeing all indebtedness of the Borrower to the Bank, supported by;
 - o General Security Agreement providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions including Alberta and Saskatchewan.
 - o Specific Assignment of Trade Marks, Mineral Rights, and Surface Rights to Royal Helium Exploration Limited.
 - o Environmental Indemnity to be executed by Royal Helium Exploration Limited;
 - o Acknowledged Assignment of the lease relative to the gathering system, as appropriate;

9. Assignment of Rents and Leases relating to the Leasehold Mortgage;
10. Fixture Notice against the realty subject to mortgage of lease;
11. Environmental Indemnity to be executed by the Borrower;
12. Specific Assignment of Trade Marks, Mineral Rights, and Surface Rights by the Borrower;
13. Hypothecation of Bank Balances in relation to the IR Account;
14. Assignment of Material Contracts, with the intent of obtaining an acknowledge assignment of any specific material contracts as they materialize;
15. EDC account receivable insurance coverage;
16. Acknowledged assignment of the contracts with Obsidian Engineering Inc and Arjae Design Solutions Ltd relating to the construction, design, purchase, assembly, transportation and installation of the helium recovery plant referenced as the RHL Helium Recovery Facility – Steveville (or a Tripartite/multi party agreement) as guided by the Bank's counsel;
17. Intercreditor agreement satisfactory to the Bank and its solicitor and BDC and its solicitor reflecting the pari passu nature of Loan Segment (2) and priority over inventory and accounts receivable to the Bank;
18. Acknowledged Assignment of Insurance coverage for full insurable values of all assets of the Borrower taken as security by the Bank with first loss payable to the Bank by way of standard mortgage clause.
19. Such additional securities as the Bank may deem necessary or advisable for the purpose of obtaining and perfecting the foregoing security.

The Borrower and Guarantors acknowledge and agree that the securities above described provided by the Borrower, support all loans and secure all indebtedness of the Borrower to the Bank.

SCHEDULE "B" - DEMAND
KEY COVENANTS/CONDITIONS

KEY COVENANTS:

The Borrower agrees:

1. to pay all sums of money when due under this Agreement;
2. to give the Bank prompt notice of any Event of Default or any event which, with notice or lapse of time or both, would constitute an Event of Default;
3. to maintain on a consolidated basis a "*Cash Flow Coverage Ratio*" of not less than 1.10: 1.00 annually starting as of December 31, 2024, based on the annual audited consolidated financial statements for Royal Helium Ltd.
4. to maintain on a consolidated basis a "*Debt to Tangible Net Worth Ratio*" not greater than 1.25: 1.00, to be measured on a quarterly basis.
5. to give the Bank 30 days prior notice in writing of any intended change in the ownership of the shares of Royal Helium Exploration Limited and Imperial Helium Corp its shares or any of its subsidiaries;
6. not to sell, transfer, convey, lease or otherwise dispose of any part of its property or assets, without the prior written consent of the Bank, except in the ordinary course of business;
7. not to change its name or merge, amalgamate or consolidate with any other corporation;
8. to insure and to keep fully insured all properties customarily insured by companies carrying on a similar business to that of the Borrower including accidental pollution liability, business/rental interruption, general liability of \$2,000,000 etc.;
9. not to invest in, lend to, guarantee or otherwise provide for, on a direct or indirect or contingent basis, the payment of any monies or performance of any obligations by any third party except as provided herein;
10. to file on a timely basis, all material tax returns which are or will be required to be filed, to pay or make provision for payment of all material taxes (including interest and penalties) and other potential Priority Claims which are or will become due and payable and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
11. to comply with all applicable environmental laws and regulations; to advise the Bank promptly of any breach of any environmental regulations or licenses or any control orders, work orders, stop orders, action requests or violation notices received concerning any of the Borrower's property; to comply with any such requests or notices, to diligently clean up any spills; and to hold the Bank harmless for any costs or expenses which the Bank incurs for any environment related liabilities existent now or in the future with respect to the Borrower's property;
12. to provide the Bank and its agents, nominees, and consultants (upon reasonable notice, except in an emergency situation) with the right to enter the premises of the Borrower from time to time (it being understood that the Bank shall have some reasonable basis for making such investigation), and to carry out such environmental reviews as the Bank in its sole discretion deems advisable and in that connection to make good faith enquiries with government agencies and to examine the records, books, assets, affairs and business operations of the Borrower;
13. not to grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest, including a Purchase Money Security Interest (PMSI), or other encumbrance affecting any of its properties, assets or other rights other than a Normal Course Lien.

CONDITIONS:**LOAN SEGMENT (1)****MARGIN REQUIREMENTS**

Total outstanding operating loans plus Priority Claims* outstanding will not at any time exceed 75% of good earned CAD trade accounts receivable plus up to 90%*** of good earned USD trade accounts receivable billed from Canada that are EDC insured excluding Lienable payables**, inter-company accounts, contra accounts payable, and holdbacks receivables as well as the entire outstanding balance of accounts where any portion exceeds 90 days***

- * * Priority Claims include deductions at source for Income Tax, Worker's Compensation, CPP and EI, GST, PST, wage claims including unpaid holiday entitlement, unpaid utility bills and arrears of rent for business premises.
- * ** "Lienable payables" are all accounts payable that are subject to lien.
- * Exception:
- * *** Receivables margin ratios to increase up to 90% for all insured receivables. Insurance to be provided by EDC with the Bank assigned as beneficiary. EDC will notify the Bank of any changes to the policy.
- * US Conversion is calculated at the Customer Cash rate (bank to buy) as of the month end of the month of the margin package

SCHEDULE "C" - DEMAND
REPORTING REQUIREMENTS

The Borrower agrees to provide the following to the Bank:

1. aged listings of accounts receivable, and accounts payable as at the end of each month, together with form 1634 Monthly Statement of Borrowing Limit signed by an officer of the Borrower as correct, by the 25th day of the following month; EDC A/R insurance is to be evidenced along with proof of monthly payment of premiums
2. an Officers Compliance Certificate form 1636 monthly within 25 days of month end, certifying that all lending conditions and requirements are being complied with;
3. monthly financial statements for the Borrower and/or such other information as the Bank considers necessary by the 25th day of the following month;
4. consolidated financial statements on a Quarterly basis and/or such other information as the Bank considers necessary by the 25th day of the following month;
5. Audited, annual financial statements of the Borrower and Guarantor(s) prepared by a firm of qualified professional accountants within 120 days of the Borrower's fiscal year-end, together with annual business plan including proforma balance sheets with profit and loss and cash flow statements as well as capital expenditure forecasts for the current fiscal year, showing purpose and source of financing;
6. a Confirmation of Payable Status form 1054 on an monthly basis;
7. monthly reports to the Bank on construction progress, if no draw requested;
8. any further information, data, financial reports and records, accounting or banking statements, certificates, evidence of insurance and other assurances which the Bank may from time to time require in its sole discretion, acting reasonably.

SCHEDULE "D" - DEMAND**CONDITIONS PRECEDENT TO DRAWDOWN**

The following conditions precedent must be fulfilled prior to the Bank having any obligation to advance:

1. The Bank shall be satisfied with the business, assets and financial condition of the Borrower and Guarantor(s) and all security documentation and supporting agreements and documents must be completed in a form satisfactory to the Bank and its solicitors, and must be executed and registered, as appropriate, and the Bank shall have received a solicitor's letter of opinion with respect to the same.
2. Any participation by way of equity, shareholders' loans, or other cash injection required under the terms of this Agreement must be in place and satisfactory evidence provided to the Bank confirming same.
3. The Borrower will provide a Confirmation of Payable Status, form 1054.
4. The Bank shall have received a detailed appraisal of equipment/plant being financed, to include a forced sale value of the assets, prepared by a firm acceptable to the Bank. Financing to be limited to 60% of costs and 75% of Appraised Value.
5. Confirmation of the Borrower's equity participation.
6. The Bank's solicitor to review the product supply agreement with Space Exploration Technologies Corp. and confirm enforceability.
7. The Borrower to provide copies of the executed contracts relating to the design, purchase, assembly, transportation and installation of the helium recovery plant referenced as the RHL Helium Recovery Facility – Steveville.
8. The Borrower to provide a copy of the lease agreement for the gathering system with adequate terms and renewal greater than the amortization period.
9. The Bank's solicitor to review and provide satisfactory opinion on all sales agreement and contracts (greater than \$1,000,000 per year) with third parties.
10. The Bank's solicitor to review the insurance policy(ies) for the Borrower and related companies with respect to coverage of equipment (and plant) and transportation of the plant after ownership and prior to ownership, operations after installation, etc. showing loss to the bank (CWB/BDC) as appropriate.
11. The Borrower shall provide the Bank with a Final Cost Budget relating to the RHL Helium Recovery Facility – Steveville certified by the quantity surveyor and acceptable to the Bank. The quantity surveyor is to be appointed by the Bank with all costs to the Borrower's account; The Quantity surveyor shall ensure all appropriate insurance is in place including transportation of the recovery plant from Nisku to Steveville with a copy of the insurance being provided to the bank, in advance of the first draw.
12. Progress Draws shall be accompanied by a Progress Claim approved by the Borrower showing the original Budget, present Budget, percentage completed, Work in Place, Cost to Complete, and the value of the amount due under this claim. Progress draws shall be for no less than \$100,000.00 and shall be available no more than once a month. The amounts of each advance will be verified at the time of each draw as follows:
 - 12.1. following the Borrower's full contribution, the Bank shall disburse on a pro rata basis at 50% with the disbursement of the pari passu partners loan;
 - 12.2. hard costs by the Bank and its Quantity surveyor;
 - 12.3. other Project costs by the Bank against receipts;
 - 12.4. quantity surveyor to certify that the Project is being developed according to approved plans and specifications and in accordance with all codes and laws;
 - 12.5. statutory declaration that all trade accounts are in current standing;
 - 12.6. bank's counsel's report with respect to title and security.

Cost overruns shall be funded by the Borrower and, without limitation, the Bank shall be under no obligation to make further advances until such overruns have been provided for.

The Bank shall not be required to make any advances for any item included in the Project budget which would result in the total advances for such items exceeding the amount set out for such item in the Project budget.

13. The Borrower shall provide servicing plans and specifications, together with all the necessary building permits and development agreements required for the development and completion of the Project.
14. The Borrower shall provide the Bank with such of the following as may be required by the Bank:
 - 14.1. satisfactory Real Property Report/Surveyor's Certificate of the property previously described in section 2;
 - 14.2. satisfactory Zoning or Building Memorandum, or Letter from applicable Zoning official, from the applicable municipal authority;
 - 14.3. tax Certificate showing all property taxes and charges paid or a holdback sufficient to pay taxes when due.
15. The Borrower shall establish and maintain with the Bank an operating account for the project, through which all cash flows in relation to the project shall be processed;
16. The Borrower and Guarantors shall establish and maintain its banking arrangements with the Bank.
17. the Borrower will establish an account (the "IR Account") with the Bank. Funds on deposit in the IR Account shall NOT bear interest and shall be pledged to the Bank as collateral security for the Loan. As long as the Loan is in good standing (and after default), at the Bank's option, the Bank shall debit the IR Account monthly for the payment of interest then due to the Bank provided that, except to the extent that funds are actually debited from the IR Account in payment of interest, nothing contained in this clause shall relieve the Borrower of its obligation to pay interest to the Bank. After the Interest Reserve has been advanced in full and has been fully applied in payment of interest, the Borrower shall, on demand by the Bank, from time to time, deposit such further amount or amounts in the IR Account as the Bank may estimate is required to pay interest on the Loan until repayment in full of the Loan. After repayment in full of all the Borrower's liabilities, any remaining balance in the IR Account shall be paid to the Borrower
18. The Bank's satisfactory review of accepted terms and conditions of BDC's Letter of Offer which shall be substantially similar to this Agreement.

SCHEDULE "E" - DEMAND**GENERAL CONDITIONS**

The Borrower agrees:

1. no Event of Default has occurred and is continuing;
2. the Loan Maturity Date has not occurred;
3. the conditions of this Agreement and of all previous advances have been satisfied or waived;
4. the Bank will require two (2) full business days prior to written notice for each disbursement;
5. the first construction advance will be made by April 30, 2023.
6. all cash flow from the Project, including any advances from the Bank, shall be applied to payment of Project costs;
7. construction of the Project is to be in a good workmanlike manner in accordance with final Plans and Specifications approved by the Bank and its Quantity surveyor;
8. to maintain adequate insurance on the Project and the Borrower acknowledges that failure to do so will hereby authorize the Bank to purchase insurance to protect the Bank's interest in the project to the value of the outstanding Loan. The Borrower authorizes the Bank to add the cost of said insurance to the Loan balance;
9. the Bank's opinions, approvals and decisions are in its sole discretion and are not subject to judicial review as to their reasonableness;
10. to remain the sole registered and beneficial owner of all unsold portions of the Project until the Mortgage/General Security Agreement/other relevant security is discharged;
11. all management fees, construction management fees, and development fees paid to the Borrower or to persons associated or affiliated with the Borrower, as those terms are used in the Business Corporations Act/Companies Act, shall be subject to the prior approval of the Bank in its sole and absolute discretion;
12. the Bank reserves the right to have its personnel or agents inspect charged assets at the Borrower(s) expense, to confirm that all work, deliveries and installations are on time, on budget, and in accordance with approved plans, specifications or projections;
13. costs of any searches required prior to any disbursements are at the expense of the Borrower;
14. the Bank shall be entitled to erect (at its expense) a sign or signs on the Project indicating that it is providing financing, provided that maintenance of such signs shall be the responsibility of the Borrower;
15. if at any time, in the opinion of the Bank, the amount of the unadvanced portion of the DNR #1 and BDC loan collectively is less than the aggregate of:
 - (i) the amount necessary to pay for all Project costs for all approved phases, which are not yet paid or incurred; and
 - (ii) all amounts not paid by the Borrower to contractors, materialmen and workmen for work completed, labour and services rendered and material furnished;then the Borrower will forthwith deposit the amount of such deficiency with the Bank;
16. the proceeds of the DNR #1 shall be used exclusively for the development of the Project;
17. disbursements may, at the Bank's option be either through the Bank's counsel and/or directly by the Bank;

18. payments must be received at the Bank's office by 12:00pm otherwise they will be credited to the next business day;
19. the Bank shall be given an opportunity to provide construction and other financing for any further projects or developments;
20. at completion any undrawn funds (i.e. unused contingency) will be cancelled.

EVENTS OF DEFAULT

1. Notwithstanding anything expressed or implied to the contrary, all indebtedness and liability of the Borrower to the Bank under this Agreement is deemed to be repayable **ON DEMAND** and such indebtedness and liability may be demanded by the Bank at any time in the Bank's sole and exclusive discretion. In addition to being of a demand nature, the full amount of the indebtedness and liability of the Borrower then outstanding, together with accrued interest and any other charges then owing by the Borrower to the Bank shall, at the option of the Bank, forthwith be accelerated and be due and payable, and upon being declared to be due and payable, the securities shall immediately become enforceable and the Bank may proceed to realize and enforce the same upon the occurrence and during the continuance of any of the following events or circumstances (which events or circumstances are herein referred to as the "Events of Default"):
 - (a) the Borrower or any Guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise any payment of interest, principal, fees, or other amounts payable to the Bank;
 - (b) there is a breach by the Borrower or any Guarantor of any other term or condition contained in this Agreement or in any other agreement to which the Borrower or any Guarantor and the Bank are parties and the Borrower or any Guarantor has not corrected such breach within 15 days of notice having been provided to the Borrower or any Guarantor;
 - (c) any default occurs under the terms of any security to be provided in accordance with this Agreement or under any other credit, loan or security agreement to which the Borrower or any Guarantor is a party and the Borrower or any Guarantor has not corrected such breach within 15 days of notice having been provided to the Borrower or any Guarantor;
 - (d) any bankruptcy, re-organization, compromise, arrangement, insolvency or liquidation proceedings or other analogous proceedings are instituted by or against the Borrower or any Guarantor and, if instituted against the Borrower or any Guarantor are allowed against or consented to by the Borrower or any Guarantor or are not dismissed or stayed within 60 days after such institution;
 - (e) a Receiver is appointed over any property of the Borrower or any Guarantor or any judgement or order or any process of any court becomes enforceable against the Borrower or any Guarantor or any property of the Borrower or any Guarantor or any creditor takes possession of any property of the Borrower or any Guarantor;
 - (f) any adverse change occurs in the financial condition of the Borrower or any Guarantor;
 - (g) any adverse change occurs in the environmental condition of:
 - (i) the Borrower, or any Guarantor; or
 - (ii) any property, equipment, or business activities of the Borrower or any Guarantor.
 - (h) the Borrower acknowledges that failure by any Guarantor of this Agreement to comply with the disclosure requirements set out in Section 45 of the Business Corporations Act (BCA) of Alberta shall constitute a default of the Borrower pursuant to this Agreement.

MISCELLANEOUS CONDITIONS

1. The rights and remedies of the Bank pursuant to this Agreement and the securities taken pursuant hereto are cumulative and not alternative, and not in substitution for any other rights, remedies, or powers of the Bank.
2. Any failure or delay by the Bank to exercise, or exercise fully, its rights and remedies pursuant to this Agreement and the securities taken pursuant hereto shall not be construed as a waiver of such rights and remedies.
3. In the absence of a formal Loan Agreement being entered into, this Agreement shall continue in full force and effect and shall not merge in any securities provided by the Borrower to the Bank.
4. the Bank reserves the sole and absolute right to syndicate part or all of the loan facility contemplated herein, with various syndication partners with whom the Bank syndicates loans from time to time, on terms and conditions satisfactory to the Bank;
5. This Agreement shall be construed in accordance with and governed by the laws of the Province of Alberta. All security documentation to be provided pursuant hereto shall be construed in accordance with and be governed by the laws of the Province of Alberta, unless otherwise indicated on such document.



SCHEDULE "F" – DEMAND

SCHEDULE – STANDARD LOAN TERMS

ARTICLE 1 – GENERAL

- 1.1. **Interest Rate.** You will pay interest on each Loan at nominal rates per year at the rate specified in this Agreement.
- 1.2. **Floating rate of interest.** Each floating rate of interest provided for under this Agreement will change automatically, without notice, whenever the Bank's Prime Rate or the U.S. Base Rate, as the case may be, changes.
- 1.3. **Payment of interest.** Interest is calculated on the daily balance of the Loan at the end of each day. Interest is due once a month, unless the Agreement states otherwise. Unless you have made other arrangements with us, we will automatically debit your Operating Account for interest amounts owing. If your Operating Account is in overdraft and you do not deposit to the account an amount equal to the monthly interest payment, the effect is that we will be charging interest on overdue interest (which is known as compounding). Unpaid interest continues to compound whether or not we have demanded payment from you or started a legal action, or get judgment, against you.
- 1.4. **Fees.** You will pay the Bank's fees for the Loans as outlined in the Agreement. You will also reimburse us for all reasonable fees (including legal fees on a solicitor and his own client basis) and out-of-pocket expenses incurred in registering any security, and in enforcing our rights under this Agreement or any security. We will automatically debit your Operating Account for fee amounts owing.
- 1.5. **Our rights re demand Loans.** We believe that the banker-customer relationship is based on mutual trust and respect. It is important for us to know all the relevant information (whether good or bad) about your business. Canadian Western Bank is itself a business. Managing risks and monitoring our customers' ability to repay is critical to us. We can only continue to lend when we feel that we are likely to be repaid. As a result, if you do something that jeopardizes that relationship, or if we no longer feel that you are likely to repay all amounts borrowed, we may have to act. We may decide to act, for example, because of something you have done, information we receive about your business, or changes to the economy that affect your business. Some of the actions that we may decide to take include requiring you to give us more financial information, negotiating a change in the interest rate or fees, or asking you to get further accounting assistance, put more cash into the business, provide more security, or produce a satisfactory business plan. It is important to us that your business succeeds. We may demand immediate repayment of any outstanding amounts under any demand Loan. We may also, at any time and for any cause, cancel the unused portion of any demand Loan.
- 1.6. **Payments.** If any payment is due on a day other than a Business Day, then the payment is due on the next Business Day.
- 1.7. **Applying money received.** If you have not made payments as required by this Agreement, or if you have failed to satisfy any term of this Agreement (or any other agreement you have that relates to this Agreement), or at any time before default but after we have given you appropriate notice, we may decide how to apply any money that we receive. This means that we may choose which Loan to apply the money against, or what mix of principal, interest, fees and overdue amounts within any Loan will be paid.
- 1.8. **Information requirements.** We may from time to time reasonably require you to provide further information about your business. We may require information from you to be in a form acceptable to us.
- 1.9. **Insurance.** You will keep all your business assets and property insured (to the full insurable value) against loss or damage by fire and all other risks usual for property such as yours (plus for any other risks we may reasonably require). If we request, these policies will include a loss payee clause (and if you are giving us mortgage security, a Standard Mortgagee Clause). As further security, you assign all insurance proceeds to us. If we ask, you will give us either the policies themselves or adequate evidence of their existence. If your insurance coverage for any reason stops, we may (but do not have to) insure the property. We will automatically debit your Operating Account for this amount. In the event there are no funds on deposit, we may add the insurance cost to your Loan. Finally, you will notify us immediately of any loss or damage to the property.
- 1.10. **Environmental Matters.** You will carry on your business, and maintain your assets and property, in accordance with all applicable environmental laws and regulations. If (a) there is any release, deposit, discharge or disposal of pollutants of any sort (collectively, a "Discharge") in connection with either your business or your property, and we pay any fines or for any clean-up, or (b) we suffer any loss or damage as a result of any Discharge, you will reimburse the Bank, its directors, officers, employees and agents for any and all losses, damages, fines, costs and other amounts (including amounts spent preparing any necessary environmental assessment or other reports, or defending any lawsuits) that result. If we ask, you will defend any lawsuits, investigations or prosecutions brought against the Bank or any of its directors, officers, employees and agents in connection with any Discharge. Your obligation to us under this section continues even after all Loans have been repaid and this Agreement has terminated.
- 1.11. **Consent to release information.** We may from time to time give any loan or other information about you to, or receive such information from, (a) any financial institution, credit reporting agency, rating agency or credit bureau, (b) any person, firm or corporation with whom you may have or propose to have financial dealings, and (c) any person, firm or corporation in connection with any dealings you have or propose to have with us. You agree that we may use that information to establish and maintain your relationship with us and offer any services as permitted by law, including services and products offered by our subsidiaries when it is considered that this may be suitable to you.
- 1.12. **Proof of debt.** This Agreement provides the proof, between the Bank and you, of the loans made available to you. There may be times when the type of loan you have requires you to sign additional documents. Throughout the time that we provide you loans under this Agreement, our loan accounting records will provide complete proof of all terms and conditions of your loan (such as principal loan balances, interest calculations, and payment dates).
- 1.13. **Renewals of this Agreement.** This Agreement will remain in effect for your Loans for as long as they remain unchanged. If there are no changes to the Loans this Agreement will continue to apply, and you will not need to sign anything further. If there are any changes, we will provide you with either an amending agreement, or a new replacement Letter, for you to sign.
- 1.14. **Confidentiality.** The terms of this Agreement are confidential between you and the Bank. You therefore agree not to disclose the contents of this Agreement to anyone except your professional advisors and where required by law.

1.15. Pre-conditions. You may use the Loans granted to you under this Agreement only if:

- (a) we have received properly signed copies of all documentation that we may require in connection with the operation of your accounts and your ability to borrow and give security;
- (b) all the required security has been received and registered to our satisfaction;
- (c) any special provisions or conditions set forth in the Agreement have been complied with; and
- (d) if applicable, you have given us the required number of days notice for a drawing under a Loan.

1.16. Notices. We may give you any notice in person or by telephone, or by letter that is sent either by fax or by mail.

1.17. Use of the Operating Loan. You will use your Operating Loan only for your business operating cash needs. You are responsible for all debits from the Operating Account that you have either initiated (such as cheques, loan payments, pre-authorized debits, etc.) or authorized us to make. Payments are made by making deposits to the Operating Account. You may not at any time exceed the lesser of the Loan Amount and the maximum available under the Margin Requirements. We may, without notice to you, return any debit from the Operating Account that, if paid, would result in the Loan Amount being exceeded, unless you have made prior arrangements with us. If we pay any of these debits, you must repay us immediately the amount by which the Loan Amount is exceeded.

1.18. Non-Revolving Loans. The following terms apply to each Non-Revolving Loan:

- (a) **Non-revolving Loans.** Unless otherwise stated in the Agreement, any principal payment made permanently reduces the available Loan Amount. Any payment we receive is applied first to overdue interest, then to current interest owing, then to overdue principal, then to any fees and charges owing, and finally to current principal.
- (b) **Floating Rate Non-Revolving Loans.** Floating Rate Loans may have either (i) blended payments or (ii) payments of fixed principal amounts, plus interest as described below:

- (i) **Blended payments.** If you have a Floating Rate Loan that has blended payments, the amount of your monthly payment is fixed for the term of the loan, but the interest rate varies with changes in the Prime Rate or U.S. Base Rate (as the case may be). If the Prime Rate or U.S. Base Rate during any month is lower than what the rate was at the outset, you may end up paying off the loan before the scheduled end date. If, however, the Prime Rate or U.S. Base Rate is higher than what it was at the outset, the amount of principal that is paid off is reduced. As a result, you may end up still owing principal at the end of the term because of these changes in the Prime Rate or U.S. Base Rate. We will advise you from time to time of any changes in the blended payment necessary to maintain the original amortization period, should we choose to do so.

- (ii) **Payments of fixed principal plus interest.** If you have a Floating Rate Loan that has regular principal payments, plus interest, the principal payment amount of your Loan is due on the payment date specified in the Agreement. Although the principal payment amount is fixed, your interest payment will usually be different each month, for at least one and possibly more reasons, namely: the reducing principal balance of your loan, the number of days in the month, and changes to the Prime Rate or U.S. Base Rate (as the case may be).

- (c) **Demand of Fixed Rate Demand Non-Revolving Loans.** If you have a Fixed Rate Demand Non-Revolving Loan and we make demand for payment, you will owe us (i) all outstanding principal, (ii) interest, (iii) any other amount due under this Agreement, and (iv) a prepayment charge. The prepayment charge is equal to the greater of three (3) months interest calculated on the unpaid balance at the rate authorized or the total amount of interest on the prepayment amount using the interest rate applicable to the fixed rate term loan being prepaid, calculated for the period of time from the prepayment date until the loan term maturity date for the fixed rate term loan being prepaid.

ARTICLE 2 – DEFINITIONS

2.1 Definitions. In this Agreement, the following terms have the following meanings:

"Agreement" means the letter agreement between you and Canadian Western Bank to which this Schedule and any other Schedules are attached.

"Business Day" means any day (other than a Saturday or a Sunday) that the CWB Branch/Centre is open for business.

"Cash Flow Coverage Ratio" means for any fiscal year the ratio of X to Y where:

X =
Net profit after tax
+ amortization/depreciation
+ all interest expenses
+ all taxes
= EBITDA

Y =
All interest paid or accrued during the trailing fiscal year + the Borrower's actual principal payment obligations for the trailing fiscal year under the CWB credit facility and any other document or agreement including without limitation:

- in respect of any indebtedness for borrowed money as classified in the balance sheet of the Borrower and in accordance with generally accepted accounting principals; and
- in respect of any capital lease in accordance with generally accepted accounting principles entered into by the Borrower.

"Current Assets" are cash, accounts receivable, inventory and other assets that are likely to be converted into cash, sold, exchanged or expended in the normal course of business within one year or less, excluding amounts due from related parties.

"Current Liabilities" means debts that are or will become payable within one year or one operating cycle, whichever is longer, excluding amounts due to related parties, and which will require Current Assets to pay. They usually include accounts payable, accrued expenses, deferred revenue and the current portion of long-term debt.

"Current Ratio" means the ratio of Current Assets to Current Liabilities.

"Customer Automated Funds Transfer (CAFT)" is a WEB based service that provides non-personal customers the ability to make multiple electronic transactions for purposes of direct deposit for payroll or direct payment of accounts payable.

"CWB Branch/Centre" means the Canadian Western Bank branch or banking centre noted on the first page of this Agreement, as changed from time to time by agreement between the parties.

"CWBdirect" is a service available to allow customers the capability to access their bank accounts and general banking information using a personal computer with via the internet.

"Debt to Tangible Net Worth Ratio" means the ratio of Debt to Tangible Net Worth, where:

- (a) Debt is defined as: all liabilities listed on the balance sheet less loans from shareholders or affiliates where the bank has a registered postponement of claim. The after tax portion of management bonuses not yet re-invested as shareholders' loans may be excluded from debt where written confirmation has been obtained from the borrower regarding the re-investment.
- (b) Tangible Net Worth is defined as: the aggregate of share capital, retained earnings, shareholder and affiliated company loans specifically postponed to the Bank, less intangible assets such as goodwill, investments in and advances to affiliated companies and any other asset determined by the Bank to be intangible. The after tax portion of management bonuses not yet re-invested as shareholders' loans may be included in tangible net worth where written confirmation has been obtained from the

borrower regarding the re-investment and providing these loans are specifically postponed to the Bank.

"Demand Non-Revolving Loan" means an instalment loan that is payable upon demand. Such a Loan may be either at a fixed or a floating rate of interest.

"Fixed Rate Loan" means any loan drawn down, converted or extended under a Loan at an interest rate which was fixed for a term, instead of referenced to a floating rate such as the Prime Rate or U.S. Base Rate, at the time of such drawdown, conversion or extension.

"Intangibles" means assets of the business that have no value in themselves but represent value. They include such things as copyright, goodwill, patents and trademarks; franchises, licenses, leases, research and development costs, and deferred development costs.

"Letter of Credit" or **"L/C"** means a documentary or stand-by Letter of Credit, a Letter of Guarantee, or a similar instrument in form and substance satisfactory to us.

"Lien" includes a mortgage, charge, lien, security interest or encumbrance of any sort on an asset, and includes conditional sales contracts, title retention agreements, capital trusts and capital leases.

"Loan" means any loan segment referred to in the Agreement and if there are two or more segments, "Loan" includes reference to each segment.

"Loan Amount" of any Loan means the amount specified in the Agreement and if there are two or more segments, "Loan Amount" includes reference to each segment.

"Mandatory Capital Expenditures" means net capital expenditures incurred by you not financed by long term debt. Net capital expenditures means all capitalized fixed asset purchases less fixed asset sales.

"Monthly Statement of Borrowing Limit" means the CWB form 1099 by that name, as it may from time to time be changed.

"Normal Course Lien" means a Lien that (a) arises by operation of law or in the ordinary course of business as a result of owning any such asset (but does not include a Lien given to another creditor or to secure debts owed to that Loan) and (b) taken together with all other Normal Course Liens, does not materially affect the value of the asset or its use in the business.

"Operating Account" means the account that you normally use for the day-to-day cash needs of your business, and may be either or both of a Canadian dollar and a U.S. dollar account.

"Postponed Debt" means any debt owed by you that has been formally postponed to the Bank.

"Principal Sum" means the loan balance outstanding.

"Priority Claims" means priorities that are created when a borrower does not remit monies due for Income Tax, Workers Compensation, Canada Pension Plan, Employment Insurance, GST, Provincial Sales Tax, wage claims including unpaid holiday entitlement, unpaid utility bills and arrears of rent for business premises. These are considered to be deemed trust and rank in priority to all security interests

"Prime Rate" means the variable reference rate of interest per year declared by the Bank from time to time to be its Prime rate for Canadian dollar loans made by the Bank in Canada.

"Purchase Money Lien" means a Lien incurred in the ordinary course of business only to secure the purchase price of an asset, or to secure debt used only to finance the purchase of the asset.

"Shareholders' Equity" means paid-in capital, retained earnings and attributed or contributed surplus.

"Standard Overdraft Rate" means the variable reference interest rate per year declared by the Bank from time to time to be its standard overdraft rate on overdrafts in Canadian or U.S. dollar accounts maintained with the Bank in Canada.

"*U.S. Base Rate*" means the variable reference rate of interest per year as declared by the Bank from time to time to be its base rate for U.S. dollar loans made by the Bank in Canada.

THIS IS **EXHIBIT “K”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

February 15th, 2023

Imperial Helium Corp.
602 224 4th Ave SE
Saskatoon, SK
S7K 5M5

Attention: Andrew Davidson

Re: First Amendment to the Commitment Letter (Original Agreement) dated February 1 2023 from Canadian Western Bank (the "Bank") to Imperial Helium Corp. (the "Borrower"), and by Royal Helium Ltd. and Royal Helium Exploration Limited. (collectively, the "Guarantors")

At the request of the Borrower Imperial Helium Corp., and the Guarantors the Bank has authorized the following amendments to the Original Agreement:

1. **Loan Amount:**

Section 1 of the Original Agreement shall be amended by adding the following:

1.3 Loan Segment (3): Letter of Credit (L/C) in the amount of \$900,000;

1.4 Loan Segment (4): Letter of Credit (L/C) in the amount of \$500,000;

2. **Purpose of Loans:**

Section 2 of the Original Agreement shall be amended by adding the following:

2.3 Loan Segment (3): To assist with Letter of Credit requirements with Campus Energy Partners Infrastructure LP;

2.4 Loan Segment (4): To assist with Letter of Credit requirements with Certarus Ltd;

3. **Advances:**

Section 4 of the Original Agreement shall be amended by adding the following:

4.3 Loan Segment (3) shall be made on a one lump sum basis following satisfaction of the Conditions Precedent hereinafter set forth;

4.4 Loan Segment (4) shall be made on a one lump sum basis following satisfaction of the Conditions Precedent hereinafter set forth;

4. **Fees:**

The Borrower shall pay standard L/C fees of 1.00% per annum based on the amount of the L/C.

5. **Security:**

Schedule "A" of the Original Agreement shall be amended by the following:

To be obtained:

- Amending Agreement executed by the Borrower and Guarantors;
- Application and Agreement ~ Letter of Credit \$900,000
- Application and Agreement ~ Letter of Credit \$500,000
- Assignment of Bank Instrument ~ GIC \$900,000
- Assignment of Bank Instrument ~ GIC \$500,000

such supporting certificates and opinions as the Bank shall reasonably require.

6. **Continuation of Original Agreement:**

The Borrower and the Guarantors hereby acknowledge and confirm that except as expressly amended herein, the Original Agreement and all of the terms and conditions therein shall continue to be in full force with respect to the loan.

7. **ACCEPTANCE:**

To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantors.

If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter.

This Agreement will expire if not accepted by February 28th 2023.


The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Sincerely,

CANADIAN WESTERN BANK



Edwin Ginter, Senior Manager
Commercial Banking



Nancy Marbeos
AVP and Deputy District Manager

Agreed to and accepted this 15 day of February 2023

BORROWER: Imperial Helium Corp.Signed Signed Accepted Feb 15, 2023

Date

GUARANTORS:**Royal Helium Ltd.**Signed Accepted Feb 15, 2023

Date

Signed Accepted Feb 15, 2023

Date

Royal Helium Exploration Limited.Signed Accepted Feb 15, 2023

Date

Signed Accepted Feb 15, 2023

Date

THIS IS **EXHIBIT “L”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

Imperial Helium Corp.
602 224 4th Ave SE
Saskatoon, SK
S7K 5M5

August 21, 2023

Attention: Andrew Davidson

Re: Second Amendment to the Commitment Letter (Original Agreement) dated February 1 2023 and First Amendment Letter dated February 15 2023 from Canadian Western Bank (the "Bank") to Imperial Helium Corp. (the "Borrower"), and by Royal Helium Ltd. and Royal Helium Exploration Limited. (collectively, the "Guarantors")

At the request of the Borrower Imperial Helium Corp., and the Guarantors the Bank has authorized the following amendments to the Original Agreement:

1. **Loan Amount:**

Section 1 of the Original Agreement shall be amended by adding the following:

1.5 Loan Segment (5): Letter of Credit (L/C) in the amount of \$170,000;

2. **Purpose of Loans:**

Section 2 of the Original Agreement shall be amended by adding the following:

2.5 Loan Segment (4): To assist with Letter of Credit requirements with Certarus Ltd;

3. **Advances:**

Section 4 of the Original Agreement shall be amended by adding the following:

4.5 Loan Segment (4) shall be made on a one lump sum basis following satisfaction of the Conditions Precedent hereinafter set forth;

4. **Fees:**

The Borrower shall pay standard L/C fees of 1.00% per annum based on the amount of the L/C.

5. **Security:**

Schedule "A" of the Original Agreement shall be amended by the following:

To be obtained:

- Amending Agreement executed by the Borrower and Guarantors;
- Application and Agreement – Letter of Credit \$170,000
- Assignment of Bank Instrument – GIC \$170,000

such supporting certificates and opinions as the Bank shall reasonably require.

6. **Continuation of Original Agreement:**

The Borrower and the Guarantors hereby acknowledge and confirm that except as expressly amended herein, the Original Agreement and all of the terms and conditions therein shall continue to be in full force with respect to the loan.

7. **ACCEPTANCE:**

To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantors.

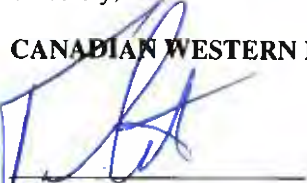
If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter.

This Agreement will expire if not accepted by August 25th 2023

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Sincerely,

CANADIAN WESTERN BANK



Edwin Ginter, Senior Manager
Commercial Banking



Nancy Matheos
AVP and Deputy District Manager

Agreed to and accepted this 22 day of August, 2023

BORROWER: Imperial Helium Corp.

Signed 

Signed 

Accepted August 22, 2023
Date

GUARANTORS:

Royal Helium Ltd.

Signed 

Accepted August 22, 2023
Date

Signed 

Accepted August 22, 2023
Date

Royal Helium Exploration Limited.

Signed 

Accepted August 22, 2023
Date

Signed 

Accepted August 22, 2023
Date

THIS IS **EXHIBIT "M"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

Imperial Helium Corp.
602 224 4th Ave SE
Saskatoon, SK
S7K 5M5

September 07 2023

Attention: Andrew Davidson

Re: Third Amendment to the Commitment Letter (Original Agreement) dated February 1, 2023, First Amendment Letter dated February 15, 2023 and Second Amendment Letter dated August 21, 2023 from Canadian Western Bank (the "Bank") to Imperial Helium Corp. (the "Borrower"), and by Royal Helium Ltd. and Royal Helium Exploration Limited. (collectively, the "Guarantors")

At the request of the Borrower Imperial Helium Corp., and the Guarantors the Bank has authorized the following amendments to the Original Agreement:

1. Security:

Schedule "A" of the Original Agreement shall be amended by the following:

To be deleted:

- Assignment of Bank Instrument – GIC \$900,000
- Assignment of Bank Instrument – GIC \$500,000
- Assignment of Bank Instrument – GIC \$170,000

To be obtained:

- EDC - Account Performance Security Guarantee (Account PSG) - Letter of Offer
- EDC - Account Performance Security Guarantee (Account PSG) - Certificate of Cover for each Letter of Credit

such supporting certificates and opinions as the Bank shall reasonably require.

2. Fee:

- The Borrower shall pay EDC Account PSG fee per Account Performance Security Guarantee Certificate of Cover

3. Conditions Precedent:

- The terms and condition for the EDC Account Performance Security Guarantee, being met and continuing to be met annually as part of the annual renewal of the Certificates of Cover.
- Effectiveness Notifications for each Certificate of Cover having been received from by EDC

4. Continuation of Original Agreement:

The Borrower and the Guarantors hereby acknowledge and confirm that except as expressly amended herein, the Original Agreement and all of the terms and conditions therein shall continue to be in full force with respect to the loan.

#5110, 324 58th Ave SE, Calgary, AB T2H 0P1

t. 403.252.2299 | f. 403.252.2374

cwb.com

2023090702

5. ACCEPTANCE:

To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantors.

If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter.

This Agreement will expire if not accepted by September 15th 2023

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Sincerely,

CANADIAN WESTERN BANK



Edwin Ginter, Senior Manager
Commercial Banking



Nancy Matheos
AVP and Deputy District Manager

Agreed to and accepted this 8 day of September, 2023

BORROWER: Imperial Helium Corp.

Signed



Signed



Accepted

Date

GUARANTORS:**Royal Helium Ltd.**

Signed



Accepted

Sept 8, 2023

Date

Signed



Accepted

Sept 8, 2023

Date

Royal Helium Exploration Limited.

Signed



Accepted

Sept 8, 2023

Date

Signed



Accepted

Sept 8, 2023

Date

THIS IS **EXHIBIT "N"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

Imperial Helium Corp.
602 224 4th Ave SE
Saskatoon, SK
S7K 5M5

December 7, 2023

Attention: Andrew Davidson

Re: Fourth Amendment to the Commitment Letter (Original Agreement) dated February 1, 2023, First Amendment Letter dated February 15, 2023, Second Amendment Letter dated August 21, 2023, and Third Amendment Letter dated September 7, 2023, from Canadian Western Bank (the "Bank") to Imperial Helium Corp. (the "Borrower"), and Royal Helium Ltd. and Royal Helium Exploration Limited. (collectively, the "Guarantors")

At the request of the Borrower and the Guarantors, the Bank has authorized the following amendments to the Original Agreement:

1. **Loan Amount:**

Section 1 of the Original Agreement shall be amended as the following:

1.2. Loan Segment (2): Demand Loan #1 \$9,300,000.00 ("DNR #1") - \$7,142,448.50 has been advanced as of November 27, 2023.

2. **Purpose of Loans:**

Section 2 of the Original Agreement shall be amended as the following:

2.2. Loan Segment (2): To assist in financing the construction of the Steeveville helium facility (the "Project"). The program can be summarized as follows:

<u>PROGRAM</u>		<u>FINANCING</u>	
Engineering Fees	\$2,688,616	Borrower Equity:	\$14,793,515
Land	\$8,421	CWB Pari Passu	\$9,300,000
Hard Costs	\$30,000,107	BDC Pari Passu	\$9,300,000
Consultant Cost	\$85,034		
Fees & Permits	\$6,767		
Miscellaneous	\$37,571		
Costs			
Financing Costs	\$567,000		
	<u>\$33,393,515</u>		<u>\$33,393,515</u>

No material change may be made in the program without the prior written consent of the Bank.

If it becomes evident, as the program progresses, that the cost will be greater than the above figures, the Bank may, at its sole discretion, withhold further disbursements of the Loan until the amount of the overrun has been provided by the Borrower or otherwise arranged on a basis acceptable to the Bank. In the event that the cost exceeds, or the Borrower becomes aware that it will exceed, the above figures, the Borrower shall immediately notify and provide particulars to the Bank. If the actual cost should be less than the above figures, the Bank may, at its sole discretion, reduce the amount of the Loan accordingly.

3. Repayment:

Section 5 of the Original Agreement shall be amended as the following:

5.2. Loan Segment (2): Interest only until January 31, 2024. The loan will then reduce by principal plus interest monthly payments for the term noted starting February 1, 2024. Principal plus interest payments are based on an amortization of 69 months.

4. Fees:

7.7. The Borrower shall pay to the Bank an Amendment Fee of \$9,000 upon the acceptance of this letter

5. Security:

Schedule "A" of the Original Agreement shall be amended as the following:

2. General Security Agreement of the Borrower providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions including Alberta and Saskatchewan; plus a general security amending agreement limiting the security interest to the amount of \$12,500,000, to be registered by caveat in the Alberta Land Titles Office against the mineral rights; (TBO)

5. First position re-advanceable leasehold mortgage of 20 year lease made between Canadian Natural Resources Ltd, as Landlord, and the Borrower as tenant (expiring March 2042) on realty located at Steeveville, Alberta and legally described as Meridian 4 Range 12 Township 20 Section 12 Quarter North West containing 64.7 hectares (760 acres) more or less, excepting thereout: all that portion of legal subdivision 13 in said quarter section which is shown on a plan filed as 8341FB and therein outlined in yellow containing 5 acres more particularly described in Certificate of Title no. 181 743 688 covering an area of 11.37 acres. Mortgage in the principal amount of \$12,500,000, by leasehold mortgage amending agreement. (TBO). Building location survey or title insurance required.

6. Conditions Precedent:

- Final 100% Complete Report from Cost Consultant to be obtained prior to the draw
- The disbursement of the draw to be controlled by Bank's Solicitor, understand no other balances owed. Any settlement with any vendor in dispute to be return to CWB as principal payment.
- The Bank's satisfactory review of accepted terms and conditions of BDC's Letter of Offer which shall be substantially similar to this Agreement.
- Provision of an endorsement relative to property/business insurance confirming insurance as outlined I the Commitment Letter dated February 1, 2023 being in place.
- The Borrower is to immediately notify CWB on same and to provide an action plan, which could include a further payment reserve, in the instance of Space X issue a Notice of Termination.
- The Borrower shall establish and maintain with the Bank an operating account for Royal Helium Ltd., Imperial Helium Corp. and Royal Helium Exploration Limited. within 60 days of the issuance of this letter, which all cash flows of the Borrower and Guarantors shall be processed;

7. Continuation of Original Agreement:

The Borrower and the Guarantors hereby acknowledge and confirm that except as expressly amended herein, the Original Agreement and all of the terms and conditions therein shall continue to be in full force with respect to the loan.

8. Acceptance:

To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantors.


If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter together with the fee of \$9,000.00.

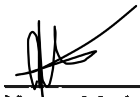
This Agreement will expire if not accepted by December 15th 2023

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Sincerely,

CANADIAN WESTERN BANK


Edwin Ginter, Senior Manager
Commercial Banking


Nancy Matheos
AVP and Deputy District Manager


Agreed to and accepted this 7 day of December, 2023

BORROWER: Imperial Helium Corp.

Signed



Signed



GUARANTORS:

Royal Helium Ltd.

Signed



Accepted

December 7, 2023

Date

Signed



Accepted

December 7, 2023

Date

Royal Helium Exploration Limited.

Signed



Accepted

December 7, 2023

Date

Signed



Accepted

December 7, 2023

Date

THIS IS **EXHIBIT "O"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

Imperial Helium Corp.

December 19, 2023

602 224 4th Ave SE
Saskatoon, SK
S7K 5M5

Attention: Andrew Davidson

Re: Fifth Amendment to the Commitment Letter (Original Agreement) dated February 1, 2023, First Amendment Letter dated February 15, 2023, Second Amendment Letter dated August 21, 2023, Third Amendment Letter dated September 7, 2023, and Fourth Amendment Letter dated December 7, 2023 from Canadian Western Bank (the "Bank") to Imperial Helium Corp. (the "Borrower"), and Royal Helium Ltd. and Royal Helium Exploration Limited. (collectively, the "Guarantors")

At the request of the Borrower and the Guarantors, the Bank has authorized the following amendments to the Original Agreement:

1. Security:

Schedule "A" of the Original Agreement shall be amended as the following:

2. General Security Agreement of the Borrower providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions including Alberta and Saskatchewan; plus a general security amending agreement limiting the security interest to the amount of \$11,800,000, to be registered by caveat in the Alberta Land Titles Office against the mineral rights; **(TBO)**

5. First position re-advanceable leasehold mortgage of 20 year lease made between Canadian Natural Resources Ltd, as Landlord, and the Borrower as tenant (expiring March 2042) on realty located at Steeveville, Alberta and legally described as Meridian 4 Range 12 Township 20 Section 12 Quarter North West containing 64.7 hectares (760 acres) more or less, excepting thereout: all that portion of legal subdivision 13 in said quarter section which is shown on a plan filed as 8341FB and therein outlined in yellow containing 5 acres more particularly described in Certificate of Title no. 181 743 688 covering an area of 11.37 acres. Mortgage in the principal amount of \$11,800,000, by leasehold mortgage amending agreement. **(TBO)**. Building location survey or title insurance required.

2. Continuation of Original Agreement:

The Borrower and the Guarantors hereby acknowledge and confirm that except as expressly amended herein, the Original Agreement and all of the terms and conditions therein shall continue to be in full force with respect to the loan.

3. **Acceptance:**

To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantors.


If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter.

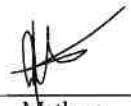
This Agreement will expire if not accepted by December 29th 2023

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Sincerely,

CANADIAN WESTERN BANK

Per 
Edwin Gutter, Senior Manager
Commercial Banking


Nancy Matheos
AVP and Deputy District Manager

Agreed to and accepted this 20 day of December, 2023

BORROWER: Imperial Helium Corp.

Signed 

Signed 

GUARANTORS:

Royal Helium Ltd.

Signed  Accepted Dec 20, 2023
Date

Signed  Accepted Dec 20, 2023
Date

Royal Helium Exploration Limited.

Signed  Accepted Dec 20, 2023
Date

Signed  Accepted Dec 20, 2023
Date

THIS IS **EXHIBIT “P”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



Imperial Helium Corp.

June 26 2024

602 224 4th Ave SE
Saskatoon, SK
S7K 5M5

Attention: Andrew Davidson

Re: Sixth Amendment to the Commitment Letter (Original Agreement) dated February 1, 2023, First Amendment Letter dated February 15, 2023, Second Amendment Letter dated August 21, 2023, Third Amendment Letter dated September 7, 2023, Fourth Amendment Letter dated December 7, 2023, and Fifty Amendment Letter dated December 19, 2023 from Canadian Western Bank (the "Bank") to Imperial Helium Corp. (the "Borrower"), and Royal Helium Ltd. and Royal Helium Exploration Limited. (collectively, the "Guarantors")

At the request of the Borrower and the Guarantors, the Bank has authorized the following amendments to the Original Agreement:

1. Repayment:

Section 5 of the Original Agreement and Fourth Amendment Letter shall be added the following:

5.2. Loan Segment (2): Interest only from July 1st 2024 to the end of the date of September 30th 2024. Thereafter, the Loan will then reduce by principal plus interest monthly payments starting October 1, 2024. Principal plus interest payments are based on the remaining amortization of 64 months.

2. Reporting Requirements:

Schedule "C" of the Original Agreement shall be added the following:

- A report to be provided by the Borrower to be signed off by Brent Ziegler confirming that stabilization has been achieved
- A biweekly progress report provided by the Borrower to be signed off by Brent Ziegler confirming the production level

3. Conditions Precedent:

- A copy of the approval from Business Development Bank of Canada ("BDC") on the 3 months Interest Only period is to be obtained

4. Fees:

7.8. The Borrower shall pay to the Bank an Amendment Fee of \$1,000 upon the acceptance of this letter.

#5110, 324 58th Avenue SE, Calgary, AB T2H 0P1
t 403.252.2299 | f 403.252.2374
cwb.com

5. **Continuation of Original Agreement:**

The Borrower and the Guarantors hereby acknowledge and confirm that except as expressly amended herein, the Original Agreement and all of the terms and conditions therein shall continue to be in full force with respect to the loan.

6. **Acceptance:**


To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantors.

If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter.

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Sincerely,

CANADIAN WESTERN BANK



Nancy Mathews
AVP and Deputy District Manager



Morenike Adesina
AVP, Commercial Portfolio Management

Agreed to and accepted this 26 day of June, 2024

BORROWER: Imperial Helium Corp.

Signed



Signed



GUARANTORS:

Royal Helium Ltd.

Signed



Accepted

June 26, 2024
Date

Signed



Accepted

June 26, 2024
Date

Royal Helium Exploration Limited.

Signed



Accepted

June 26, 2024
Date

Signed



Accepted

June 26, 2024
Date

THIS IS **EXHIBIT “Q”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

Imperial Helium Corp.

July 19, 2024

602 224 4th Ave SE
Saskatoon, SK
S7K 5M5

Attention: Andrew Davidson

Re: Seventh Amendment to the Commitment Letter (Original Agreement) dated February 1, 2023, First Amendment Letter dated February 15, 2023, Second Amendment Letter dated August 21, 2023, Third Amendment Letter dated September 7, 2023, Fourth Amendment Letter dated December 7, 2023, Fifty Amendment Letter dated December 19, 2023 and Sixth Amendment Letter dated June 26, 2024 from Canadian Western Bank (the “Bank”) to Imperial Helium Corp. (the “Borrower”), and Royal Helium Ltd. and Royal Helium Exploration Limited. (collectively, the “Guarantors”)

At the request of the Borrower and the Guarantors, the Bank has authorized the following amendments to the Original Agreement:

1. Key Covenants/Conditions

Schedule “B” of the Original Agreement shall be amended as the following:

To be deleted:

LOAN SEGMENT (1)

MARGIN REQUIREMENTS

Total outstanding operating loans plus Priority Claims* outstanding will not at any time exceed 75% of good earned CAD trade accounts receivable plus up to 90%*** of good earned USD trade accounts receivable billed from Canada that are EDC insured excluding Liable payables**, inter-company accounts, contra accounts payable, and holdbacks receivables as well as the entire outstanding balance of accounts where any portion exceeds 90 days***

* Priority Claims include deductions at source for Income Tax, Worker’s Compensation, CPP and EI, GST, PST, wage claims including unpaid holiday entitlement, unpaid utility bills and arrears of rent for business premises.

** “Liable payables” are all accounts payable that are subject to lien.

Exception:

*** Receivables margin ratios to increase up to 90% for all insured receivables. Insurance to be provided by EDC with the Bank assigned as beneficiary. EDC will notify the Bank of any changes to the policy.

US Conversion is calculated at the Customer Cash rate (bank to buy) as of the month end of the month of the margin package

To be added:**LOAN SEGMENT (1)****MARGIN REQUIREMENTS**

Total outstanding operating loans plus Priority Claims* outstanding will not at any time exceed 75% of good earned trade accounts receivable in Canadian Dollar plus up to 90%*** of good earned trade accounts receivable in American Dollar specifically guaranteed by Export Development of Canada ("EDC"), and excluding Liable payables**, inter-company accounts, contra accounts payable, holdbacks receivables, and *any accounts receivable over 90 days*.

* Priority Claims include deductions at source for Income Tax, Worker's Compensation, CPP and EI, GST, PST, wage claims including unpaid holiday entitlement, unpaid utility bills and arrears of rent for business premises.

** "Liable payables" are all accounts payable that are subject to lien under the Builder's Lien Act.

*** Subject to the Bank's receipt of an effective EDC Portfolio Credit Insurance Coverage Certificate. The Borrower and/or the Guarantor(s) shall be listed as the Main Insured and/or Additional Insured, and the Bank shall be listed as Additional Insured.

2. Continuation of Original Agreement:

The Borrower and the Guarantors hereby acknowledge and confirm that except as expressly amended herein, the Original Agreement and all of the terms and conditions therein shall continue to be in full force with respect to the loan.

3. Acceptance:

To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantors.

If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter.

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Sincerely,

CANADIAN WESTERN BANK



Sherry Rong
Manager, Commercial Portfolio Management



Tom Terrill
Sr AVP & Market Lead

Agreed to and accepted this 19 day of July, 2024

BORROWER: Imperial Helium Corp.

Signed



Signed



GUARANTORS:

Royal Helium Ltd.

Signed

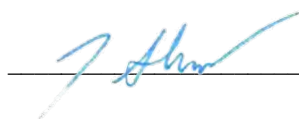


Accepted

July 19, 2024

Date

Signed



Accepted

July 19, 2024

Date

Royal Helium Exploration Limited.

Signed




Accepted

July 19, 2024

Date

Signed



Accepted

July 19, 2024

Date

THIS IS **EXHIBIT “R”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



BDCID: 10035085660

Letter of Offer dated November 27, 2023

Imperial Helium Corp.
602 224 4th Ave S
Saskatoon, SK
S7K 5M5

Attention of: Mr. Andrew Davidson

Re: Loan(s) No. 244666-02

In accordance with this letter of offer of credit as amended from time to time (the "**Letter of Offer**"), Business Development Bank of Canada ("**BDC**") is pleased to offer you the following loan(s) (hereinafter individually or collectively referred to as the "**Loan**"). The Letter of Offer is open for acceptance until December 7, 2023 (the "**Acceptance Date**") and must be received by BDC duly signed no later than the Acceptance Date otherwise it shall automatically be deemed withdrawn by BDC.

Loan 244666-02 supersedes the existing loan(s) 244666-01 on which \$7,142,449.00 is outstanding. Payment of interest on the superseded loan(s) will continue at its existing rate until first disbursement of the Loan 244666-02 when the Loan 244666-02 interest rate will take effect. The amount required to pay out the superseded loan(s) will be adjusted to the amount of principal outstanding on the superseded loan(s) at disbursement.

This Loan is in addition to the existing CDN dollar loan(s) on which \$7,142,449.00 is outstanding.

LOAN PURPOSE AND FUNDING

Loan Purpose

Helium Processing Facility Construction less BDC loan outstanding	\$25,519,090.00
Supersede BDC Loan 244666 - 01	\$7,500,000.00
	<hr/>
	\$33,019,090.00

Funding

BDC 244666-02	\$9,300,000.00
Equity Injection	\$14,419,090.00
CWB Pari passu partner	\$9,300,000.00
	<hr/>
	\$33,019,090.00

No change to the Loan Purpose or Funding may be made without BDC's prior written consent. The proceeds of the Loan may only be used for the Loan Purpose.

DEFINITIONS

In the Letter of Offer, capitalized terms have the meanings described in Schedule “A” – Section I or are defined elsewhere in the text of the Letter of Offer.

LENDER

BDC

BORROWER

Imperial Helium Corp. (the “**Borrower**”)

GUARANTOR

Royal Helium Ltd.

Royal Helium Exploration Ltd.

(Hereinafter individually or collectively referred to as the “**Guarantor**”). The terms of each guarantee are set forth in the Security section below.

LOAN AMOUNT

Loan **244666-02**: \$9,300,000.00

INTEREST RATE

The Loan and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the following rate:

Loan **244666-02**

Floating Rate

BDC’s Floating Base Rate plus a variance of 0.00% per year (the “**Variance 02**”). On the date hereof, BDC’s Floating Base Rate is 9.30% per year.

INTEREST CALCULATION

Interest shall be calculated monthly on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, Default and judgement.

Arrears of interest or principal and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the rate applicable to the Loan and shall be calculated and compounded monthly.

REPAYMENT

Principal of the Loan is repayable according to the following table. The balance of the Loan in principal and interest and all other amounts owing pursuant to the Loan Documents shall become due and payable in full on the Maturity Date indicated below.

Loan 244666-02

Regular

Payments			Start Date	End Date
Number	Frequency	Amount (\$)		
1	Once	133,350.00	01/02/2024	01/02/2024
69	Monthly	132,850.00	01/03/2024	01/11/2029

In addition, interest is payable monthly on the 1st day of the month (the “**Payment Date 02**”) commencing on the next occurring Payment Date 02 following the first advance on the Loan.

Maturity Date: November 1, 2029 (the “**Maturity Date 02**”).

PREPAYMENT

Annual Prepayment Privilege: Provided that the Borrower is not in default of any of its obligations to BDC, the Borrower may, once in any 12 month period, prepay up to 15% of the outstanding principal on any Loan without indemnity. The first prepayment can be made at any time more than one year after November 27, 2023. The prepayment privilege is not cumulative and each prepayment on an individual Loan must be at least 12 months subsequent to the last prepayment on that same loan. The prepayment privilege is not transferable from one individual Loan to another and is not applicable if any Loan is being repaid in full. If the loan is prepaid in full within 30 days following receipt of the amount paid as a prepayment privilege, BDC will calculate a prepayment indemnity, effective the day the full balance is repaid, on the amount of the last received prepayment privilege and add it to the prepayment indemnity calculated on the full remaining balance being repaid.

Prepayment Indemnity: In addition to the annual prepayment privilege, the Borrower may prepay at any time all or part of the principal provided that the Borrower pays the interest owing up to the time of the prepayment together with an indemnity equal to:

If the interest rate on the Loan is a floating rate:

- three months further interest on the principal prepaid at the floating interest rate then applicable to the Loan.

If the interest rate on the Loan is a fixed rate:

- the sum of (a) three months further interest on the principal prepaid at the fixed interest rate then applicable to the Loan; and (b) the Interest Differential Charge.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

SECURITY

The Loan, interest on the Loan and all other amounts owing pursuant to the Loan Documents shall be secured by the following (the “**Security**”):

Loan 244666-02

1. General Security Agreement from Imperial Helium Corp. providing:

1. A first security interest in the specific equipment being financed under this Loan, including, but not necessarily limited to, the mobile Helium Plant (details to be provided by Borrower); and

2. A security interest in all other present and after-acquired personal property, except consumer goods, subject only to:

- all existing registered charges, except charges in favour of a shareholder, director, officer or family member of any of those persons, or any entity in which any of those persons have an interest;
- priority on inventory and accounts receivable to the lender extending line of credit;
- priority to Canadian Western Bank over Certificate of Deposit (No. 101016403939) in the amount of \$900,000.

2. Guarantee of Royal Helium Ltd. for the full amount of the Loan supported by a General Security Agreement providing a first security interest in all present and after-acquired personal property, except consumer goods, subject only to:

- charges to operating lender extending line of credit and - all existing and future registered charges except charges in favour of a shareholder, director, officer or family member of any of those persons, or any entity in which any of those persons have an interest;
- priority on inventory and accounts receivable to the lender extending line of credit and

The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.

Existing General Security Agreement will stand as security for this Loan.

3. Guarantee of Royal Helium Exploration Limited for the full amount of the Loan supported by a General Security Agreement providing a first security interest in all present and after-acquired personal property, except consumer goods, subject only to:

- charges to operating lender extending line of credit and -all existing and future registered charges except charges in favour of a shareholder, director, officer or family member of any of those persons, or any entity in which any of those persons have an interest;
- priority on inventory and accounts receivable to the lender extending line of credit and

The guarantor agrees that it is directly responsible for the payment of the cancellation, standby and legal fees.

Existing General Security Agreement will stand as security for this Loan.

4. First readvanceable mortgage of 20 year lease, made between Canadian Natural Resource Ltd., as landlord, and Imperial Helium Corp as tenant,(expiring March 2042) on realty located at Steeveville, Alberta and legally described as Meridian 4 Range 12 Township 20 Section 12 Quarter North West containing 64.7 hectares (760 acres) more or less excepting thereout: all that portion of legal subdivision 13 in said quarter section which is shown on a plan filed as 8341FB and therein outlined in yellow containing 5 acres more or less excepting thereout all mines and minerals and the right to work the same as more particularly described in Certificate of Title No. 181 743 688 covering an area of 11.37 acres.

Existing mortgage to stand with amendment to principal amount of \$9,300,000.

5. This Loan and all security for the Loan is pari passu with \$9,300,000 loan from BDC and \$9,300,000 loan from CWB subject to a Interlender Agreement on terms satisfactory to BDC and CWB. Any personal guarantees taken by the lenders are excluded from the pari passu agreement but shall remain enforceable by BDC and by the other lender, in accordance with their terms.
6. -Assignment of the Product Supply Agreement dated January 1, 2023 between Royal Helium Ltd. ("Seller") and Space Exploration Technologies Corp ("Buyer") and any subsequent amendments including Amendment dated May 24, 2023, all relating to the a gas processing, helium purification facility located in Steeveville,
-Alberta supply arrangement between the Seller and Buyer, together the Seller and Buyer's consent and acknowledgement of the assignment.

Transfer of interest effective after default at BDC's option. Existing Security will stand as security for this Loan.

7. Environmental Indemnity to be executed by Imperial Helium Corp., Royal Helium Ltd. and Royal Helium Exploration Limited.

Existing Security will stand as security for this Loan.

8. BDC reserves the right to add/ amend the security items as required.

DISBURSEMENT

The Loan funds shall be disbursed as follows:

Loan 244666-02

1. The Borrower's full contribution shall be made in accordance with the Loan Purpose and Sources of Financing prior to or concurrently with the first disbursement of the BDC Loan.

Each disbursement of BDC loan shall be done concurrently and on a pro rata basis at 50% with the disbursement of the pari passu partner's loan.

Following the Borrower's full contribution, BDC will disburse via the external solicitor up to 50 % of the amount requested in the Quantity surveyor's report (excluding taxes) until the total amount disbursed by BDC reaches \$9,300,000.

Prior to each BDC disbursement, the Borrower must submit the following documents:

A progress billing from the general contractor; and

A report, certified by a Quantity surveyor acceptable to BDC, establishing in detail:

- The stage of completion of the construction project;
- Any change (proposed or planned) to the initial budget, plans and specifications with the value of these changes;
- The amount and purpose of advances required for the current period and the expenses incurred and paid, including, if applicable, the Borrower's full contribution to Funding of the expenditures under the Loan Purpose (excluding applicable taxes);
- The budgeted costs to be incurred to complete the project;
- The holdback amounts, required by all parties, including BDC (when required under applicable provincial or territorial legislation).

-The final Quantity Surveyor report confirming the cost to complete and providing details of invoices remaining to be paid to complete the project.

-The plant will be operational and in production.

•All payments to suppliers/for services as prescribed in the Final Quantity Surveyor report confirming the project is complete will be supervised by the Bank/Solicitor via their electronic banking services.

BDC may, in its sole discretion, require additional and more detailed reporting

External solicitor to confirm payment of current invoices as identified in updated quantity surveyor report.

Unless otherwise indicated above, funds for each Loan account number shall be disbursed to BDC's solicitor or notary mandated by BDC for security taking for the Loan.

CONDITIONS PRECEDENT

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the satisfaction of BDC:

1. Receipt of the Security in form and substance satisfactory to BDC registered as required to perfect and maintain the validity and rank of the security, and such certificates, authorizations, resolutions and legal opinions as BDC may reasonably require.
2. Satisfactory review of all financial information relating to each Loan Party and its business as BDC may reasonably require.
3. No Default or Event of Default shall have occurred.
4. No Material Adverse Change shall have occurred.
5. Provision of documents evidencing expenditures under the Loan Purpose, if applicable.
6. Satisfaction of all applicable disbursement conditions contained in the Disbursement section of this Letter of Offer.
7. BDC's satisfactory review of accepted terms and conditions of CWB's, Letter of Offer which shall be substantially similar to the BDC's Letter of offer at \$9,300,000.00.
8. BDC's satisfactory review of the final Quantity Surveyor Report with the following conditions:
 - Total cost of the Project shall not exceed \$33,400,000
 - Minimum Equity in the Project is \$14,800,000

LAPSING DATE

Loan 244666-02

Lapsing Date: November 27, 2024 (the “**Lapsing Date 02**”).

Any undisbursed portion of a Loan shall lapse and be cancelled on the occurrence of the earliest of the following events:

- a) on the applicable Lapsing Date indicated above; or
- b) on the date the Borrower notifies BDC of its intention to cancel the Loan; or
- c) on the date BDC issues a notice to the Borrower that an Event of Default has occurred and that BDC has terminated its obligation to make any further advances under the Loan.

Each of the above is hereby considered a “Lapsing Event” and shall be subject to Cancellation Fees as provided for in this Letter of Offer.

UNDERLYING CONDITIONS

The following conditions shall apply throughout the term of the Loan:

1. You agree to assume all program cost overruns without prejudice to the security held by BDC.
2. You agree to manage your storage tanks in accordance with the regulation in effect and to report to BDC all cases of non-compliance or environmental problem related to the storage tanks and their ancillary piping installations.
3. Notwithstanding anything to the contrary in this Letter of Offer or any (automatically generated) notices delivered on behalf of BDC referencing the original reporting obligations of 90 days for annual financials and 30 days for interim financials, BDC confirms the reporting obligations of the Loan Parties to deliver to BDC financial statements and other documents are modified to instead be 120 days for annual frequency and 90 days for any interim(s) frequency obligations.
4. Annual comfort letter from Heritage Royalty Resource Corp to be provided confirming that the borrower is in good standing.
5. Funds due to suppliers that have not been paid will be held in trust by the solicitor or by CWB (with appropriate restrictions) pending resolution/payment. Funds will be released in payment only to the suppliers/service providers as supervised by the solicitor/Bank at the discretion of the Company.

In the event there are disputes with suppliers/service providers, funds recovered or unused will be paid in permanent principal reduction of the term loans (split between BDC and CWB) with no change, otherwise in repayment arrangements.

6. Your acceptance of this Letter of Offer constitutes your authority for BDC to discuss the status of your lease with your landlord.
7. Based on the annual audited consolidated financial statement for Royal Helium Ltd. and starting as of December 31, 2024:
 - (i) Maintain at all times a Fixed Charge Coverage Ratio (FCCR) equal to or greater than 1.10:1.00.

Audited consolidated financial statement for Royal Helium Ltd. shall include the financials of Imperial Helium Corp. and Royal Helium Exploration Ltd.

8. BDC reserves the right to request the Borrower for an updated reserve report on the property located at Steeveville, AB assets from a consultant as determined by BDC at any time during the duration of the loan. The findings of such report shall be satisfactory to BDC in its sole discretion.
9. Notwithstanding the provisions of the general security agreements (collectively, "Security Agreements" and individually, "Security Agreement") to be granted in favour of BDC by the Borrower and the Guarantors as security for the Loan, as more particularly set forth under the heading "Security" in the Letter of Offer (all of which documents under such heading are collectively called, "BDC Security"), BDC, the Borrower and each of the Guarantors hereby agree as follows:

- (a) the Loan Parties will be deemed to have complied with the covenant in section 6.1(i) of the Security Agreements, provided that none of the Collateral (as such term is defined in

the Security Agreements) is removed from those jurisdictions where the mortgages, charges and security interests granted by the BDC Security have been perfected;

(b) so long as a Loan Party is not in default under the relevant Security Agreement, such Loan Party may:

(i) in the case of obsolete equipment, dispose of the same for the purpose of immediately replacing it by other equipment of a similar nature or of a more useful or convenient character and of at least equal value;

(ii) in the case of Inventory, as defined in the Security Agreements, and money, dispose of the same in the ordinary course of the business of such Loan Party and for the sole purpose of carrying on the same; and

(iii) otherwise possess, collect, use, enjoy and deal with the Collateral, as defined in the Security Agreements, in the ordinary course of such Loan Party's business, in any manner not expressly or impliedly prohibited by the BDC Security;

(c) section 29.1 of the Security Agreements is amended by adding the following definition and re-lettering the definitions of "Petroleum Substances," "Tangibles," "Tangible Interests" and the "Act", accordingly:

(g) "Permitted Liens" means:

(i) liens for taxes, assessments, charges or other governmental levies not delinquent or statutory liens for taxes, assessments, charges or other governmental levies not delinquent;

(ii) liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords, repairmen, possessors or operators or construction liens or other similar liens incurred in each case in the ordinary course of business and not delinquent;

(iii) liens in the nature of statutory reservations, exceptions, zoning restrictions, encroachments, easements, rights of way, covenants running with the land and other similar title exceptions or encumbrances affecting any real property which do not adversely affect indefeasibility of title;

(iv) the interest or title of a lessor under any lease of assets entered into by the Debtor in the ordinary course of its business and covering only the assets so leased;

(v) any lien in favour of BDC; and

(vi) any lien consented to in writing by BDC.

(d) section 14.1(k) of the GSA is hereby amended to be: "without BDC's prior written consent, the Debtor creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests other than Permitted Liens."

REPRESENTATIONS AND WARRANTIES

The Loan Parties make the representations and warranties in Schedule "A" – Section II. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Loan Parties pursuant to the Loan Documents.

COVENANTS

Each Loan Party shall perform the covenants in Schedule "A" – Section III. These covenants shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Loan Parties pursuant to the Loan Documents.

REPORTING OBLIGATIONS

The Borrower shall provide to BDC the following financial statements and other documents:

Company	Type	Frequency	Period Ending
Royal Helium Ltd.	Consolidated Audited	Annual	December
Imperial Helium Corp.	Client Prepared	Annual	December
Royal Helium Exploration Ltd.	Client Prepared	Annual	December

The above annual financial statements and other documents indicated as required annually shall be provided to BDC within 90 days following the applicable Period Ending.

If financial statements or other documents are required more frequently than on an annual basis, same shall be provided to BDC within 30 days following each applicable Frequency.

In addition, the Borrower shall provide any other financial and operating statements and reports as and when BDC may reasonably require.

The Loan Parties also agree that the Reporting Obligations above shall apply to all other existing BDC loans to the same Borrower, if any, and the letter(s) of offer for such existing loans are deemed amended accordingly. Furthermore, such amended Reporting Obligations shall continue to be effective in respect of said existing letters of offer notwithstanding that this Letter of Offer may be reimbursed or cancelled.

EVENTS OF DEFAULT

The occurrence of any of the events listed in Schedule “A” – Section IV constitutes an event of default under the Letter of Offer (each an “**Event of Default**”). If an Event of Default occurs, any obligation of BDC to make any advance, shall, at BDC’s option, terminate and BDC may, at its option, demand immediate payment of the Loan and enforce any Security. Notwithstanding any other provision of this Letter of Offer or any other Loan Document, the parties hereto agree that the time limited for commencement of any action to enforce the obligations of the Borrowers and Guarantors, including the enforcement of any Security, shall not commence until BDC has issued a written demand for full payment of the Loan.

The exercise by BDC of any of its rights shall not preclude it from exercising any other rights resulting from this Letter of Offer or Loan Documents, as BDC’s rights are cumulative and not alternative. No action or omission on the part of BDC shall constitute or imply a renunciation of its rights to determine that a Default or Event of Default has occurred or to avail itself of its rights resulting therefrom.

FEES

Cancellation Fee

If the Loan is not fully disbursed due to a Lapsing Event, regardless of the reason for the Lapsing Event, the Loan Parties shall pay BDC a cancellation fee in proportion to the percentage of the Loan that is cancelled, based on the amount below being the fee if 100% of the Loan is cancelled. No cancellation fee will be payable if less than 50% of the Loan is cancelled. If the Loan includes funds to refinance an existing BDC Loan, those funds shall be excluded from the calculation of the percentage of the Loan that is cancelled.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDC's damages should the Loan be cancelled or allowed to lapse in whole or in part.

Loan 244666-02

Cancellation Fee: \$54,000.00 (the "**Cancellation Fee 02**").

Standby Fee

The Loan Parties shall pay BDC a non-refundable standby fee calculated at a rate as indicated below on the portion of the Loan which has not been advanced or cancelled. This fee shall be calculated daily and be payable in arrears commencing on the date indicated below and on each Payment Date thereafter.

Loan 244666-02

Rate: 1.50% per annum

Date: May 27, 2024

Legal Fees and Other Expenses

The Loan Parties shall pay, on demand, all legal fees and expenses and other out-of-pocket costs of BDC, incurred in connection with the Loan and the Loan Documents, whether or not any documentation is entered into or any advance is made to the Borrower. All legal and other out-of-pocket expenses of BDC in connection with any amendment or waiver related to the Loan and the Loan documents shall also be for the account of the Loan Parties.

All costs, fees, expenses and protective disbursements incurred for the enforcement of the Loan and the Loan Documents are payable by the Loan Parties, including the full amount of all legal and professional fees and expenses paid by BDC at the rate at which those amounts are billed to BDC.

Loan Management Fee

The Loan Parties shall pay BDC an annual management fee as indicated below. This management fee is payable annually on the Payment Date immediately following each anniversary of the first advance of the specific Loan account number. This fee is non-refundable and is subject to change at BDC's sole discretion, acting reasonably, effective upon the Borrower's receipt of written notification from BDC, to cover additional costs or fees incurred in the management of the Loan, including, but not limited to, resulting from the Borrower's failure to remit financial statements or other documents as required under the Letter of Offer.

Loan 244666-02

\$1,000.00 per year (the “**Management Fee 02**”).

Transaction Fees

The Borrower shall pay BDC loan amendment and Security processing fees charged for the administrative handling of the Loan.

CONFLICTS

The Loan Documents constitute the entire agreement between BDC and the Loan Parties. To the extent that any provision of the Letter of Offer is inconsistent with or in conflict with the provisions of the other Loan Documents, such provision of the Letter of Offer shall govern.

INDEMNITY

The Borrower shall indemnify and hold BDC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC by reason of or relating directly or indirectly to the Loan Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC.

GOVERNING LAW

This Letter of Offer shall be governed by and construed in accordance with the laws of the jurisdiction in which the Business Centre of BDC is located as shown on the first page of this Letter of Offer.

SUCCESSORS AND ASSIGNS

The Letter of Offer shall extend to and be binding on each Loan Party and BDC and their respective permitted successors and assigns. BDC, in its sole discretion, may assign, sell or grant participation in (a “**transfer**”) all or any part of its rights and obligations under the Loan or the Loan Documents to any third party, and the Loan Parties agree to sign any documents and take any actions that BDC may reasonably require in connection with any such transfer. Upon completion of the transfer, the third party will have the same rights and obligations under the Loan Documents as if it were a party to them, with respect to all rights and obligations included in the transfer and BDC will be released to the extent of any interest under the Loan or Loan Documents it assigns. BDC may disclose information it has in connection with the Borrower or any Loan Party to any actual or prospective transferee. No Loan Party shall have the right to assign any of its rights or obligations under or pursuant to the Loan Documents without BDC’s prior written consent.

ACCEPTANCE

The Letter of Offer and any modification of it may be signed and accepted by an original ink signature or by electronic signature as permitted by BDC, and may be delivered on paper, fax, or in an electronic format (PDF) through BDC's electronic client portal, or any other electronic means of communication acceptable to BDC. It may also be signed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

SCHEDULE

The Letter of Offer includes Schedule "A" which contains Definitions, Representations and Warranties, Covenants, Events of Default and General Terms and Conditions. Schedule "A" has been inserted after the signature page and forms an integral part of the Letter of Offer.

LANGUAGE CLAUSE

The parties hereby confirm their express wish that the Letter of Offer and all related documents be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente lettre d'offre ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with one of the undersigned.

Mark Sawatzki

Mark Sawatzki
Director, Corporate Financing
Phone: (306) 975-4826
Mark.Sawatzki@bdc.ca

Cole Godin

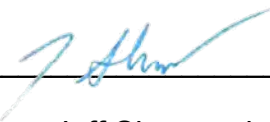
Cole Godin
Associate Manager, Corporate Financing
Phone: (403) 407-9319
Cole.GODIN@bdc.ca

ACCEPTANCE

Each Loan Party hereby accepts the terms and conditions set forth above and in the attached Schedule "A".

This 4 day of December 2023.

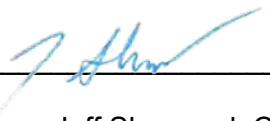
Imperial Helium Corp.

_____, Authorized Signing Officer

Name: Jeff Sheppard, CFO
[Please print name of signing party]

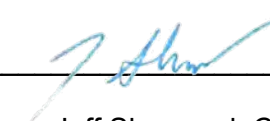
GUARANTOR(S)

Royal Helium Ltd.

_____, Authorized Signing Officer

Name: Jeff Sheppard, CFO
[Please print name of signing party]

Royal Helium Exploration Ltd.

_____, Authorized Signing Officer

Name: Jeff Sheppard, CFO
[Please print name of signing party]

November 27, 2023

SECTION I - DEFINITIONS

A. General Definitions:

"BDC's Base Rate" – means the annual rate of interest announced by BDC through its offices from time to time as its base rate and, as the case may be, subject to a discount for the duration, applicable to each of BDC's fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans.

"BDC's Floating Base Rate" – means the annual rate of interest announced by BDC through its offices from time to time as its floating rate then in effect for determining the floating interest rates on Canadian dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's Floating Base Rate.

"BDC's US Dollar Floating Base Rate" – means the 1-month US Dollar floating base rate set the last business day of each month for the following month for determining the floating interest rates on US Dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's US Dollar Floating Base Rate. BDC's US Dollar Floating Base Rate for the period from the date of the first advance on the Loan to the first business day of the following month will be the 1-month US Dollar floating base rate as established by BDC on the first business day of the month in which the funds are disbursed. Thereafter, the 1-month US Dollar Floating Base Rate may vary on the first business day of each month.

"Change of Control" – means any operation or series of transactions pursuant to which the Control of a Person is transferred from one Person to another or required by a Person, or any binding undertaking to proceed with any such operations.

"Control" – means the power to, directly or indirectly, acting alone or together with other Persons, direct or cause the direction of the management, business, affairs or policies of a Loan Party, whether through ownership of partnership interests, trust interests, or voting securities, by contract or otherwise, including, but without limiting the generality of the foregoing, in the case of a corporation, a Person is deemed to control a corporation if such Person (or such Person and its affiliates) holds, directly or indirectly, more than fifty per cent (50%) of the voting rights of the corporation. For the purposes of this definition, indirect control will include, without limitation, control that is exercised by one Person over another, through an intermediary that is controlled by the first.

"Corresponding Fixed Interest Rate Plan" – means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDC to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the next scheduled Interest Adjustment Date (or the Maturity Date if earlier).

"Default" – means an Event of Default or any condition that, with the giving of notice, the passage of time or otherwise, is susceptible of being an Event of Default.

"Equity Interests" – means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated) of such Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, which carry the right to vote on the election of directors or individuals exercising similar functions in respect of such Person and/or which entitle their holder to participate in the profits of such Person.

"Interest Adjustment Date" – means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

"Interest Differential Charge" – means, in respect of the prepayment of the Loan for any portion of the Loan on a fixed interest rate plan or the selection by the Borrower of a new interest rate plan prior to the Interest Expiration Date, if, on the date of the prepayment or the selection of the new plan, as applicable, the BDC's Base Rate for the Corresponding Fixed Interest Rate Plan is lower than the BDC's Base Rate in effect when the Borrower entered or renewed the fixed interest rate plan, whichever is most recent, the amount calculated as follows:

- (i) the difference between the two rates;
- (ii) such interest differential is multiplied by the principal that would have been outstanding at each future Payment Date until the next Interest Adjustment Date (or the maturity of the principal if earlier);
- (iii) the Interest Differential Charge is the present value of those monthly amounts calculated using BDC's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate. In the case of partial prepayment,

the Interest Differential Charge will be reduced in the same proportion as the amount prepaid bears to the principal outstanding on the Loan at the time prepayment is received. If the Loan is secured by a mortgage or a hypothec on real estate and the Loan is prepaid in full after 5 years from the date of the mortgage or hypothec, the Interest Differential Charge shall not be payable if the mortgage or hypothec is given by an individual and shall only be payable if permitted under the *Interest Act*.

"Interest Expiration Date" – means the date on which a fixed interest rate plan expires.

"Loan" – shall have the meaning indicated in the Letter of Offer, or, as the context may require, at any time the unpaid principal balance of the Loan.

"Loan Documents" – means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"Loan Party" – means either the Borrower or the Guarantor and "Loan Parties" means collectively each of the Borrower and the Guarantor.

"Material Adverse Change" – means:

- (i) a material adverse change in, or a material adverse effect upon, the business, assets, properties, liabilities (actual or contingent), operations, condition (financial or otherwise), or prospects, of any Loan Party, or any Person who Controls a Loan Party;
- (ii) a material impairment of the ability of any Loan Party to perform any of their obligations under any Loan Document; or
- (iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC or upon the legality, validity, binding effect, rank or enforceability of any Loan Document.

"Person" – includes any natural person, corporation, company, limited liability company, trust, joint venture, association, partnership, limited partnership, governmental authority or other entity, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative and any other form of organization or entity whatsoever.

"Public Issuer" – means any Loan Party whose Equity Interests are listed or posted for trading on the Toronto Stock Exchange or the TSX Venture Exchange or any other stock exchange or over-the-counter market acceptable to BDC.

"Public Issuer Notice" – means a written notice delivered by a Public Issuer to BDC as described in the Covenants section of this Schedule "A".

B. Financial Definitions – the following definitions apply if used in this Letter of Offer:

"Adjusted EBITDA" – means EBITDA adjusted by gains/losses on disposal of assets, other non-cash adjustments presented in the statement of cash flow and all extraordinary items presented as per GAAP financial measures.

"ASPE" – means accounting standards for private enterprises. ASPE are the Canadian generally accepted accounting principles (GAAP) approved by the Accounting Standards Board for private enterprises in Canada who have not elected to adopt IFRS.

"Available Funds" – means in respect of any Loan Party for any period of 12 months, the sum of the net profits before non-recurring or non-operating items that are not related to normal operations (as designated by the external accountant) plus depreciation and amortization; plus deferred income taxes; and minus dividends.

"Available Funds Coverage Ratio" – means the ratio of Available Funds over the Current Portion of Term Debt.

"Capital Expenditures" – means, with respect to any period of 12 consecutive months, all payments or accruals for any (i) property, plant and equipment, (ii) intangible assets and (iii) development costs that are required to be capitalized under GAAP.

"Current Portion of Term Debt or CPTD" – means the scheduled principal payments on Term Debt and lease payments on capital leases over the next 12-month period.

"Debt-to-capital ratio" – means the ratio of (A) the sum of (i) outstanding operating line of credit and (ii) Term Debt; by (B) the sum of (i) outstanding operating line of credit, (ii) Term Debt, and (iii) Tangible Equity.

"Distributions" – means, for any period of 12 consecutive months, the total of the following:

- (i) the payment or declaration of any dividend (or distribution in case of a partnership or trust);
 - (ii) the purchase, redemption or other acquisition or retirement of any capital stock (including the premium paid);
 - (iii) the change in subordinated loans or advances from the shareholders, partners, directors, or other related entities; and
 - (iv) the change in loans or advances to the shareholders, partners, directors, or other related entities.
- The sum of items (i), (ii), (iii) and (iv) cannot be negative.

"EBITDA" – means earnings before Interest Expenses, taxes, depreciation, and amortization.

"Fixed Charge Coverage Ratio or FCCR" – means the ratio of (A) Adjusted EBITDA for such period less (i) current income taxes during such period taken from the annual financial statements, (ii) Unfunded Capital Expenditures incurred during the applicable period, (iii) Distributions paid during such period; by (B) the sum of (i) CPTD and (ii) the Interest Expenses for such period.

"GAAP" – means Generally Accepted Accounting Principles, with respect to broad principles and conventions of general application as well as rules and procedures that determine accepted accounting practices at a particular time (including, without limitation, IFRS, ASPE, US GAAP, etc., as the case may be). Unless otherwise specifically provided herein, any accounting term used in this Letter of Offer shall have the meaning customarily given such term in accordance with GAAP and all financial computations hereunder shall be computed in accordance with GAAP consistently applied.

"IFRS" – means International Financial Reporting Standards. IFRS are the Canadian generally accepted accounting principles (GAAP) approved by the Accounting Standards Board for publicly accountable enterprises and other categories of reporting entities who are permitted, but not required, to apply this set of standards.

"Interest Expenses" – means financial expenses (i.e., bank charges as well as interest on short-term and long-term debt, on Subordinated Debt, and on capital leases) as reflected in the statement of earnings.

"Subordinated Debt" – means debt with or without a convertible feature and with or without a variable return that normally ranks behind that of the senior secured lenders. Depending on the structure, the instrument of return may include interest, fixed/variable bonuses, royalties, bonus equity, warrants, or dividends.

"Tangible Equity" – means the sum of the share capital (owners' capital for non-incorporated businesses); plus retained earnings (accumulated net income); plus contributed surplus; plus postponed loans or advances from the shareholders (owners) and related businesses; minus loans or advances to the shareholders (owners), directors, related or non-related entities; minus the book value of shares redeemable at the holder's option, or shares subject to a formal redemption agreement.

"Term Debt" – means the sum of the long-term debt, the Subordinated Debt, and the capital leases including the current portion to be paid over the next 12 months; plus the redemption amount of shares redeemable at the holder's option, or shares subject to a formal redemption agreement.

"Term Debt to Tangible Equity Ratio" – means the ratio of the Term Debt over the Tangible Equity.

"Total Debt/Adjusted EBITDA Ratio" – means the ratio of (A) the sum of (i) outstanding operating line of credit and (ii) Term Debt; by (B) Adjusted EBITDA.

"Unfunded Capital Expenditures" – means, with respect to any period of 12 consecutive months, the aggregate of all Capital Expenditures incurred less the sum of (i) net cash proceeds generated from the sales of tangible and intangible assets, (ii) issuance of net new Term Debt, and (iii) issuance of new equity.

"Working Capital" – means the total of current assets minus the total of current liabilities. Current assets includes, but is not limited to, the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses. Current liabilities includes, but is not limited to, the following: bank advances, cheques in transit, accounts payable (trade and other) and the Current Portion of Term Debt.

"Working Capital Ratio" – means the ratio of the total current assets over the total current liabilities. Current assets includes, but is not limited to, the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses. Current liabilities includes, but is not limited to, the following: bank advances, cheques in transit, accounts payable (trade and other) and the Current Portion of Term Debt.

SECTION II - REPRESENTATIONS AND WARRANTIES

Each Loan Party hereby represents and warrants to BDC that:

1. For any Loan Party other than an individual guarantor, it is a sole-proprietorship, partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.
2. The execution, delivery, and performance of its obligations under the Letter of Offer and the other Loan Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.
3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.
4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.
5. No Default or Event of Default exists.
6. All information provided by it to BDC is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with GAAP.
7. There is no ongoing, pending or threatened claim, action, prosecution or proceeding of any kind before any court, tribunal, government board or agency including but not limited to non-compliance with environmental law or arising from the presence or release of any contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.
8. Neither the Loan Party, nor any Person who Controls the Loan Party, nor any officer, director or shareholder of a Loan Party, has been charged with, pled guilty to, or has been convicted of, a criminal offence (other than a conviction for which a Pardon has been granted or other than a criminal offence which has been disclosed in writing to BDC prior to issuing this Letter of Offer).
9. In respect of properties and assets charged to BDC, it has good and marketable title, free and clear of any encumbrances, except those encumbrances which BDC has accepted in writing.

The foregoing representations and warranties shall remain in force and true until the Loan is repaid in full.

SECTION III - COVENANTS

Each Loan Party shall:

1. Perform their obligations and covenants under the Loan Documents.
2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.
3. Notify BDC immediately of the occurrence of any Default under the Letter of Offer or any other Loan Documents.
4. Comply with all applicable laws and regulations.
5. Observe BDC's insurance requirements:
 - a. Keep all secured assets insured for physical damages and losses on an "All-Risks" basis, including Equipment Breakdown (or Boiler & Machinery) where applicable, for their full replacement value and cause all such insurance policies to name BDC as loss payee as its interests may appear. The policies shall also name BDC as mortgagee and include a standard mortgage clause in respect of buildings over which BDC holds Security;
 - b. Maintain adequate Marine and/or Aviation insurance for all secured Aircraft or Marine vessels;
 - c. If required as further Security, assign or hypothecate all insurance proceeds to BDC;
 - d. If requested by BDC, maintain adequate Commercial General Liability insurance, and/or Environmental Liability and Clean-Up insurance, including BDC as additional insured to protect it against any losses or claims arising from pollution or contamination incidents, or other risks associated with the Borrower's business, or any other type of insurance BDC may reasonably require;
 - e. Ensure that all insurance policies include a 30-days prior notice of cancellation clause in favour of BDC;
 - f. Provide certificates of insurance for all such policies; and
 - g. Maintain all insurance policies in effect to BDC's standards for the duration of the Loan.

6. Notify BDC immediately of any material loss or damage to their property.
7. Without limiting the generality of paragraph 4 above, in relation to their business operations, projects and all assets of any nature, operate in conformity with all environmental laws and regulations; make certain that their assets are and shall remain free of environmental damage; inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority.
8. Promptly pay all government remittances, assessments and taxes and provide BDC with proof of payments as BDC may request from time to time. Specifically regarding real estate property or other taxes on lands mortgaged to BDC, if a Loan Party fails to pay any instalment of such taxes when due, BDC may, in its sole discretion, provide written notice to the Borrower requiring the Loan Parties to pay BDC monthly payments as calculated by BDC to establish a tax reserve account, and in such event, the Loan Parties hereby authorize BDC to collect monthly pre-authorized payments and to pay the relevant taxing authority as required. No further consent from the Loan Parties shall be required. Should there be insufficient funds to satisfy the taxes owing, the Loan Parties will pay the shortfall. BDC will not be responsible for funding the shortfall or any arrears, including interest and other charges. The Loan Parties shall either instruct the taxing authority to forward a copy of the tax notice to BDC or shall deliver a copy to BDC upon receipt. Funds in this reserve account will earn interest in accordance with BDC's policy then in effect and will be held by BDC as Security for the Loan. After Default, BDC will not have any ongoing responsibility to pay the taxes and any funds in the reserve account may be applied towards any amounts owing to BDC.
9. Promptly furnish to BDC such information, reports, certificates, and other documents concerning any Loan Party as BDC may reasonably request from time to time, including, but not limited to, information regarding the ownership and control of any Loan Party.
10. Not, without the prior written consent of BDC:
 - a. Change the nature of their business;
 - b. Change their jurisdiction of incorporation, formation or continuance, or the jurisdiction in which their chief place of business, chief executive office or registered office is located;
 - c. Amalgamate, merge, acquire or otherwise restructure their business, or create an affiliated company, or sell or otherwise transfer a substantial part of their business or any substantial part of their assets, or grant any operating license; or
 - d. Permit or allow any transaction, including but not limited to the sale, transfer, or issuance of an Equity Interest, that would result in a Person who is not a Loan Party acquiring:
 - (i) a direct Equity Interest in a Loan Party; or
 - (ii) an indirect Equity Interest in a Loan Party of 25% or more. For the purposes of this subparagraph (ii), an indirect Equity Interest means an Equity Interest held by a Person through one or more intermediaries.

This paragraph (d) shall not apply to the sale, transfer, or issuance of any Equity Interests in a Public Issuer.
11. When a Loan Party is Public Issuer:
 - a. deliver a notice to BDC for its review and approval, within 5 business days after any Person or group of Persons, acting jointly or in concert, directly or indirectly, acquire Equity Interests resulting in the ownership of 20% or more of the Equity Interests of such Public Issuer. This Public Issuer Notice shall contain the names and addresses of any Person or group of Persons that acquired such Equity Interests together with the details of the Equity Interests so acquired; and
 - b. repay the Loan in full, including accrued interest, costs and any other outstanding amounts, within 60 days from the date on which BDC notifies the Borrower in writing that BDC, in its sole discretion, is not satisfied with the issuance or transfer of Equity Interests identified in the notice required by paragraph (a) above.

Additional Covenants: Ineligible Activities

In addition to the above list of Covenants, no Loan Party shall engage in, or permit their respective shareholders, directors or officers to engage in, or permit their premises to be used by a tenant or other Person for, any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

- a. businesses that: 1) are engaged in or associated with illegal activities or fail to comply with applicable Canadian legislation that restricts dealings, including trade, between Canadians and governments or

- residents of countries that are proscribed by the Canadian government or illegally trade in proscribed goods; 2) violate applicable laws with respect to human rights, labour, the environment and anti-corruption; or 3) violate standards with respect to public health and safety or professional conduct, in each case as prescribed by applicable law or by a professional governing body;
- b. businesses that: 1) promote or incite violence, cruel behaviour or hatred; 2) organize, produce, advertise, sell or disseminate intense violent content (18+ or unrated content); 3) discriminate on any basis protected under the Canadian Human Rights Act; 4) participate in, support, engage or indirectly promote any form of human rights abuse; or 5) operate a business organizing or perpetrating violent or cruel behaviour; or
 - c. businesses that operate any form of sexually exploitive business or promote sexually explicit content, including, but not limited to, produce, advertise, sell or disseminate pornographic content or sexually explicit content (18+ or unrated content).

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this section shall also apply to any entity that directly or indirectly controls, is controlled by, or that is under the common control with, any Loan Party.

SECTION IV - EVENTS OF DEFAULT

1. Any Loan Party fails to pay any amount owing under or pursuant to the Loan Documents.
2. Any Loan Party fails to satisfy, comply with, or perform any covenant or other obligation under the Loan Documents.
3. Any Loan Party is in default under any other agreement with BDC or any third party for the granting of a loan or other financial assistance and such default remains unremedied or unwaived after any cure period provided in such other agreement.
4. Any representation or warranty made by any Loan Party herein or in any other Loan Document is breached, false or misleading in any material respect, or becomes at any time false.
5. Any schedule, certificate, financial statement, report, notice or other writing furnished by or on behalf of any Loan Party to BDC in connection with the Loan is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.
6. The occurrence of a Material Adverse Change.
7. Any Loan Party becomes insolvent or generally fails to pay, or admits in writing its inability or refusal to pay its debts as they become due; or any Loan Party applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Loan Party or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for any Loan Party or for a substantial part of the property of such Loan party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of any Loan Party; or any Loan Party takes any action to authorize, or in furtherance of, any of the foregoing.
8. Any Loan Party ceases or threatens to cease to carry on all or a substantial part of its business.
9. The death of any individual Loan Party or any person that Controls any Loan Party.
10. The occurrence of a Change of Control of a Loan Party without BDC's written consent.
11. Any Loan Party, who is a Public Issuer, fails to deliver a Public Issuer Notice when required to do so, or fails to repay the Loan in full, including accrued interest, costs and any other outstanding amounts, within 60 days after receiving written notice that BDC is not satisfied with the Public Issuer Notice.
12. Any Loan Party, any Person who Controls a Loan Party, or any officer, director, or shareholder of a Loan Party, is in violation of any applicable law relating to terrorism or money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).
13. Any Loan Party, any Person who Controls a Loan Party, or any officer, director, or shareholder of a Loan Party, is in violation of trade and economic sanctions imposed by the Parliament of Canada.

SECTION V - GENERAL TERMS AND CONDITIONS

Each Loan Party agrees to the following additional provisions:

Other Available Interest Rate Plans

Upon acceptance of the Letter of Offer, the Borrower can select one of BDC's other available fixed or floating interest rate plans. If the selection is made before the Acceptance Date, there is no fee and the selected plan shall be based on BDC's Base Rate in effect on the Loan Authorization Date. If the selection is made after the initial Acceptance Date, there is a fee and an Interest Differential Charge may apply. The new rate shall become effective on the date on which the written request is received by BDC. However, in the event of a period of increased interest rate volatility, which will be determined by a fluctuation of greater than 0.5% during the same transaction day of the yield to maturity of the five-year Canada bond benchmark, BDC reserves the right to suspend the borrower's right to switch from a floating interest rate plan to a fixed interest rate plan.

Standby Fee Date Change When Switching From Floating to Fixed Rate Plans – Not applicable to Equipment Line Loans

If the Borrower selects a floating rate interest plan at the time the Letter of Offer is accepted and subsequently switches to a fixed interest rate plan, the Standby Fee applicable to the Loan shall become payable as follows:

- a. if the change is made within 2 months after the Loan Authorization Date, the Standby Fee shall become payable 2 months after the Loan Authorization Date; or
- b. if the change is made more than 2 months after the Loan Authorization Date, the Standby Fee shall become payable on the date the new fixed interest plan takes effect.

There will be no change to the Standby Fee payment schedule if the Borrower elects to switch from a fixed rate interest plan to a floating rate interest plan.

Interest Adjustment Date

Provided no Default has occurred and is continuing, prior to each Interest Adjustment Date, BDC shall advise the Borrower of BDC's Base Rates then in effect for the fixed interest rate plans available. Not later than on the current Interest Expiration Date, the Borrower shall select a new interest rate plan. If the Borrower selects a new fixed interest rate plan, effective on the Interest Adjustment Date, the interest rate for the Loan shall be BDC's Base Rate applicable to the fixed interest rate plan selected by the Borrower adjusted by the Variance which new rate shall be applicable until the next Interest Expiration Date. If the Loan is on a fixed interest rate plan with blended payments of principal and interest, the repayment schedule shall be adjusted on each Interest Adjustment Date. If the Borrower has not advised BDC in writing of its choice before an Interest Adjustment Date, the Loan shall automatically switch to BDC's floating interest rate plan on the Interest Adjustment Date with an interest rate being BDC's Floating Base Rate as adjusted by the Variance. Outstanding principal for blended payment loans shall then be divided in equal monthly instalments to be paid until Maturity Date.

In the event BDC should demand repayment of the Loan by reason of an Event of Default, any fixed interest rate applicable at the time of demand shall continue to apply to the Loan until full repayment and shall not be adjusted at the next Interest Adjustment Date.

Pre-Authorized Payment

All payments provided for in the Letter of Offer must be made by pre-authorized payments from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

Application of Payments

All payments shall be applied in the following order:

1. any prepayment indemnity (including the monthly interest and Interest Differential Charge)
2. protective disbursements;
3. standby fees (arrears and current);
4. arrears, in the following order: transaction fees, administration fees, management fees, interest and principal;
5. current balances, in the following order: transaction fees, management fees, interest and principal;
6. cancellation fees;
7. credits to the tax reserve account and asset maintenance and upgrade account, if applicable; and
8. other amounts due and payable.

Other than regular payments of principal and interest, BDC may apply any other monies received by it, before or after Default, to any debt the Borrower may owe BDC under or pursuant to the Letter of Offer or any other agreement and BDC may change those applications from time to time.

Consent to Obtaining Information

The Loan Parties hereby consent to BDC:

- a. collecting personal and business information and using such information for business, analytics and marketing purposes as described in the *Policy on confidentiality and use of personal and business information* (the "Policy") available at bdc.ca/en/confidentiality;
- b. sharing the personal and business information with BDC service providers only for them to provide the services BDC asks from them, such as processing credit verification, background checks and other matters explained in the Policy; and
- c. sharing the personal and business information with authorities in case of fraud or suspected fraud, and with other financial institutions to prevent or control fraud or when there is a breach of a financing agreement with BDC.

Notices

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to the Borrower, at the Borrower's address above or such other addresses as the Borrower may advise BDC in writing, or if to BDC, at BDC's address above.

Joint and Several Liability

Where in the Loan Documents, any covenant, agreement, warranty, representation or obligation is made or imposed upon two or more Persons or a party comprised of more than one Person, each such covenant, agreement, warranty, representation or obligation shall be deemed to be and be read and construed as a joint and several (solidary in Quebec) covenant, agreement, warranty, representation or obligation of each such Person or party, as the case may be. Without limiting the generality of the foregoing, each Loan Party shall be jointly and severally (solidarily) liable with each other to BDC for the full performance of all obligations under the Loan Documents in accordance with the provisions thereof.

Anti-Money Laundering/Know Your Client

Each Loan Party acknowledges that, pursuant to prudent banking practices in respect of "knowing your client", BDC, in compliance with its internal policies, is required to verify and record information regarding the Loan Parties, their directors, officers, Persons holding direct or indirect Equity Interests in a Loan Party, and other Persons in Control of each Loan Party. Each Loan Party shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by BDC or any prospective assignee or other financial institution participating in the Loan with BDC, in order to comply with internal policies and applicable laws on anti-money laundering and anti-terrorist financing.

Confidentiality

The Loan Parties shall not disclose the contents of this Letter of Offer to anyone except its professional advisors.

Changes in Accounting Standards

In the event that a Loan Party adopts any changes in its accounting standards which have an effect on any provision in the Letter of Offer relying on financial statement calculations, BDC may amend such provision to reflect the original intent of the provision.



BDCID: 10035449155

December 21, 2023

Mr. Andrew Davidson
Imperial Helium Corp.
602 224 4th Ave S
Saskatoon, SK
S7K 5M5

Re: BDC Loan 244666-02

Dear Mr. Davidson:

We write in reference to our Letter of Offer for Loan No. 244666-02, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan(s).

The amendments shall take effect upon receipt by BDC of the Acceptance Form duly signed by all signatories no later than March 20, 2024.

Amendments – Loan No. 244666-02:

SECURITY

The following existing Security relating to this Loan:

General Security Agreement from Imperial Helium Corp. providing:

1. A first security interest in the specific equipment being financed under this Loan, including, but not necessarily limited to, the mobile Helium Plant (details to be provided by Borrower); and
2. A security interest in all other present and after-acquired personal property, except consumer goods, subject only to:
 - all existing registered charges, except charges in favour of a shareholder, director, officer or family member of any of those persons, or any entity in which any of those persons have an interest;
 - priority on inventory and accounts receivable to the lender extending line of credit;
 - priority to Canadian Western Bank over Certificate of Deposit (No. 101016403939) in the amount of \$900,000.

Existing General Security Agreement will stand as security for this Loan.

is modified and is now replaced with:



General Security Agreement from Imperial Helium Corp. providing:

1. A first security interest in the specific equipment being financed under this Loan, including, but not necessarily limited to, the mobile Helium Plant (details to be provided by Borrower); and
2. A security interest in all other present and after-acquired personal property, except consumer goods, subject only to:
 - all existing registered charges, except charges in favour of a shareholder, director, officer or family member of any of those persons, or any entity in which any of those persons have an interest;
 - priority on inventory and accounts receivable to the lender extending line of credit;
 - priority to Canadian Western Bank on Letter(s) of Credit aggregating to \$1,570,000 backed by Export Development Canada.

Except for the modifications expressly mentioned above, nothing in the above amendments with respect to the Security shall in any way alter the rights which BDC now or hereafter has or may have and resulting from the Security nor shall it alter in any way the liability of the remaining obligant(s) and/or guarantor(s), as the case may be.

All other terms and conditions of your financing with BDC remain unchanged.

Yours truly,

Cole Godin

Cole Godin
Associate Manager, Corporate Financing
Phone: (403) 407-9319
Cole.GODIN@bdc.ca

Ronnie Prasad

Ronnie Prasad
Regional Director, Corporate Financing
Phone: (403) 292-4030
Ronnie.PRASAD@bdc.ca

Encl.

Business Development Bank of Canada
475-2nd Avenue South
Suite 300
Saskatoon, SK
S7K1P4

Attention: Cole Godin

Re: BDC Loan 244666-02

The undersigned accept the terms and conditions set forth in BDC's Letter of Amendment dated December 21, 2023.

Signed this 21st day of December, 2023.

(date)

(month)

(year)

BORROWER(S)

Imperial Helium Corp.



_____, Authorized Signing Officer

Name: Andrew Davidson, CEO

[Please print name of signing party]

GUARANTOR(S)

Royal Helium Ltd.



_____, Authorized Signing Officer

Name: Andrew Davidson, CEO

[Please print name of signing party]

Royal Helium Exploration Ltd.

A handwritten signature in blue ink, appearing to be 'A. Davidson', is written over a horizontal line.

, Authorized Signing Officer

Name: Andrew Davidson, CEO

[Please print name of signing party]



BDCID: 10038272505

June 25, 2024

Mr. Andrew Davidson
Imperial Helium Corp.
602 224 4th Ave S
Saskatoon, SK
S7K 5M5

Re: BDC Loan 244666-02

Dear Mr. Davidson:

We write in reference to our Letter of Offer for Loan No. 244666-02, and any subsequent amendments thereto. Subject to the terms set out below, the following amendments will be made to your loan(s).

The amendments shall take effect upon receipt by BDC of the Acceptance Form duly signed by all signatories no later than September 24, 2024.

Amendments – Loan No. 244666-02:

REPAYMENT

Outstanding principal balance of this Loan, being \$8,502,400.00 is now repayable as follows:

Regular

Payments			Start Date	End Date
Number	Frequency	Amount (\$)		
61	Monthly	137,136.00	01/10/2024	01/10/2029
1	Monthly	137,104.00	01/11/2029	01/11/2029

Accordingly, the final payment will be due on November 01, 2029, (the "Maturity Date"). Interest remains payable monthly.

All payments are to be made on the 1st day of the month (the "Payment Date"). This change will come into effect six (6) working days after the date of this letter.



All other terms and conditions of your financing with BDC remain unchanged.

We confirm that we have informed you and you have agreed that a transaction fee in the amount of \$1,000.00 will be automatically withdrawn from your account on your next payment date.

Yours truly,

Cole Godin

Cole Godin
Associate Manager, Corporate Financing
Phone: (403) 407-9319
Cole.GODIN@bdc.ca

Mark Sawatzki

Mark Sawatzki
Director, Corporate Financing
Phone: (306) 975-4826
Mark.Sawatzki@bdc.ca

Encl.

Business Development Bank of Canada
475-2nd Avenue South
Suite 300
Saskatoon, SK
S7K1P4

Attention: Cole Godin

Re: BDC Loan 244666-02

The undersigned accept the terms and conditions set forth in BDC's Letter of Amendment dated June 25, 2024.

Signed this _____ day of _____, _____.
(date) (month) (year)

BORROWER(S)

Imperial Helium Corp.

E-SIGNED by Andrew Davidson
on 2024-06-26 _____, Authorized Signing Officer

Name: _____
[Please print name of signing party]

GUARANTOR(S)

Royal Helium Ltd.

E-SIGNED by Andrew Davidson
on 2024-06-26 _____, Authorized Signing Officer

Name: _____
[Please print name of signing party]

Royal Helium Exploration Ltd.

E-SIGNED by Andrew Davidson
on 2024-06-26

_____, Authorized Signing Officer

Name: _____
[Please print name of signing party]

THIS IS **EXHIBIT "S"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated April 21, 2023

FROM:

IMPERIAL HELIUM CORP., a British Columbia corporation having an office at 602, 224 – 4th Avenue S, Saskatoon, SK S7K 5M5

(the "Debtor")

TO:

CANADIAN WESTERN BANK, a Canadian Chartered Bank with an office at Credit Support, Prairies Regional Centre, Suite 300, 606 – 4th Street S.W., Calgary, Alberta T2P 1T1

("CWB")

1. SECURITY INTEREST

(You, as the Debtor, will grant to CWB a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a security interest, over certain petroleum and natural gas rights and surface rights and other interests in connection therewith, and a charge, referred to as a floating charge, over your complete undertaking and real property interests with the exception of the real property interests set forth in Subclause 1.1(b). These charges are the security CWB will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Debtor:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to CWB, and grants to CWB a general and continuing security interest in all of the Debtor's present and after acquired personal property, including, without limitation:
 - (i) the sweet gas processing plant (the "Facility") to be located on a portion of the lands legally described as the NW 1/4 of Section 12, Township 20, Range 12 W4M, excepting thereout all that portion of Legal Subdivision 13 in the said quarter section which is shown on a Plan filed as 8341FB and therein outlined in yellow, excepting thereout all mines and minerals and the right to work the same, which Facility includes but is not limited to the buildings, facilities, structures, machinery and equipment comprising, forming part of or ancillary to the Facility, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing;
 - (ii) with the exception of the personal property which is validly and effectively subject to the fixed and specific charge, assignment, transfer and security interest described in Subclause 1.1(a)(i), all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
 - (iii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively

called the "Inventory");

- (iv) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");
 - (v) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Debtor that is not the Facility, Equipment, Inventory or Accounts;
 - (vi) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Debtor (all of which is hereinafter collectively called the "Intellectual Property");
 - (vii) all the Debtor's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Debtor, and all other intangible property of the Debtor, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
 - (viii) the personal property described in Schedule A attached to this Security Agreement; and
 - (ix) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) mortgages and charges as a fixed and specific charge, and assigns and transfers to CWB, and grants to CWB a general and continuing security interest in:
- (i) all the Debtor's present and after acquired right, title, estate and interest (whether freehold, leasehold, profit a prendre or otherwise, and whether legal or equitable, corporeal or incorporeal) in all present and after acquired P&NG Interests, Tangible Interests and Miscellaneous Interests;
 - (ii) all proceeds derived directly or indirectly from any dealing with the foregoing property (or any dealing with such proceeds), whether or not of the same type, class or kind as the original property, including any right to an insurance payment or any other payment as indemnity of compensation for loss or damage, and payments made in total or partial discharge of an intangible, chattel paper, an instrument, a security, or a mortgage in respect of an interest in land; and
 - (iii) all the Debtor's present and after acquired right, title, estate and interest in all real property rights relating to or held in connection with the Facility, including any lands now or hereafter to be traversed in order to gain access to the Facility and the rights to enter upon use or occupy the surface of such lands;
- (c) grants to CWB a general and continuing security interest in and charges by way of a floating charge:
- (i) all of the Debtor's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a) and such property and assets of the Debtor as are validly and effectively subject to the

fixed and specific mortgage and charge set forth Clause 1.1(b) and the mortgage and charge under the Leasehold Mortgage; and

- (ii) all of the undertaking and assets of the Debtor, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of CWB created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS

(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Debtor shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as CWB shall direct.

2.2 All the Debtor's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Debtor.

3. ATTACHMENT

(Value or consideration has flowed between you and CWB and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Debtor agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Debtor has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Debtor confirms that there has been no agreement between the Debtor and CWB to postpone the time for attachment of the Security Interests and that it is the Debtor's understanding that CWB intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST

(To the extent that CWB helps you acquire an interest in any personal property, you grant a special security interest to CWB over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Debtor acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by CWB, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED

(The Security Interests and charges you have granted to CWB secure all indebtedness and all obligations to CWB.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by CWB from the Debtor or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Debtor to CWB (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Debtor to CWB, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed,

wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by CWB and the Debtor's obligation and liability under any contract or guarantee now or in the future in existence whereby the Debtor guarantees payment of the debts, liabilities and/or obligations of a third party to CWB, and for the performance of all obligations of the Debtor to CWB, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. REPRESENTATIONS AND WARRANTIES

(You state that you are able to legally grant this Security Agreement to CWB, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by CWB. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of CWB. CWB will rely on all of the following representations and warranties.)

6.1 The Debtor represents and warrants to CWB that:

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Debtor has provided a written memorandum to CWB accurately setting forth all prior names under which the Debtor has operated;
- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;
- (d) if the Debtor is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to CWB or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to CWB is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Debtor, in which a decision adverse to the Debtor would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Debtor; and the Debtor agrees to promptly notify CWB of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to CWB in writing and which, if known to CWB, might reasonably be expected to deter CWB from extending

credit or advancing funds to the Debtor;

- (g) it has good and valid right, title and interest in and to and, where applicable, lawfully owns and possesses, all presently held Collateral, which includes, without limitation, the interests of the Debtor in the Lands and Leases set forth in Schedule C and the surface leases, surface occupation agreement and well licences set forth in Schedule D, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by CWB, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to in writing by CWB;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Debtor has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to CWB;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule A, Schedule C and Schedule D, as applicable, and will not be removed from such location(s) without the prior written consent of CWB;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor, if the Debtor is a corporation, or, if the Debtor is a partnership, of the partners of the Debtor, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations valid and there is no restriction contained in the constating documents of the Debtor or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Debtor to borrow money or give security; and
- (k) the Debtor's place(s) of business and chief executive office are correctly described in Schedule A.

7. COVENANTS OF THE DEBTOR

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to CWB describing how CWB's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow CWB's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Debtor covenants with CWB that while this Security Agreement remains in effect the Debtor will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for CWB's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) promptly pay and satisfy:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish to CWB such security as CWB may require;
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and

- (iii) all fees from time to time chargeable by CWB arising out of any term of the commitment letter or the Loan Agreement between CWB and the Debtor including, without limitation, inspection, administration and returned cheque handling fees;
- (g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by CWB in connection with granting loans or credit to the Debtor, including for:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Debtor's obligations, whether or not relating to this Security Agreement;
 - (iii) complying with any disclosure requirements under the Act;
 - (iv) investigating title to the Collateral;
 - (v) taking, recovering, keeping possession and disposing of the Collateral;
 - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
 - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty CWB becomes obligated to pay by reason of any statute, order or direction of competent authority;
 - (viii) any sums CWB pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify CWB and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;
 - (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by CWB as security for the Obligations, protect CWB from liability in connection with the Security Interests or assist CWB in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and Insolvency Act* (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act* (Canada);
- (h) at CWB's request, execute and deliver further documents and instruments and do all acts as CWB in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify CWB promptly of:
 - (i) any change in the information contained in this Security Agreement relating to the Debtor, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
 - (iii) any material loss or damage to the Collateral;

- (iv) any material default by any account debtor in the payment or other performance of its obligations to the Debtor respecting any Accounts;
 - (v) any claims against the Debtor including claims in respect of the Intellectual Property or of any actions taken by the Debtor to defend the registration of or the validity of or any infringement of the Intellectual Property;
 - (vi) the return to or repossession by the Debtor of Collateral that was disposed of by the Debtor; and
 - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
 - (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
 - (l) permit CWB and its representatives, at all reasonable times, access to the Collateral including all of the Debtor's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Debtor will render all assistance necessary;
 - (m) permit and does consent to CWB contacting and making enquiries of the Debtor's lessors as well as assessors, municipal authorities and any taxing body;
 - (n) observe and perform all its obligations under:
 - (i) leases, licences, undertakings, and any other agreements to which it is a party;
 - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
 - (o) deliver to CWB from time to time promptly upon request:
 - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow CWB to inspect, audit or copy them;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (iv) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as CWB may reasonably require;
 - (p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
 - (q) with respect to copyright forming part of the Intellectual Property, provide to CWB waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;

- (r) receive and hold in trust on behalf of and for the benefit of CWB all proceeds from the sale or other disposition of any Collateral; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 The Debtor, at the request of CWB from time to time, will forthwith grant, or cause to be granted, to CWB, additional fixed and specific mortgages and charges over the Debtor's real property, including, without limitation, its P&NG Rights therein and Tangible Interests and Miscellaneous Interests in respect thereof, as CWB in its sole and absolute discretion deems necessary, as security for all then present and future Obligations. In this connection, the Debtor will:

- (a) provide CWB with such information as reasonably required by CWB to identify the additional property to be charged pursuant to this Clause 7.2;
- (b) do all such things as are reasonably required to grant in favour of CWB a fixed lien in respect of such additional property to be so charged pursuant to this Clause 7.2;
- (c) provide CWB with all corporate resolutions and other action, as reasonably required, for the Debtor to grant to CWB a fixed lien in the property identified by CWB to be so charged;
- (d) provide CWB with such security instruments, legal opinions and other documents which CWB, acting reasonably, deems are necessary in connection with this Clause 7.2 or to give full force and effect hereto;
- (e) assist CWB in the registration or recording of such agreements and instruments in such public registry offices in Canada or any province thereof (or in any other jurisdiction) as CWB, acting reasonably, deems necessary to give full force and effect to this Clause 7.2; and
- (f) pay all reasonable costs and expenses incurred by CWB in connection with the preparation, execution and registration of all agreements, documents and instruments, including any amendments to loan and credit agreements, made in connection with this Clause 7.2, or in connection with any legal opinions related to any of the foregoing.

In addition, CWB is hereby granted the right to attach to this Security Agreement, as part of the fixed charge over lands provided by this Security Agreement, from time to time a land schedule setting forth those of the Debtor's properties and assets as CWB may determine in its sole and absolute discretion, and the Debtor hereby authorizes CWB to do so as its duly appointed attorney. This power of attorney is a power coupled with an interest and shall be irrevocable. The Debtor hereby ratifies and confirms any and all such actions so taken by CWB from time to time.

Further, the Debtor hereby irrevocably constitutes and appoints any officer of CWB, or any Receiver appointed by the court or CWB as herein set out, the true and lawful attorney of the Debtor with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to sue in the name of the Debtor whenever and wherever it may be deemed necessary or expedient in connection with this Clause 7.2. This power of attorney is a power coupled with an interest and shall be irrevocable. The Debtor hereby ratifies and confirms any and all such actions so taken by CWB and its other attorneys from time to time.

7.3 Any amounts required to be paid to CWB by the Debtor under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.4 This Security Agreement shall remain in effect until it has been terminated by CWB by notice of termination to the Debtor and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of CWB. You will follow the specific

requirements of the insurance coverage described in this Clause.)

- 8.1 The Debtor covenants that while this Security Agreement is in effect the Debtor shall:
- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as CWB may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
 - (b) cause the insurance policy or policies required by this Security Agreement to be assigned to CWB, including a standard mortgage clause or a mortgage endorsement, as CWB may require;
 - (c) pay all premiums respecting such insurance, and deliver all policies to CWB, if required.
- 8.2 If proceeds of any required insurance becomes payable, CWB may, in its absolute discretion, apply these proceeds to the Obligations as CWB sees fit or release any insurance proceeds to the Debtor to repair, replace or rebuild, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.
- 8.3 The Debtor will promptly, on the happening of loss or damage to the Collateral, notify CWB and furnish to CWB at the Debtor's expense any necessary proof and do any necessary act to enable CWB to obtain payment of the insurance proceeds, but nothing shall limit CWB's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Debtor authorizes and directs the insurer under any required policy of insurance to include the name of CWB as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by CWB to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.
- 8.5 If the Debtor fails to maintain insurance as required, CWB may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as CWB may wish to maintain.

9. OTHER PROHIBITIONS

(You agree to not encumber your property so as to interfere with the security interests or charges granted to CWB and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of CWB the Debtor will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;
- (c) where the Debtor is a corporation:
 - (i) issue, purchase or redeem its shares;
 - (ii) change its voting control;
 - (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
 - (iv) declare or pay any dividends on any of its shares; or
 - (v) repay or reduce any shareholders loans or other debts due to its shareholders;

(d) change its name, merge with or amalgamate with any other entity.

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of CWB. Any sales or other disposition will result in you holding the proceeds in trust for CWB. Your responsibilities towards the Collateral and any trust proceeds are important to CWB.)

10.1 Except as provided by this Security Agreement, without CWB's prior written consent the Debtor will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Debtor is not in default under this Security Agreement the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Debtor holding the proceeds in trust for and on behalf of CWB and subject to CWB's exclusive direction and control. Nothing restricts CWB's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with CWB's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, CWB may perform those obligations but you will be required to pay for them.)

If the Debtor fails to perform its covenants and agreements under this Security Agreement, CWB may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of CWB, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by CWB shall be immediately payable by the Debtor to CWB with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to CWB. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of CWB.)

Notwithstanding any other provision of this Security Agreement, CWB may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Debtor in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for CWB.

13. APPROPRIATION OF PAYMENTS

(CWB has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as CWB sees fit, and CWB may at any time change any appropriation as CWB sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of CWB. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and CWB will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

- 14.1 Unless waived by CWB, the Debtor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Debtor and CWB in any of the following events:
- (a) the Debtor defaults, or threatens to default, in payments when due of any of the Obligations; or
 - (b) the Debtor is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with CWB, or any representation or warranty of the Debtor to CWB is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
 - (c) the Debtor or a guarantor of the Debtor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
 - (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
 - (e) an order is made or a resolution is passed for the winding up of the Debtor or a guarantor of the Debtor; or
 - (f) the Debtor or a guarantor of the Debtor ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
 - (g) distress or execution is levied or issued against all or a part of the Collateral; or
 - (h) if the Debtor is a corporation and any member or shareholder:
 - (i) commences an action against the Debtor; or
 - (ii) gives a notice of dissent to the Debtor in accordance with the provisions of any governing legislation; or
 - (i) if the Debtor is a corporation and its voting control changes without CWB's prior written consent; or
 - (j) the Debtor uses any monies advanced to it by CWB for any purpose other than as agreed upon by CWB; or
 - (k) without CWB's prior written consent, the Debtor creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
 - (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
 - (m) the Debtor enters into an amalgamation, a merger or other similar arrangement with any other person without CWB's prior written consent or, if the Debtor is a corporation, it is continued or registered in a different jurisdiction without CWB's prior written consent; or
 - (n) CWB in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
 - (o) the lessor under any lease to the Debtor of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a

result of any default by the Debtor; or

- (p) the Debtor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Debtor or to be incorporated into any of its assets, or the Debtor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Debtor is cancelled, revoked or reduced, as the case may be, or any order against the Debtor is enforced, preventing the business of the Debtor from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Debtor's business; or
- (r) if an individual, the Debtor dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

- (a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or
- (b) CWB taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;

and for the better securing to CWB repayment of the Obligations the Debtor mortgages to CWB all of the Debtor's estate and interest in the Real Property.

15. ENFORCEMENT

(If a default occurs, CWB has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

15.1 If the Debtor is in default under this Security Agreement CWB may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests CWB may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, CWB may do any of the following:

- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as CWB may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any of the Debtor's premises at any time and take possession of the Collateral with power to exclude the Debtor, its agents and its servants, without becoming liable as a mortgagee in possession;
- (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as CWB deems advisable;
- (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to CWB may seem reasonable, provided that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
- (e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and
- (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Debtor and not of CWB and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of CWB under this Security Agreement,

and in addition shall have power to:

- (a) carry on the Debtor's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and
- (b) make an assignment for the benefit of the Debtor's creditors or a proposal on behalf of the Debtor under the *Bankruptcy and Insolvency Act* (Canada); and
- (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Debtor for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
- (d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as CWB, in its absolute discretion and to the full extent permitted by law, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by CWB respecting or incidental to:
 - (i) the exercise by CWB of the rights and powers granted to it by this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to CWB of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to CWB of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING CWB

(You have granted this Security Agreement to CWB in consideration by CWB advancing funds or providing credit or a credit facility to you. CWB will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, CWB will act in good faith and in a commercially reasonable manner.)

- 16.1 To the full extent permitted by law, CWB shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when CWB shall manage the Collateral upon entry or seizure, nor shall CWB be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. CWB shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall CWB, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall CWB be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Debtor waives any provision of law permitted to be waived by it which imposes greater obligations upon CWB than described above.
- 16.2 Neither CWB nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of CWB, the Debtor or any other party respecting the Collateral. CWB shall also not be liable for any misconduct, negligence, misfeasance by CWB, the Receiver or any employee or agent of CWB or the Receiver, or for the exercise of the rights and remedies conferred upon CWB or the Receiver by

this Security Agreement.

- 16.3 CWB or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Debtor, co-obligants, guarantors and others and with the Collateral and other securities as CWB may see fit without liability to the Debtor and without prejudice to CWB's rights respecting the Obligations or CWB's right to hold and realize the Collateral. The Debtor shall not be released nor shall its liability be in any way reduced because CWB has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.
- 16.4 Notwithstanding anything to the contrary in any security held by CWB for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. CWB in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.
- 16.5 Any right of CWB and any obligation of the Debtor arising under any other agreements between CWB and the Debtor shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Debtor to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of CWB's commitment letter or Loan Agreement with the Debtor shall survive the signing and registration of this Security Agreement and CWB's advancement of any money to the Debtor and any legal fees, commitment fees, standby fees or administration fees owing by the Debtor shall be secured by the Collateral.
- 16.6 In the event that CWB registers a notice of assignment of Intellectual Property the Debtor shall be responsible for and shall indemnify CWB against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.
- 16.7 Notwithstanding any taking of possession of the Collateral, or any other action which CWB or the Receiver may take, the Debtor now covenants and agrees with CWB that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to CWB at the time of such disposition, the Debtor shall immediately pay to CWB an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Debtor agrees that CWB may bring action against the Debtor for payment of the deficiency, notwithstanding any defects or irregularities of CWB or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY

(You appoint CWB your attorney for specific matters.)

The Debtor irrevocably appoints CWB or the Receiver, as the case may be, with full power of substitution, as the attorney of the Debtor for and in the name of the Debtor to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do everything necessary or incidental to the exercise of all or any of the powers conferred on CWB, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Debtor subsequent to the execution hereof.

18. CONSOLIDATION

(Should you wish to redeem the Security Interest, CWB may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE

(CWB determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by CWB shall bind CWB to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Debtor to CWB.

20. WAIVER

(Indulgences granted by CWB should not be taken for granted.)

CWB may permit the Debtor to remedy any default without waiving the default so remedied. CWB may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by CWB. No delay or omission on the part of CWB in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to CWB remain in place regardless of any concerns you may have about the loan facility or CWB's actions.)

CWB may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, the Debtor's account debtors, sureties and others and with the Collateral and other security interests as CWB may see fit without prejudice to the Debtor's liability or CWB's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by CWB now or in the future from the Debtor or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Security Agreement describes some rights and remedies of CWB. CWB also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

CWB's rights and remedies set out in this Security Agreement, and in any other security agreement held by CWB from the Debtor or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and CWB that may be in effect from time to time.

25. ASSIGNMENT

(Should CWB assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

CWB may, without notice to the Debtor, at any time assign or transfer, or grant a security interest in, all or

any of the Obligations, this Security Agreement and the Security Interests. The Debtor agrees that the assignee, transferee or secured party, as the case may be, shall have all of CWB's rights and remedies under this Security Agreement and the Debtor will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against CWB in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to CWB may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to CWB shall not be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and, subject to applicable law, payment to CWB of an administrative fee to be fixed by CWB and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by CWB in connection with the Obligations and such release and discharge. The Debtor shall, subject to applicable law, pay an administrative fee, to be fixed by CWB, for the preparation or execution of any full or partial release or discharge by CWB of any security it holds, of the Debtor, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Debtor represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) the Collateral and Real Property are and will remain free of environmental damage or contamination;
- (e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Debtor's business or assets including without limitation the Collateral;
- (f) it will advise CWB immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide CWB with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Debtor and it consents to CWB contacting and making enquiries of environmental officials or assessors;
- (h) it will not install on or under any land mortgaged to CWB storage tanks for petroleum products or any hazardous substance without CWB's prior written consent and only upon full compliance with CWB's requirements and local ordinances or regulations;
- (i) it will from time to time when requested by CWB provide to CWB evidence of its full compliance with the Debtor's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of CWB and its successors and assigns, and shall be

binding upon the Debtors and its heirs, executors, administrators, successors and any assigns permitted by CWB, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "Lands" means the lands described in Schedule C (including all stratigraphic formations from surface to basement unless otherwise specified), and includes all Petroleum Substances from time to time situated within or forming part of such lands, and any other lands with which the same may from time to time be pooled or unitized;
- (c) "Leasehold Mortgage" means that certain leasehold mortgage dated of even date herewith, granted by the Debtor to CWB in respect of Alberta Surface Lease Agreement dated March 20, 2022 between Canadian National Resources Limited, as lessor, and the Debtor, as lessee, made in respect of a portion of the NW 1/4 Section 12, Township 20, Range 12 W4M, excepting thereout that portion of Legal Subdivision 13 in the said quarter section which is shown on a Plan filed as 8341FB and therein outlined in yellow, excepting thereout all mines and minerals and the right to work the same;
- (d) "Leases" means collectively the various leases, reservations, permits, licenses and similar documents of title by virtue of which the holder thereof is entitled to explore for, test for, drill for, recover, remove or dispose of Petroleum Substances from time to time situated within or forming part of the Lands or otherwise, including, without limitation, any leases, licenses and other documents of title described in Schedule C, and all renewals, replacements and extensions thereof;
- (e) "Miscellaneous Interests" means all the interests of the Debtor (other than P&NG Interests and Tangible Interests), whether now owned or hereafter acquired, in all existing and future property, assets and rights now or hereafter relating to any of the P&NG Interests or Tangible Interests, including, without limitation, all of the interests of the Debtor, whether now owned or hereafter acquired, in all existing and future:
 - (i) contracts, agreements, arrangements and documents (including, without limitation, production sales contracts, pooling agreements, unit agreements, unit operating agreements, agreements for construction, ownership or operation of facilities and contracts, processing agreements, transportation agreements and arrangements for the transportation of Petroleum Substances) now or hereafter relating to any of the P&NG Interests, Tangible Interests or rights in relation thereto;
 - (ii) surface of any of the Lands and of any lands upon which any of the Tangibles are now or hereafter situated, and of any lands now or hereafter to be traversed in order to gain access to any of the Lands or Tangibles and the rights to enter upon, use or occupy the surface of any such lands described above and the Lands, including, without limitation, any fee simple title, surface lease, mineral surface lease or license of occupation, including, without limitation, the surface leases and surface occupation agreement described in Part 1 of Schedule D;
 - (iii) permits, licences, approvals and other authorizations, privileges and rights now or hereafter relating to any of the P&NG Interests, Lands, Leases or Tangible Interests including, without limitation, all well, pipeline and facilities licences, leases, agreements, permits and authorizations relating to any of the P&NG Interests, Lands, Leases or Tangible Interests, including, without limitation, the well licences described in Part 2 of Schedule D;
 - (iv) Petroleum Substances from time to time produced from any of the Lands and allocable to any of the P&NG Interests (but not beyond the point of delivery to the purchaser thereof);

- (v) books, records, documents, maps and files, and engineering and other reports, studies and data, now or hereafter relating to any of the P&NG Interests; and
 - (vi) all extensions, renewals, replacements or amendments of or to the foregoing items described in Subclauses (i) to (v) above;
- (f) "P&NG Interests" means all of the right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an interest in land, of the Debtor, in and to any of the following:
- (i) the interest of the Debtor in respect of the Leases and the Lands;
 - (ii) rights to explore for, test for, drill for and produce, take, save or market Petroleum Substances from, within, upon, under or in relation to the Leases or the Lands;
 - (iii) rights to a share of the production of Petroleum Substances from the Leases or the Lands;
 - (iv) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances from the Leases or Lands, other than rights under agreements for the sale of Petroleum Substances from the Leases or the Lands;
 - (v) rights to acquire any of the rights described in Subclauses (i) to (iv) above; and
 - (vi) all extensions, renewals, replacements or amendments of or to the foregoing items;

and includes interests and rights known as a working interest, royalty interest, overriding royalty interest, gross overriding royalty interest, production payments, profits interest, net profits interest, revenue interest, net revenue interest and other interests in and to the Leases and the Lands and fractional or undivided interests in any of the foregoing;

- (g) "Petroleum Substances" means any one or more of crude oil, crude bitumen, synthetic crude oil, petroleum, natural gas, natural gas liquids, related hydrocarbons and any and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur;
- (h) "Tangibles" means all existing and future:
- (i) producing, shut-in, injection, disposal and other wells now or hereafter used, or expected or intended to be used, in connection with the production of Petroleum Substances from any of the Lands; and
 - (ii) separators, dehydrators, tanks, flow-lines, gathering systems, batteries, meter stations, gas plants, pipelines, compressors, enhanced recovery systems and other facilities and structures used in connection with production, gathering, treatment, storage, processing, compression, transportation, injection, removal or other operations related to any of the P&NG Interests, Leases or Lands, or to any Petroleum Substances produced therefrom or allocable thereto;
- together with all existing and future equipment, machinery, apparatus, materials and other tangible property, assets and goods which may now or hereafter be located at the site of any such wells, facilities or structures and form part of, be appurtenant to or otherwise be used in connection with such wells, facilities or structures;
- (i) "Tangible Interests" means all of the interests of the Debtor, whether now owned or hereafter acquired, in all existing and future Tangibles;
- (j) "the Act" means the *Personal Property Security Act* of British Columbia, Alberta and/or

Saskatchewan, as applicable, and all regulations under the foregoing *Personal Property Security Acts*, as amended from time to time.

- 29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.
- 29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.
- 29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.
- 29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(j). For enforcement purposes, the Debtor hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which CWB enforces its rights and remedies hereunder.

30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from CWB a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

31. TIME

Time shall in all respects be of the essence.

32. INDEPENDENT ADVICE

The Debtor acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

33. SASKATCHEWAN LAW

If the Debtor is a corporation, the Debtor agrees as follows:

- (a) that the *Land Contracts (Actions) Act, 2018* of Saskatchewan, as amended or replaced from time to time, shall have no application to any action, as defined in that Act, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of CWB under this Security Agreement or any mortgage or charge created by this Security Agreement as CWB is specifically exempted from the operation of that Act;
- (b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of CWB under this Security Agreement or any mortgage or charge created by this Security Agreement; and
- (c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees

that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Debtor.

34. PARENTHETICAL COMMENTS


The Debtor acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

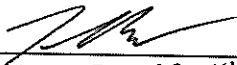
35. THE LOAN AGREEMENT

If the Debtor has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with CWB dealing with, or relating to, the loan facilities secured by this Security Agreement, the Debtor acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Debtor has executed this Security Agreement.

IMPERIAL HELIUM CORP.

Per: 
Name: *Andrew Davidson*
Title: *President & CEO*

Per: 
Name: *Jeff Sheppard*
Title: *CFO*

SCHEDULE A

Subclause 1.1 (a) (viii):

the following specific items, even though they may be included within the descriptions of Collateral (insert description by item or kind):

N/A

the following serial numbered goods:

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model
	N/A		

Subclause 6.1 (i):

Location(s) of the Collateral:

Various locations in British Columbia, Alberta and Saskatchewan, including, without limitation, the locations set forth in Schedules C and D to the General Security Agreement to which this Schedule A is appended.

Subclause 6.1 (k):

The Debtor's place(s) of business ("POB") and chief executive office ("CEO")

Chief Executive Office:	602, 224 – 4 th Avenue S. Saskatoon, SK S7K 5M5
Place of Business:	Suite 2500 Park Place, 666 Burrard Street Vancouver, BC V6C 2X8
And:	501, 304 – 8 th Avenue SW Calgary, AB T2P 1C2

SCHEDULE B

[The provisions of this Schedule B apply in those jurisdictions where the Act or its regulations defines "Licenses"]

Additional Covenants (Forest Licenses)

- 7.1 (t) so long as the Collateral includes any licence as defined in the Act, and more particularly described in Clause 1 (the "Licences"), the Debtor shall:
- (i) pay all costs of its logging operations including, without limitation, all related stumpage, royalties and all other charges, and all fees, rentals, taxes permits, leases or other rights requisite for the purposes of logging operations;
 - (ii) pay all assessments, damages, penalties or other liabilities arising by reason of default in compliance with the provisions of the Licences or of the *Forest Act* (British Columbia), the *Forests Act* (Alberta), the *Public Lands Act* (Alberta) [or other legislation in other jurisdictions] or of any regulation thereunder;
 - (iii) observe and perform all the requirements of the Licences, of the *Forest Act* [or other legislation in other jurisdictions], and any government regulations relating to logging and fire protection and will dispose of slash to the satisfaction of the responsible ministry;
 - (iv) conduct all logging and related operations in a manner to preserve and maintain in good standing the Licenses, and all of the rights and privileges attached to the Licenses and, without limitation, so as to enable the licensee to recover any refundable deposit paid under the Licenses; and
 - (v) should the Licenses involve products not falling within the forestry industry, comply with all **applicable** laws and regulations, pay all costs and assessments required by the responsible ministry and take all steps necessary to preserve and maintain in good standing the Licenses.

SCHEDULE C
Lands, Leases and P&NG Interests

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
Twp 19 Rge 11 W4M SEC 16 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 17 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 18 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 19 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 20 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 21 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 22 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 27 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 28 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 29 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
Twp 19 Rge 11 W4M SEC 30 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 32 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 33 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 34 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 35 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 1 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 2 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 3 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 4 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 9 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 10 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
Twp 19 Rge 12 W4M SEC 11 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 12 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M PTN SEC 13 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M PTN SEC 14 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 15 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 16 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 21 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 22 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 23 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 24 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 25 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
Twp 19 Rge 12 W4M SEC 26 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 27 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 28 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 12 W4M SEC 33 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 1 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 2 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 3 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 4 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 5 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 8 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 9 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
Twp 20 Rge 11 W4M SEC 10 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 11 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 12 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 13 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 14 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 15 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 16 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 17 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 19 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 20 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 21 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
Twp 20 Rge 11 W4M SEC 22 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 23 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 24 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 25 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 26 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 27 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 34 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 35 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 11 W4M SEC 36 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 12 W4M SEC 9 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 12 W4M N 10 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
Twp 20 Rge 12 W4M SEC 13 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 12 W4M SEC 14 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 12 W4M S ½ Sec Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 20 Rge 12 W4M SEC 24 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
T 19 R 11 W4M: Sec 31 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 19 R 11 W4M: Sec 34 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 19 R 11 W4M: Sec 35 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 19 R 11 W4M: Sec 36 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 11 W4M: Sec 6 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 11 W4M: Sec 7 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 11 W4M: Sec 18 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
T 20 R 12 W4M: Sec 1 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 2 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 3 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 4 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: N8 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: S ½ Sec 10 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 11 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 12 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: N1/2 Sec 15 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 16 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
T 20 R 12 W4M: Sec 17 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 20 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 21 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 23 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: W ½ & SE ¼ Sec 26 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 27 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 28 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 29 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 32 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 33 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
T 20 R 12 W4M: Sec 34 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

SCHEDULE D

Part 1 – Surface Leases and Surface Occupation Agreement

1. Alberta Surface Lease Agreement dated November 21, 2021 between Canadian Natural Resources Limited, as lessor, and Imperial Helium Corp., as lessee, with respect to the NW ¼ 12-20-12 W4M, as more particularly described in Certificate of Title No. 181 143 688.
2. Alberta Surface Lease Agreement dated June 21, 2021 between Canadian Natural Resources Limited, as lessor, and Imperial Helium Corp., as lessee, with respect to the NW ¼ 23-20-12 W4M, as more particularly described in Certificate of Title No. 181 143 684.
3. Agreement Providing for Surface Occupation dated June 14, 2021 between Eastern Irrigation District, as owner, and Imperial Helium Corp., as company, in respect of the SW ¼ 1-20-12 W4M, as more particularly described in Certificate of Title No. 161 092 823 +1.

Part 2 – Well Licences

1. Well Licence No. 0502181 dated November 26, 2021 granted by the Alberta Energy Regulator to Imperial Helium Corp. regarding the well described as Imperial Helium DD Prin 12-12-20-12.
2. Well Licence No. 0500791 dated July 30, 2021 granted by the Alberta Energy Regulator to Imperial Helium Corp. regarding the well described as Imperial Helium DD Prin 10-22-20-12.
3. Well Licence No. 0500470 dated June 25, 2021 granted by the Alberta Energy Regulator to Imperial Helium Corp. regarding the well described as Imperial Helium 102 Prin 3-1-20-12.



CANADIAN WESTERN BANK

GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated December 15, 2023

FROM:

IMPERIAL HELIUM CORP., a British Columbia corporation having an office at 602, 224 – 4th Avenue S, Saskatoon, SK S7K 5M5

(the “Debtor”)

TO:

CANADIAN WESTERN BANK, a Canadian Chartered Bank with an office at Credit Support, Prairies Regional Centre, Suite 300, 606 – 4th Street S.W., Calgary, Alberta T2P 1T1

(“CWB”)

1. SECURITY INTEREST

(You, as the Debtor, will grant to CWB a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a security interest, over certain petroleum and natural gas rights and surface rights and other interests in connection therewith, and a charge, referred to as a floating charge, over your complete undertaking and real property interests with the exception of the real property interests set forth in Subclause 1.1(b). These charges are the security CWB will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Debtor:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to CWB, and grants to CWB a general and continuing security interest in all of the Debtor's present and after acquired personal property, including, without limitation:
 - (i) the sweet gas processing plant (the “Facility”) to be located on a portion of the lands legally described as the NW 1/4 of Section 12, Township 20, Range 12 W4M, excepting thereout all that portion of Legal Subdivision 13 in the said quarter section which is shown on a Plan filed as 8341FB and therein outlined in yellow, excepting thereout all mines and minerals and the right to work the same, which Facility includes but is not limited to the buildings, facilities, structures, machinery and equipment comprising, forming part of or ancillary to the Facility, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing;
 - (ii) with the exception of the personal property which is validly and effectively subject to the fixed and specific charge, assignment, transfer and security interest described in Subclause 1.1(a)(i), all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the “Equipment”);
 - (iii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively

called the "Inventory");

- (iv) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");
 - (v) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Debtor that is not the Facility, Equipment, Inventory or Accounts;
 - (vi) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Debtor (all of which is hereinafter collectively called the "Intellectual Property");
 - (vii) all the Debtor's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Debtor, and all other intangible property of the Debtor, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
 - (viii) the personal property described in Schedule A attached to this Security Agreement; and
 - (ix) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) mortgages and charges as a fixed and specific charge, and assigns and transfers to CWB, and grants to CWB a general and continuing security interest in:
- (i) all the Debtor's present and after acquired right, title, estate and interest (whether freehold, leasehold, profit a prendre or otherwise, and whether legal or equitable, corporeal or incorporeal) in all present and after acquired P&NG Interests, Tangible Interests and Miscellaneous Interests;
 - (ii) all proceeds derived directly or indirectly from any dealing with the foregoing property (or any dealing with such proceeds), whether or not of the same type, class or kind as the original property, including any right to an insurance payment or any other payment as indemnity of compensation for loss or damage, and payments made in total or partial discharge of an intangible, chattel paper, an instrument, a security, or a mortgage in respect of an interest in land; and
 - (iii) all the Debtor's present and after acquired right, title, estate and interest in all real property rights relating to or held in connection with the Facility, including any lands now or hereafter to be traversed in order to gain access to the Facility and the rights to enter upon use or occupy the surface of such lands;
- (c) grants to CWB a general and continuing security interest in and charges by way of a floating charge:
- (i) all of the Debtor's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a) and such property and assets of the Debtor as are validly and effectively subject to the

fixed and specific mortgage and charge set forth Clause 1.1(b) and the mortgage and charge under the Leasehold Mortgage; and

- (ii) all of the undertaking and assets of the Debtor, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of CWB created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS

(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Debtor shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as CWB shall direct.

2.2 All the Debtor's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Debtor.

3. ATTACHMENT

(Value or consideration has flowed between you and CWB and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Debtor agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Debtor has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Debtor confirms that there has been no agreement between the Debtor and CWB to postpone the time for attachment of the Security Interests and that it is the Debtor's understanding that CWB intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST

(To the extent that CWB helps you acquire an interest in any personal property, you grant a special security interest to CWB over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Debtor acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by CWB, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED

(The Security Interests and charges you have granted to CWB secure all indebtedness and all obligations to CWB.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by CWB from the Debtor or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Debtor to CWB (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Debtor to CWB, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed,

wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by CWB and the Debtor's obligation and liability under any contract or guarantee now or in the future in existence whereby the Debtor guarantees payment of the debts, liabilities and/or obligations of a third party to CWB, and for the performance of all obligations of the Debtor to CWB, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. REPRESENTATIONS AND WARRANTIES

(You state that you are able to legally grant this Security Agreement to CWB, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by CWB. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of CWB. CWB will rely on all of the following representations and warranties.)

6.1 The Debtor represents and warrants to CWB that:

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Debtor has provided a written memorandum to CWB accurately setting forth all prior names under which the Debtor has operated;
- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;
- (d) if the Debtor is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to CWB or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to CWB is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Debtor, in which a decision adverse to the Debtor would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Debtor; and the Debtor agrees to promptly notify CWB of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to CWB in writing and which, if known to CWB, might reasonably be expected to deter CWB from extending

credit or advancing funds to the Debtor;

- (g) it has good and valid right, title and interest in and to and, where applicable, lawfully owns and possesses, all presently held Collateral, which includes, without limitation, the interests of the Debtor in the Lands and Leases set forth in Schedule C and the surface leases, surface occupation agreement and well licences set forth in Schedule D, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by CWB, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to in writing by CWB;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Debtor has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to CWB;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule A, Schedule C and Schedule D, as applicable, and will not be removed from such location(s) without the prior written consent of CWB;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor, if the Debtor is a corporation, or, if the Debtor is a partnership, of the partners of the Debtor, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations valid and there is no restriction contained in the constating documents of the Debtor or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Debtor to borrow money or give security; and
- (k) the Debtor's place(s) of business and chief executive office are correctly described in Schedule A.

7. COVENANTS OF THE DEBTOR

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to CWB describing how CWB's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow CWB's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Debtor covenants with CWB that while this Security Agreement remains in effect the Debtor will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for CWB's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) promptly pay and satisfy:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish to CWB such security as CWB may require;
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and

- (iii) all fees from time to time chargeable by CWB arising out of any term of the commitment letter or the Loan Agreement between CWB and the Debtor including, without limitation, inspection, administration and returned cheque handling fees;
- (g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by CWB in connection with granting loans or credit to the Debtor, including for:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Debtor's obligations, whether or not relating to this Security Agreement;
 - (iii) complying with any disclosure requirements under the Act;
 - (iv) investigating title to the Collateral;
 - (v) taking, recovering, keeping possession and disposing of the Collateral;
 - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
 - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty CWB becomes obligated to pay by reason of any statute, order or direction of competent authority;
 - (viii) any sums CWB pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify CWB and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;
 - (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by CWB as security for the Obligations, protect CWB from liability in connection with the Security Interests or assist CWB in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and Insolvency Act* (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act* (Canada);
- (h) at CWB's request, execute and deliver further documents and instruments and do all acts as CWB in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify CWB promptly of:
 - (i) any change in the information contained in this Security Agreement relating to the Debtor, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
 - (iii) any material loss or damage to the Collateral;

- (iv) any material default by any account debtor in the payment or other performance of its obligations to the Debtor respecting any Accounts;
- (v) any claims against the Debtor including claims in respect of the Intellectual Property or of any actions taken by the Debtor to defend the registration of or the validity of or any infringement of the Intellectual Property;
- (vi) the return to or repossession by the Debtor of Collateral that was disposed of by the Debtor; and
- (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit CWB and its representatives, at all reasonable times, access to the Collateral including all of the Debtor's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Debtor will render all assistance necessary;
- (m) permit and does consent to CWB contacting and making enquiries of the Debtor's lessors as well as assessors, municipal authorities and any taxing body;
- (n) observe and perform all its obligations under:
 - (i) leases, licences, undertakings, and any other agreements to which it is a party;
 - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (o) deliver to CWB from time to time promptly upon request:
 - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow CWB to inspect, audit or copy them;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (iv) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as CWB may reasonably require;
- (p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
- (q) with respect to copyright forming part of the Intellectual Property, provide to CWB waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;

- (r) receive and hold in trust on behalf of and for the benefit of CWB all proceeds from the sale or other disposition of any Collateral; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 The Debtor, at the request of CWB from time to time, will forthwith grant, or cause to be granted, to CWB, additional fixed and specific mortgages and charges over the Debtor's real property, including, without limitation, its P&NG Rights therein and Tangible Interests and Miscellaneous Interests in respect thereof, as CWB in its sole and absolute discretion deems necessary, as security for all then present and future Obligations. In this connection, the Debtor will:

- (a) provide CWB with such information as reasonably required by CWB to identify the additional property to be charged pursuant to this Clause 7.2;
- (b) do all such things as are reasonably required to grant in favour of CWB a fixed lien in respect of such additional property to be so charged pursuant to this Clause 7.2;
- (c) provide CWB with all corporate resolutions and other action, as reasonably required, for the Debtor to grant to CWB a fixed lien in the property identified by CWB to be so charged;
- (d) provide CWB with such security instruments, legal opinions and other documents which CWB, acting reasonably, deems are necessary in connection with this Clause 7.2 or to give full force and effect hereto;
- (e) assist CWB in the registration or recording of such agreements and instruments in such public registry offices in Canada or any province thereof (or in any other jurisdiction) as CWB, acting reasonably, deems necessary to give full force and effect to this Clause 7.2; and
- (f) pay all reasonable costs and expenses incurred by CWB in connection with the preparation, execution and registration of all agreements, documents and instruments, including any amendments to loan and credit agreements, made in connection with this Clause 7.2, or in connection with any legal opinions related to any of the foregoing.

In addition, CWB is hereby granted the right to attach to this Security Agreement, as part of the fixed charge over lands provided by this Security Agreement, from time to time a land schedule setting forth those of the Debtor's properties and assets as CWB may determine in its sole and absolute discretion, and the Debtor hereby authorizes CWB to do so as its duly appointed attorney. This power of attorney is a power coupled with an interest and shall be irrevocable. The Debtor hereby ratifies and confirms any and all such actions so taken by CWB from time to time.

Further, the Debtor hereby irrevocably constitutes and appoints any officer of CWB, or any Receiver appointed by the court or CWB as herein set out, the true and lawful attorney of the Debtor with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to sue in the name of the Debtor whenever and wherever it may be deemed necessary or expedient in connection with this Clause 7.2. This power of attorney is a power coupled with an interest and shall be irrevocable. The Debtor hereby ratifies and confirms any and all such actions so taken by CWB and its other attorneys from time to time.

- 7.3 Any amounts required to be paid to CWB by the Debtor under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.
- 7.4 This Security Agreement shall remain in effect until it has been terminated by CWB by notice of termination to the Debtor and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of CWB. You will follow the specific

requirements of the insurance coverage described in this Clause.)

- 8.1 The Debtor covenants that while this Security Agreement is in effect the Debtor shall:
- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as CWB may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
 - (b) cause the insurance policy or policies required by this Security Agreement to be assigned to CWB, including a standard mortgage clause or a mortgage endorsement, as CWB may require;
 - (c) pay all premiums respecting such insurance, and deliver all policies to CWB, if required.
- 8.2 If proceeds of any required insurance becomes payable, CWB may, in its absolute discretion, apply these proceeds to the Obligations as CWB sees fit or release any insurance proceeds to the Debtor to repair, replace or rebuild, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.
- 8.3 The Debtor will promptly, on the happening of loss or damage to the Collateral, notify CWB and furnish to CWB at the Debtor's expense any necessary proof and do any necessary act to enable CWB to obtain payment of the insurance proceeds, but nothing shall limit CWB's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Debtor authorizes and directs the insurer under any required policy of insurance to include the name of CWB as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by CWB to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.
- 8.5 If the Debtor fails to maintain insurance as required, CWB may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as CWB may wish to maintain.

9. OTHER PROHIBITIONS

(You agree to not encumber your property so as to interfere with the security interests or charges granted to CWB and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of CWB the Debtor will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;
- (c) where the Debtor is a corporation:
 - (i) issue, purchase or redeem its shares;
 - (ii) change its voting control;
 - (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
 - (iv) declare or pay any dividends on any of its shares; or
 - (v) repay or reduce any shareholders loans or other debts due to its shareholders;

(d) change its name, merge with or amalgamate with any other entity.

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of CWB. Any sales or other disposition will result in you holding the proceeds in trust for CWB. Your responsibilities towards the Collateral and any trust proceeds are important to CWB.)

10.1 Except as provided by this Security Agreement, without CWB's prior written consent the Debtor will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Debtor is not in default under this Security Agreement the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Debtor holding the proceeds in trust for and on behalf of CWB and subject to CWB's exclusive direction and control. Nothing restricts CWB's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with CWB's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, CWB may perform those obligations but you will be required to pay for them.)

If the Debtor fails to perform its covenants and agreements under this Security Agreement, CWB may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of CWB, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by CWB shall be immediately payable by the Debtor to CWB with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to CWB. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of CWB.)

Notwithstanding any other provision of this Security Agreement, CWB may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Debtor in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for CWB.

13. APPROPRIATION OF PAYMENTS

(CWB has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as CWB sees fit, and CWB may at any time change any appropriation as CWB sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of CWB. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and CWB will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

- 14.1 Unless waived by CWB, the Debtor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Debtor and CWB in any of the following events:
- (a) the Debtor defaults, or threatens to default, in payments when due of any of the Obligations; or
 - (b) the Debtor is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with CWB, or any representation or warranty of the Debtor to CWB is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
 - (c) the Debtor or a guarantor of the Debtor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
 - (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
 - (e) an order is made or a resolution is passed for the winding up of the Debtor or a guarantor of the Debtor; or
 - (f) the Debtor or a guarantor of the Debtor ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
 - (g) distress or execution is levied or issued against all or a part of the Collateral; or
 - (h) if the Debtor is a corporation and any member or shareholder:
 - (i) commences an action against the Debtor; or
 - (ii) gives a notice of dissent to the Debtor in accordance with the provisions of any governing legislation; or
 - (i) if the Debtor is a corporation and its voting control changes without CWB's prior written consent; or
 - (j) the Debtor uses any monies advanced to it by CWB for any purpose other than as agreed upon by CWB; or
 - (k) without CWB's prior written consent, the Debtor creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
 - (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
 - (m) the Debtor enters into an amalgamation, a merger or other similar arrangement with any other person without CWB's prior written consent or, if the Debtor is a corporation, it is continued or registered in a different jurisdiction without CWB's prior written consent; or
 - (n) CWB in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
 - (o) the lessor under any lease to the Debtor of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a

result of any default by the Debtor; or

- (p) the Debtor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Debtor or to be incorporated into any of its assets, or the Debtor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Debtor is cancelled, revoked or reduced, as the case may be, or any order against the Debtor is enforced, preventing the business of the Debtor from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Debtor's business; or
- (r) if an individual, the Debtor dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

- (a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or
- (b) CWB taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;

and for the better securing to CWB repayment of the Obligations the Debtor mortgages to CWB all of the Debtor's estate and interest in the Real Property.

15. ENFORCEMENT

(If a default occurs, CWB has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

15.1 If the Debtor is in default under this Security Agreement CWB may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests CWB may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, CWB may do any of the following:

- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as CWB may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any of the Debtor's premises at any time and take possession of the Collateral with power to exclude the Debtor, its agents and its servants, without becoming liable as a mortgagee in possession;
- (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as CWB deems advisable;
- (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to CWB may seem reasonable, provided that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
- (e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and
- (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Debtor and not of CWB and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of CWB under this Security Agreement,

and in addition shall have power to:

- (a) carry on the Debtor's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and
- (b) make an assignment for the benefit of the Debtor's creditors or a proposal on behalf of the Debtor under the *Bankruptcy and Insolvency Act* (Canada); and
- (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Debtor for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
- (d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as CWB, in its absolute discretion and to the full extent permitted by law, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by CWB respecting or incidental to:
 - (i) the exercise by CWB of the rights and powers granted to it by this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to CWB of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to CWB of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING CWB

(You have granted this Security Agreement to CWB in consideration by CWB advancing funds or providing credit or a credit facility to you. CWB will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, CWB will act in good faith and in a commercially reasonable manner.)

16.1 To the full extent permitted by law, CWB shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when CWB shall manage the Collateral upon entry or seizure, nor shall CWB be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. CWB shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall CWB, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall CWB be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Debtor waives any provision of law permitted to be waived by it which imposes greater obligations upon CWB than described above.

16.2 Neither CWB nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of CWB, the Debtor or any other party respecting the Collateral. CWB shall also not be liable for any misconduct, negligence, misfeasance by CWB, the Receiver or any employee or agent of CWB or the Receiver, or for the exercise of the rights and remedies conferred upon CWB or the Receiver by

this Security Agreement.

- 16.3 CWB or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Debtor, co-obligants, guarantors and others and with the Collateral and other securities as CWB may see fit without liability to the Debtor and without prejudice to CWB's rights respecting the Obligations or CWB's right to hold and realize the Collateral. The Debtor shall not be released nor shall its liability be in any way reduced because CWB has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.
- 16.4 Notwithstanding anything to the contrary in any security held by CWB for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. CWB in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.
- 16.5 Any right of CWB and any obligation of the Debtor arising under any other agreements between CWB and the Debtor shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Debtor to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of CWB's commitment letter or Loan Agreement with the Debtor shall survive the signing and registration of this Security Agreement and CWB's advancement of any money to the Debtor and any legal fees, commitment fees, standby fees or administration fees owing by the Debtor shall be secured by the Collateral.
- 16.6 In the event that CWB registers a notice of assignment of Intellectual Property the Debtor shall be responsible for and shall indemnify CWB against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.
- 16.7 Notwithstanding any taking of possession of the Collateral, or any other action which CWB or the Receiver may take, the Debtor now covenants and agrees with CWB that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to CWB at the time of such disposition, the Debtor shall immediately pay to CWB an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Debtor agrees that CWB may bring action against the Debtor for payment of the deficiency, notwithstanding any defects or irregularities of CWB or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY

(You appoint CWB your attorney for specific matters.)

The Debtor irrevocably appoints CWB or the Receiver, as the case may be, with full power of substitution, as the attorney of the Debtor for and in the name of the Debtor to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do everything necessary or incidental to the exercise of all or any of the powers conferred on CWB, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Debtor subsequent to the execution hereof.

18. CONSOLIDATION

(Should you wish to redeem the Security Interest, CWB may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE

(CWB determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by CWB shall bind CWB to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Debtor to CWB.

20. WAIVER

(Indulgences granted by CWB should not be taken for granted.)

CWB may permit the Debtor to remedy any default without waiving the default so remedied. CWB may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by CWB. No delay or omission on the part of CWB in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to CWB remain in place regardless of any concerns you may have about the loan facility or CWB's actions.)

CWB may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, the Debtor's account debtors, sureties and others and with the Collateral and other security interests as CWB may see fit without prejudice to the Debtor's liability or CWB's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by CWB now or in the future from the Debtor or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Security Agreement describes some rights and remedies of CWB. CWB also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

CWB's rights and remedies set out in this Security Agreement, and in any other security agreement held by CWB from the Debtor or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and CWB that may be in effect from time to time.

25. ASSIGNMENT

(Should CWB assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

CWB may, without notice to the Debtor, at any time assign or transfer, or grant a security interest in, all or

any of the Obligations, this Security Agreement and the Security Interests. The Debtor agrees that the assignee, transferee or secured party, as the case may be, shall have all of CWB's rights and remedies under this Security Agreement and the Debtor will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against CWB in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to CWB may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to CWB shall not be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and, subject to applicable law, payment to CWB of an administrative fee to be fixed by CWB and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by CWB in connection with the Obligations and such release and discharge. The Debtor shall, subject to applicable law, pay an administrative fee, to be fixed by CWB, for the preparation or execution of any full or partial release or discharge by CWB of any security it holds, of the Debtor, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Debtor represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) the Collateral and Real Property are and will remain free of environmental damage or contamination;
- (e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Debtor's business or assets including without limitation the Collateral;
- (f) it will advise CWB immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide CWB with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Debtor and it consents to CWB contacting and making enquiries of environmental officials or assessors;
- (h) it will not install on or under any land mortgaged to CWB storage tanks for petroleum products or any hazardous substance without CWB's prior written consent and only upon full compliance with CWB's requirements and local ordinances or regulations;
- (i) it will from time to time when requested by CWB provide to CWB evidence of its full compliance with the Debtor's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of CWB and its successors and assigns, and shall be

binding upon the Debtors and its heirs, executors, administrators, successors and any assigns permitted by CWB, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "Lands" means the lands described in Schedule C (including all stratigraphic formations from surface to basement unless otherwise specified), and includes all Petroleum Substances from time to time situated within or forming part of such lands, and any other lands with which the same may from time to time be pooled or unitized;
- (c) "Leasehold Mortgage" means that certain leasehold mortgage dated of even date herewith, granted by the Debtor to CWB in respect of Alberta Surface Lease Agreement dated March 20, 2022 between Canadian National Resources Limited, as lessor, and the Debtor, as lessee, made in respect of a portion of the NW 1/4 Section 12, Township 20, Range 12 W4M, excepting thereout that portion of Legal Subdivision 13 in the said quarter section which is shown on a Plan filed as 8341FB and therein outlined in yellow, excepting thereout all mines and minerals and the right to work the same;
- (d) "Leases" means collectively the various leases, reservations, permits, licenses and similar documents of title by virtue of which the holder thereof is entitled to explore for, test for, drill for, recover, remove or dispose of Petroleum Substances from time to time situated within or forming part of the Lands or otherwise, including, without limitation, any leases, licenses and other documents of title described in Schedule C, and all renewals, replacements and extensions thereof;
- (e) "Miscellaneous Interests" means all the interests of the Debtor (other than P&NG Interests and Tangible Interests), whether now owned or hereafter acquired, in all existing and future property, assets and rights now or hereafter relating to any of the P&NG Interests or Tangible Interests, including, without limitation, all of the interests of the Debtor, whether now owned or hereafter acquired, in all existing and future:
 - (i) contracts, agreements, arrangements and documents (including, without limitation, production sales contracts, pooling agreements, unit agreements, unit operating agreements, agreements for construction, ownership or operation of facilities and contracts, processing agreements, transportation agreements and arrangements for the transportation of Petroleum Substances) now or hereafter relating to any of the P&NG Interests, Tangible Interests or rights in relation thereto;
 - (ii) surface of any of the Lands and of any lands upon which any of the Tangibles are now or hereafter situated, and of any lands now or hereafter to be traversed in order to gain access to any of the Lands or Tangibles and the rights to enter upon, use or occupy the surface of any such lands described above and the Lands, including, without limitation, any fee simple title, surface lease, mineral surface lease or license of occupation, including, without limitation, the surface leases and surface occupation agreement described in Part 1 of Schedule D;
 - (iii) permits, licences, approvals and other authorizations, privileges and rights now or hereafter relating to any of the P&NG Interests, Lands, Leases or Tangible Interests including, without limitation, all well, pipeline and facilities licences, leases, agreements, permits and authorizations relating to any of the P&NG Interests, Lands, Leases or Tangible Interests, including, without limitation, the well licences described in Part 2 of Schedule D;
 - (iv) Petroleum Substances from time to time produced from any of the Lands and allocable to any of the P&NG Interests (but not beyond the point of delivery to the purchaser thereof);

- (v) books, records, documents, maps and files, and engineering and other reports, studies and data, now or hereafter relating to any of the P&NG Interests; and
 - (vi) all extensions, renewals, replacements or amendments of or to the foregoing items described in Subclauses (i) to (v) above;
- (f) "P&NG Interests" means all of the right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an interest in land, of the Debtor, in and to any of the following:
- (i) the interest of the Debtor in respect of the Leases and the Lands;
 - (ii) rights to explore for, test for, drill for and produce, take, save or market Petroleum Substances from, within, upon, under or in relation to the Leases or the Lands;
 - (iii) rights to a share of the production of Petroleum Substances from the Leases or the Lands;
 - (iv) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances from the Leases or Lands, other than rights under agreements for the sale of Petroleum Substances from the Leases or the Lands;
 - (v) rights to acquire any of the rights described in Subclauses (i) to (iv) above; and
 - (vi) all extensions, renewals, replacements or amendments of or to the foregoing items;

and includes interests and rights known as a working interest, royalty interest, overriding royalty interest, gross overriding royalty interest, production payments, profits interest, net profits interest, revenue interest, net revenue interest and other interests in and to the Leases and the Lands and fractional or undivided interests in any of the foregoing;

- (g) "Petroleum Substances" means any one or more of crude oil, crude bitumen, synthetic crude oil, petroleum, natural gas, natural gas liquids, related hydrocarbons and any and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur;
- (h) "Tangibles" means all existing and future:
- (i) producing, shut-in, injection, disposal and other wells now or hereafter used, or expected or intended to be used, in connection with the production of Petroleum Substances from any of the Lands; and
 - (ii) separators, dehydrators, tanks, flow-lines, gathering systems, batteries, meter stations, gas plants, pipelines, compressors, enhanced recovery systems and other facilities and structures used in connection with production, gathering, treatment, storage, processing, compression, transportation, injection, removal or other operations related to any of the P&NG Interests, Leases or Lands, or to any Petroleum Substances produced therefrom or allocable thereto;
- together with all existing and future equipment, machinery, apparatus, materials and other tangible property, assets and goods which may now or hereafter be located at the site of any such wells, facilities or structures and form part of, be appurtenant to or otherwise be used in connection with such wells, facilities or structures;
- (i) "Tangible Interests" means all of the interests of the Debtor, whether now owned or hereafter acquired, in all existing and future Tangibles;
 - (j) "the Act" means the *Personal Property Security Act* of British Columbia, Alberta and/or

Saskatchewan, as applicable, and all regulations under the foregoing *Personal Property Security Acts*, as amended from time to time.

- 29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.
- 29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.
- 29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.
- 29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(j). For enforcement purposes, the Debtor hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which CWB enforces its rights and remedies hereunder.

30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from CWB a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

31. TIME

Time shall in all respects be of the essence.

32. INDEPENDENT ADVICE

The Debtor acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

33. SASKATCHEWAN LAW

If the Debtor is a corporation, the Debtor agrees as follows:

- (a) that the *Land Contracts (Actions) Act, 2018* of Saskatchewan, as amended or replaced from time to time, shall have no application to any action, as defined in that Act, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of CWB under this Security Agreement or any mortgage or charge created by this Security Agreement as CWB is specifically exempted from the operation of that Act;
- (b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of CWB under this Security Agreement or any mortgage or charge created by this Security Agreement; and
- (c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees

that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Debtor.

34. PARENTHETICAL COMMENTS

The Debtor acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

35. THE LOAN AGREEMENT

If the Debtor has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with CWB dealing with, or relating to, the loan facilities secured by this Security Agreement, the Debtor acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Debtor has executed this Security Agreement.

IMPERIAL HELIUM CORP.

DocuSigned by:

Per: A966398E57074CD...
Name: Andrew Davidson
Title: President & Chief Executive Officer

DocuSigned by:

Per: 79AA228CA74849C...
Name: Jeff Sheppard
Title: Chief Financial Officer

SCHEDULE ASubclause 1.1 (a) (viii):

the following specific items, even though they may be included within the descriptions of Collateral (insert description by item or kind):

N/A

the following serial numbered goods:

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model
	N/A		

Subclause 6.1 (i):

Location(s) of the Collateral:

Various locations in British Columbia, Alberta and Saskatchewan, including, without limitation, the locations set forth in Schedules C and D to the General Security Agreement to which this Schedule A is appended.

Subclause 6.1 (k):

The Debtor's place(s) of business ("POB") and chief executive office ("CEO")

Chief Office:	Executive	602, 224 – 4 th Avenue S. Saskatoon, SK S7K 5M5
Place of Business:		Suite 2500 Park Place, 666 Burrard Street Vancouver, BC V6C 2X8
And:		501, 304 – 8 th Avenue SW Calgary, AB T2P 1C2

SCHEDULE B

[The provisions of this Schedule B apply in those jurisdictions where the Act or its regulations defines "Licenses"]

Additional Covenants (Forest Licenses)

- 7.1 (t) so long as the Collateral includes any licence as defined in the Act, and more particularly described in Clause 1 (the "Licences"), the Debtor shall:
- (i) pay all costs of its logging operations including, without limitation, all related stumpage, royalties and all other charges, and all fees, rentals, taxes permits, leases or other rights requisite for the purposes of logging operations;
 - (ii) pay all assessments, damages, penalties or other liabilities arising by reason of default in compliance with the provisions of the Licences or of the *Forest Act* (British Columbia), the *Forests Act* (Alberta), the *Public Lands Act* (Alberta) [or other legislation in other jurisdictions] or of any regulation thereunder;
 - (iii) observe and perform all the requirements of the Licences, of the *Forest Act* [or other legislation in other jurisdictions], and any government regulations relating to logging and fire protection and will dispose of slash to the satisfaction of the responsible ministry;
 - (iv) conduct all logging and related operations in a manner to preserve and maintain in good standing the Licenses, and all of the rights and privileges attached to the Licenses and, without limitation, so as to enable the licensee to recover any refundable deposit paid under the Licenses; and
 - (v) should the Licenses involve products not falling within the forestry industry, comply with all **applicable** laws and regulations, pay all costs and assessments required by the responsible ministry and take all steps necessary to preserve and maintain in good standing the Licenses.

SCHEDULE C
Lands, Leases and P&NG Interests

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
TwP 19 Rge 11 W4M SEC 16 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 17 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 18 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 19 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 20 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 21 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 22 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 27 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 28 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 29 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

TwP 19 Rge 11 W4M SEC 30 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 32 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 33 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 34 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 35 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 1 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 2 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 3 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 4 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 9 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 10 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 11 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

TwP 19 Rge 12 W4M SEC 12 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M PTN SEC 13 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M PTN SEC 14 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 15 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 16 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 21 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 22 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 23 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 24 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 25 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 26 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 27 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

TwP 19 Rge 12 W4M SEC 28 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 33 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 1 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 2 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 3 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 4 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 5 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 8 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 9 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 10 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 11 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 12 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

TwP 20 Rge 11 W4M SEC 13 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 14 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 15 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 16 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 17 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 19 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 20 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 21 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 22 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 23 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 24 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 25 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

TwP 20 Rge 11 W4M SEC 26 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 27 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 34 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 35 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 36 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M SEC 9 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M N 10 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M SEC 13 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M SEC 14 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M S ½ Sec Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M SEC 24 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
T 19 R 11 W4M: Sec 31 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

T 19 R 11 W4M: Sec 34 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 19 R 11 W4M: Sec 35 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 19 R 11 W4M: Sec 36 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 11 W4M: Sec 6 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 11 W4M: Sec 7 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 11 W4M: Sec 18 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 1 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 2 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 3 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 4 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: N8 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: S ½ Sec 10 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

T 20 R 12 W4M: Sec 11 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 12 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: N1/2 Sec 15 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 16 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 17 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 20 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 21 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 23 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: W ½ & SE ¼ Sec 26 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 27 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 28 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

T 20 R 12 W4M: Sec 29 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 32 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 33 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 34 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

SCHEDULE D

Part 1 – Surface Leases and Surface Occupation Agreement

1. Alberta Surface Lease Agreement dated November 21, 2021 between Canadian Natural Resources Limited, as lessor, and Imperial Helium Corp., as lessee, with respect to the NW ¼ 12-20-12 W4M, as more particularly described in Certificate of Title No. 181 143 688.
2. Alberta Surface Lease Agreement dated June 21, 2021 between Canadian Natural Resources Limited, as lessor, and Imperial Helium Corp., as lessee, with respect to the NW ¼ 23-20-12 W4M, as more particularly described in Certificate of Title No. 181 143 684.
3. Agreement Providing for Surface Occupation dated June 14, 2021 between Eastern Irrigation District, as owner, and Imperial Helium Corp., as company, in respect of the SW ¼ 1-20-12 W4M, as more particularly described in Certificate of Title No. 161 092 823 +1.

Part 2 – Well Licences

1. Well Licence No. 0502181 dated November 26, 2021 granted by the Alberta Energy Regulator to Imperial Helium Corp. regarding the well described as Imperial Helium DD Prin 12-12-20-12.
2. Well Licence No. 0500791 dated July 30, 2021 granted by the Alberta Energy Regulator to Imperial Helium Corp. regarding the well described as Imperial Helium DD Prin 10-22-20-12.
3. Well Licence No. 0500470 dated June 25, 2021 granted by the Alberta Energy Regulator to Imperial Helium Corp. regarding the well described as Imperial Helium 102 Prin 3-1-20-12.

THIS IS **EXHIBIT "T"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

ALBERTA

LEASEHOLD MORTGAGE

- A. Reference is made to the commitment letter dated February 1, 2023, (as amended, modified, supplemented, restated or replaced, from time to time, the "**Commitment Letter**") among, *inter alios*, **CANADIAN WESTERN BANK** (the "**Mortgagee**"), as lender, and **IMPERIAL HELIUM CORP.** (the "**Mortgagor**"), as borrower. Capitalized terms and expressions used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Commitment Letter.
- B. As security for the repayment and performance of all indebtedness, liabilities and obligations of the Mortgagor to the Mortgagee (including, without limitation, under or pursuant to the Commitment Letter), the Mortgagor has agreed to provide certain collateral security to the Mortgagee including, without limitation, the leasehold mortgage set forth herein (this "**Mortgage**").

The Mortgagor, being the owner of a leasehold interest, subject, however, to registered encumbrances, liens, and interests, if any, in those pieces of lands situate in the Province of Alberta, Canada, and more particularly described in Schedule "A" attached hereto (the "**Lands**"), pursuant to that certain Alberta surface lease agreement more particularly described in Schedule "B" attached hereto (as amended, modified, supplemented, restated or replaced, from time to time, collectively, the "**Lease**"). The part of the Lands affected by the Lease, together with the buildings, improvements and fixtures thereon, are hereinafter collectively referred to as the "**Leased Premises**").

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which the Mortgagor does hereby acknowledge,

THE MORTGAGOR HEREBY COVENANTS with the Mortgagee:

1. That the Mortgagor will pay to the Mortgagee, in lawful money of Canada, at Credit Support - Prairies Regional Centre, Suite 300, 606 - 4th Street S.W., in the City of Calgary, in the Province of Alberta, T2P 1T1 or at such other place as the Mortgagee may, from time to time, designate in writing, the principal sum of TEN MILLION DOLLARS (\$10,000,000) (the "**Principal Sum**") in lawful money of Canada ON DEMAND together with interest thereon or on such portion thereof as remains unpaid both before and after maturity or default at a rate per annum equal to 16% per annum (or such other the rate or rates set forth in the Commitment Letter). Prior to demand, interest at the aforesaid rate on the total of all amounts from time to time advanced or secured hereunder shall be calculated monthly from the respective dates of such advances and shall become due and payable in accordance with the Commitment Letter. Subject always to the Mortgagee's right to demand payment, the Mortgagor shall pay to the Mortgagee, on and subject to the provisions of the Commitment Letter, the Principal Sum together with interest at the rate set forth in the Commitment Letter, as the same may be amended or restated from time to time, calculated and payable monthly, not in advance, before and after maturity, default and judgment. Arrears of both principal and interest shall bear interest at the rate above-mentioned, computed and compounded monthly and payable on demand, or, if not demanded, on the date the next payment of principal and interest is due, and all such interest on arrears shall be a charge on the Lands in the same manner as all other monies hereby secured. The Mortgagor acknowledges that this Mortgage is given and taken as additional and continuing collateral security for the payment of the Principal Sum of TEN MILLION DOLLARS (\$10,000,000) under the Commitment Letter, payable at the times and in the manner provided in the Commitment Letter, and, except for the repayment of monies paid by the Mortgagee under the provisions of this Mortgage to protect its security under this Mortgage, payments on any other security or evidence of indebtedness for the Principal Sum and on this Mortgage shall be credited each against the other, and neither the granting of this Mortgage nor any proceedings taken under this Mortgage or with respect to this Mortgage, nor any judgment obtained in such proceedings, shall operate as a merger of any of the said security or evidence of indebtedness or of any simple contract debt or in any way suspend payment of, or affect or prejudice the rights, remedies, or powers, legal or equitable, of the Mortgagee in connection with the said security and evidence of indebtedness or any other security or evidence of indebtedness which may be taken by the Mortgagee in

addition to, by way of renewal of, or in substitution for any present or future guarantee, bill, note, obligation or security securing or evidencing the indebtedness hereby secured or any part thereof or be deemed to constitute a payment or satisfaction of any of the said security or evidence of indebtedness or the said indebtedness or any part thereof or merger therein and default under any other security or evidence of indebtedness from time to time now or hereafter held by the Mortgagee as evidence of or security for any of the indebtedness hereby secured shall constitute default hereunder, and default under the provisions of this Mortgage shall constitute default under all other security and evidence of indebtedness now or hereafter held by the Mortgagee. Notwithstanding anything to the contrary contained herein, payment in full to the Mortgagee of all obligations owing by the Mortgagor to the Mortgagee arising under the Commitment Letter (the "Obligations") will be deemed to be payment in full satisfaction of all amounts due under this Mortgage. Notwithstanding the interest rate set out herein, payment by the Mortgagor of the relevant fees and interest for any period in respect of the Obligations at the rate at which such Obligations bear interest for such period will be deemed to be payment in satisfaction of the interest payment for the same period under this Mortgage. The face amount of this Mortgage shall be owing hereunder by the Mortgagor and the mortgage and charge created by this Mortgage shall take effect forthwith upon the execution hereof and shall be a continuous mortgage and charge for the full amount of the Principal Sum, interest and other charges as set forth in this Mortgage, notwithstanding the actual balance owing by the Mortgagor to the Mortgagee may be fluctuating and even may from time to time and at any time be or have been reduced to a nil balance and notwithstanding monies advanced may be repaid and further advances made to or to the order of the Mortgagor or further advances may be made in respect of which the Mortgagor is liable; and this Mortgage may be held by the Mortgagee as security for any and all debts and obligations of the Mortgagor to the Mortgagee from time to time arising pursuant to the Commitment Letter, whether direct or indirect, absolute or contingent, matured or not, and whether the Mortgagor is or becomes indebted or obligated to the Mortgagee as principal or surety including, without limitation, arising pursuant to the Commitment Letter..

The taking of judgment or other proceedings under any of the Commitment Letter, any other security or evidence of indebtedness shall not operate as a merger of any of the covenants in this Mortgage or affect the Mortgagee's right to interest on the indebtedness hereby secured or any other of the Mortgagee's rights hereunder, and any right reserved to the Mortgagee under any document may be exercised by the Mortgagee concurrently or consecutively with or to any other rights reserved to it.

All monies received by the Mortgagee on account of this Mortgage in advance of the date upon which payment thereof would otherwise be required under and by virtue of the terms hereinbefore set forth, whether by reason of expropriation or otherwise, shall be applied first in or towards the payment of the last payment of principal and interest required under and by virtue of the terms contained in this Mortgage, and, in case of a surplus, in or towards the payment of the payment next preceding, and so on until the whole of the amount secured hereunder shall be paid, provided that no monies received in advance shall be applied so as to alter or modify the amounts or the dates for payment of the required payments of principal and interest under and by virtue of the terms contained in this Mortgage.

2. The Principal Sum secured by this Mortgage is the sum of TEN MILLION DOLLARS (\$10,000,000), and the rate of interest chargeable thereon is the rate of 16% per annum (or such other rate or rates set forth in the Commitment Letter), computed and compounded monthly from the respective dates of such advances or when such sums become secured, as well after as before maturity or default on the amount of principal from time to time remaining unpaid.

3. That the Mortgagor will forthwith insure, and during the continuance of this security keep insured against loss or damage by fire, tempest, tornado, cyclone, lightning, earthquake and flood, against loss or damage caused by the explosion of any steam boiler or other object generating or operated by steam and/or any closed circulation, hot water heating system and/or any pressure vessel operated on the Leased Premises, against loss of rentals (if applicable) and against business interruption, against damage to plate glass (if applicable), against public liability and against such other risks or perils as the Mortgagee may deem expedient or reasonably require, all improvements now on or forming part of the Leased Premises, or which may hereafter be erected or placed thereon, to the extent of their full insurable value with an insurance company approved by the Mortgagee, and will not do or suffer anything whereby the said policy or policies may be vitiated, and will pay all premiums and sums of money necessary for such purposes as

the same shall become due, and will forthwith assign to the Mortgagee the said policy or policies of insurance, and will deliver to the Mortgagee the said policy or policies and the receipt or receipts proving payment of the premium relating thereto, and that on the happening of any loss or damage to the Leased Premises, by fire or other insured risk, the Mortgagor will furnish, at the Mortgagor's own expense, all necessary proofs and do all the necessary acts to enable the Mortgagee to obtain payment of the insurance monies, and all said monies may, at the option of the Mortgagee, either be applied in or towards substantially rebuilding, reinstating and repairing the improvements on the Leased Premises, or applied in whole or in part towards payment of the Principal Sum, interest and other monies owing pursuant to this Mortgage, as the Mortgagee in its sole discretion may determine, PROVIDED THAT if the Mortgagor shall not keep the improvements on or forming part of the Leased Premises or any portion thereof insured as foresaid, or pay the said premiums, or deliver said receipts and produce to the Mortgagee at least three days before the termination of the insurance then existing, evidence of the renewal thereof, then the Mortgagee shall be entitled, but shall not be obliged, to insure the improvements or any portion thereof, and all monies expended by the Mortgagee for such purpose shall be payable, shall bear interest and shall be secured as specified in clause 10 hereof.

4. That the Mortgagor will, in each year, at least TEN (10) days before the date, if any, on or before which discount is allowed on the payment of taxes, or at least TEN (10) days before the date after which a penalty is added for non-payment of same, as the case may be, pay and discharge when due all taxes, rates and assessments, including local improvement charges and levies which may be assessed or levied against the Lands as a result of its use and occupation of the Lands (herein collectively called the "Taxes") and all other liens, charges, encumbrances or claims, with which the Mortgagor or the Mortgagee in respect of this Mortgage are or may be rated or charged, and produce and leave with the Mortgagee the receipts therefor; PROVIDED ALWAYS THAT, AT THE OPTION OF THE MORTGAGEE, the Mortgagor will during the currency hereof, pay to the Mortgagee, in advance in such number of equal and consecutive monthly instalments as determined by the Mortgagee (but not exceeding TWELVE (12) in number), such amounts as the Mortgagee may estimate as being the Taxes due and payable in each calendar year so that the Mortgagee shall have sufficient funds as and when the Taxes are due and payable to pay the same on behalf of the Mortgagor, the said monthly instalments to be paid along with and in addition to the monthly instalments of principal and interest due and payable under this Mortgage; it being understood and agreed that such funds are to be applied by the Mortgagee towards the payment of Taxes as long as the Mortgagor is not in default of any of the terms of this Mortgage, but nothing contained herein shall obligate the Mortgagee to apply such payments on account of Taxes more often than yearly nor to pay or adjust for interest with respect to such funds; PROVIDED FURTHER THAT:

- (a) the Mortgagee may deduct from the monies secured by or to be secured by this Mortgage an amount sufficient to pay all Taxes which have been levied against the Lands and are then due or will become due in that calendar year;
- (b) if, prior to the application by the Mortgagee of such monies for the payment of the Taxes, the Mortgagor defaults in the payment of any principal, interest or other monies secured hereunder, the Mortgagee may, at its option, apply such monies in or towards the payment of the Principal Sum, interest or other monies in default;
- (c) if the Taxes actually levied for any particular calendar year exceed the estimated amount or in the event any part of the estimated amount paid to the Mortgagee is applied by the Mortgagee in or towards the Principal Sum, interest or other monies in default, the Mortgagor will pay to the Mortgagee or to the taxing authority, as the Mortgagee may determine, on demand, the amount required to make up the deficiency; PROVIDED THAT if the amount received by the Mortgagee is in excess of the amount of the annual Taxes, the monthly tax instalments of the then ensuing SIX (6) months may be adjusted accordingly;
- (d) if the Mortgagor is required by the Mortgagee to pay the Taxes in whole or in part directly to the taxing authority and if the Mortgagor defaults in payment of any of the Taxes or defaults in payment to the Mortgagee of sufficient amounts as estimated by the Mortgagee

to permit the Mortgagee to pay the Taxes as aforesaid, then the Mortgagee, at its option, may pay such Taxes, and all monies expended by the Mortgagee for such purpose shall be payable, shall bear interest and shall be secured as specified in clause 10 hereof; and

5. the Mortgagor shall transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of Taxes forthwith after the receipt of same. That the Mortgagor will not permit or suffer any act of waste on the Leased Premises or any other act or thing by which the value of the Leased Premises shall, or, in the reasonable opinion of the Mortgagee, may be diminished and will well and sufficiently repair, maintain, amend and keep the improvements, now or hereafter on the Leased Premises, and fixtures and appurtenances belonging thereto in good and substantial repair.

6. That the Mortgagor shall not make or permit to be made any material alterations or additions to the improvements on the Leased Premises (unless permitted pursuant to the Commitment Letter) excluding tenant improvements without the prior written consent of the Mortgagee, such consent not to be unreasonably withheld or delayed, and the Mortgagor shall comply with all applicable regulations and requirements of any municipal or other authority having jurisdiction over the Leased Premises.

7. That:

- (a) the Mortgagor will promptly pay all bills for labour and material for the Leased Premises as the said bills become due, and will at all times keep the title to the Lands free of all builders' liens for work performed at the request of the Mortgagor; provided that if any such builders' liens are filed against the title to the Lands, the Mortgagor agrees to promptly pay or take such other steps as may be necessary to discharge all such liens;
- (b) the Mortgagor will carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Leased Premises and the earnings, income, rents, issues and profits thereof and will keep proper books of account and make therein true and faithful entries of all dealings and transactions in relation to its business and the Leased Premises;
- (c) the Mortgagor shall not, except in the ordinary course of its business, or except as otherwise expressly permitted by the Mortgagee, grant a sublease of the Leased Premises or any part thereof other than to such tenants and on such terms and conditions as first consented to in writing by the Mortgagee; it being understood that the granting of such consent shall not be or be deemed to be a grant of priority for any such sublease over this Mortgage; PROVIDED THAT with respect to any and all subleases of or affecting the Leased Premises, the Mortgagor shall not, without the prior written consent of the Mortgagee, demand or accept any prepayment of rent exceeding rent for THREE (3) months, under any such sublease and will, on demand of the Mortgagee from time to time, forthwith execute and deliver to the Mortgagee an assignment or assignments of all rents payable under one or more subleases relating to the Leased Premises and an assignment or assignments of the benefit of all covenants, agreements and provisos therein contained on the part of the subtenant to be observed and performed and the reversion of subleases and will also execute and deliver to the Mortgagee all such subleases and all such notices and other documents as may be required in order to render such assignment effectual in law; PROVIDED THAT nothing herein contained shall make the Mortgagee responsible for the collection of rents payable under any such subleases or for the performance of any covenants, terms or conditions contained in any such subleases;
- (d) any improvements now or hereafter located upon the Leased Premises shall be situated wholly within the boundaries of the Leased Premises, and shall be in compliance with municipal by-law requirements or the requirements of any other authority having jurisdiction as the Mortgagee may require; and
- (e) the Mortgagor, within TEN (10) days after receipt of a request to do so, shall certify to the Mortgagee or any person designated by the Mortgagee the amount of the Principal Sum

then due hereunder, the date to which interest is paid, that it has no right of a set-off against the monies due hereunder, and that there have been no amendments hereof or if there have been any such amendments, specifying the same.

8. That all erections, buildings, fences, machinery, plant and improvements fixed or otherwise now on or hereafter put upon the Leased Premises and owned by the Mortgagor (including, but without limiting the generality of the foregoing, all furnaces, boilers, plumbing, and heating equipment, light fixtures, water heaters, storm windows, storm doors and screens and all apparatus and equipment appurtenant thereto) are and shall, in addition to other fixtures thereon owned by the Mortgagor, be and become fixtures and form part of the realty and of the security, and are included in the expression the "Leased Premises", and that in the event of any loss, damage or destruction to said fixtures, erections, buildings, fences, machinery, plant and improvements, the Mortgagee may give notice to the Mortgagor to repair, reinstate or rebuild the same within a reasonable time to be determined by the Mortgagee, and to be stated in such notice, and that upon the Mortgagor failing so to repair, reinstate or rebuild within such time, said failure shall constitute a breach of covenant hereunder, and the Mortgagee may repair, reinstate or rebuild the same at the cost of the Mortgagor and all sums of money determined by the Mortgagee to be properly paid therefor shall be payable, shall bear interest and shall be secured as specified in clause 10 hereof.

9. That:

- (a) the Mortgagee shall have the right, but not the obligation, notwithstanding the performance by the Mortgagor of its covenants and agreements herein, to advance to or on behalf of the Mortgagor the Principal Sum or any part or parts thereof from time to time, and may exercise such right in its sole, unfettered, uncontrolled and unqualified discretion, and that neither execution, nor registration, nor acceptance of this Mortgage, nor the advance of part of the monies secured hereunder shall bind the Mortgagee to advance the Principal Sum or any unadvanced portion thereof, nor shall it fetter, control or qualify the said discretion of the Mortgagee, but nevertheless this Mortgage shall take effect forthwith upon the execution of these presents and the amount of the advances, if any, made from time to time by the Mortgagee shall be secured hereby and repayable with interest as herein provided. The Mortgagor does not rely upon any representations, covenants or agreements, whether verbal or in writing made by the Mortgagee or by any person acting or purporting to act on behalf of the Mortgagee as to the advancement of the Principal Sum or any part or parts thereof or any other matter which might influence the Mortgagor to execute this Mortgage;
- (b) the Mortgagee may, without further authority and from time to time as the Mortgagee may desire, make advances of principal to be secured under this Mortgage in:
 - (i) an amount or amounts sufficient to defray interest accrued hereunder and unpaid from time to time;
 - (ii) an amount or amounts equal to interest on account of the Principal Sum hereunder calculated from the date of advance to the first day of the first month following the date upon which an advance was made; and
 - (iii) an amount or amounts sufficient to defray fees due to the Mortgagee in respect of unadvanced funds or standby fees, and the like,

and upon making such advances, will have the right to apply such advances for the purpose for which they were advanced; PROVIDED THAT nothing herein shall obligate the Mortgagee to make any such advances.

10. That if the Mortgagor shall refuse or neglect to observe or perform any covenant, agreement, provision or stipulation expressed or implied in this Mortgage at the time at which, in the opinion of the

Mortgagee, the same should be observed or performed, the Mortgagee may, at the Mortgagor's expense, and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenant, agreement, provision or stipulation; and that the Mortgagee, at such time or times as it may deem necessary, and without the concurrence of any other person, may send its inspector or agent to report upon the value, state and condition of the Leased Premises and upon the performance by the Mortgagor of its covenants, agreements, provisions or stipulations pursuant to this Mortgage, and make arrangements for the repairing, finishing and putting in order of any improvements on the Leased Premises, for leasing, for collecting the rents, and for generally managing the Leased Premises, and may expend money for any and all the purposes aforesaid as it may deem expedient, and that all reasonable solicitors', inspectors', valuers' and surveyors' fees, expenses and costs of and incidental to drawing, registering and discharging this Mortgage, to valuing and examining the Leased Premises and the title thereto, and to making and maintaining this Mortgage a valid first leasehold charge thereon and to protecting the Mortgagee's security (including allowance for the time and service of any officer to the Mortgagee), together with all monies which the Mortgagee from time to time pays, expends or for which the Mortgagee becomes liable in performing or observing any covenant, agreement, provision or stipulation on the Mortgagor's part expressed or implied in this Mortgage in pursuance or exercise of or enforcing or attempting to enforce any right, power, remedy or purpose under this Mortgage or otherwise subsisting or in respect to any agreement, covenant or security collateral or in addition to this Mortgage, whether the same prove abortive or not (including, without limiting the generality of the foregoing, any proceedings in and about taking, recovering and keeping or attempting to procure possession of the Leased Premises or any part thereof) and the Mortgagee's reasonable legal costs as between solicitor and client for any purpose provided in this Mortgage shall bear interest at the aforesaid rate of interest computed from the date of payment or charging thereof (whether or not the Principal Sum or any part thereof is advanced) and shall, together with such interest, be payable by the Mortgagor on the earlier of demand and the next ensuing date for payment of principal and interest hereunder and all such fees, expenses and costs, together with such interest, shall be added to and form part of the Principal Sum secured by this Mortgage and shall be a charge upon the Lands.

11. Subject to Section 16 hereof, that the Mortgagee may release any part or parts of the Lands or any other security for the monies hereby secured at its discretion, either with or without any consideration thereof, and without being accountable for the value thereof, or for any monies except those actually received by the Mortgagee, and without releasing thereby any other part of the Lands or any other security or any person from this Mortgage or from any of the covenants herein expressed or implied.

12. That the taking of a judgment or judgments under any of the covenants herein undertaken or undertaken in any security collateral hereto shall not operate as a merger of said covenants or affect the Mortgagee's right to interest at the rate and time aforesaid and the exercise or attempted exercise of one or more of the Mortgagee's rights or remedies hereunder shall not affect, delay or prejudice its other rights or remedies or operate as a waiver thereof, and any or all of the said rights or remedies may be exercised concurrently; it being understood and agreed that interest at the rate specified in this Mortgage shall be payable on any judgment pursuant to this Mortgage or on any judgment pursuant to any security collateral hereto and shall be calculated and compounded as hereinbefore specified.

13. That if any of the monies advanced hereunder shall be applied in the payment of any existing charge or encumbrance against the Mortgagor's interest in the Lands, the Mortgagee shall be subrogated to all the rights of, and stand in the position of, and be entitled to all the equities of, the person or persons entitled to such charge or encumbrance, whether such charge or encumbrance shall or shall not have been discharged, and the decision of the Mortgagee, as to the validity or amount of any advance or disbursement made under this Mortgage, or any of claim so paid off, shall be final and binding upon the Mortgagor.

14. That, in the event of default, subject to any applicable cure periods and/or such prior written notice which may be required at law, being made in the payment of the Principal Sum, interest or any other monies hereby secured, or any part hereof, or in the performance of any of the other covenants, agreements, provisions and stipulations herein undertaken, expressly or impliedly, by the Mortgagor and in the event that and warranty or representation of the Mortgagor shall be or become false or otherwise breached in a material respect as determined by the Mortgagee acting reasonably, then:

- (a) the Principal Sum, interest and all other monies hereby secured shall, at the option of the Mortgagee, become due and payable in like manner and to all intents and purposes as if the time herein mentioned for payment of such monies had fully come and expired;
- (b) the Mortgagee shall have full power and license to enter, seize and distrain upon the Leased Premises or any part thereof, and to seize and distrain upon any goods situate thereon and by distress warrant to remove by way of rent reserved in the case of a demise of the Leased Premises, as much of the Principal Sum, interest and other monies as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress as in like cases of distress for rent, and the Mortgagor waives all rights to exceptions from distress and seizure under any law, statutory or otherwise, in force for the time being in that behalf, and also waives compliance with the provisions of the *Civil Enforcement Act* of the Province of Alberta and any amendments thereto, or any Act passed in amendment or substitution therefor;
- (c) the Mortgagee shall have full license and authority, when and as often as it, in its discretion, shall think fit for any and all purposes of the Mortgagee, to enter into the Leased Premises in order to inspect the same (without in any way making the Mortgagee a mortgagee in possession), and for any of the said purposes to enter into possession of the Leased Premises, by its agents or otherwise, to collect the rents and profits thereof, and to make any demise or lease thereof, or of any part thereof, for such terms, periods, and at such rental as it shall think proper, and that any power of sale herein embodied or contained or implied may be exercised, either before or after and subject to such demise or lease;
- (d) the Mortgagee may sell and convey the Mortgagor's interest in the Lands without entering into possession thereof, and without giving any notice to the Mortgagor, and either before or after and subject to any demise or lease made by the Mortgagee as hereinbefore provided, and any sale made under the powers hereby given may be on such terms as to credit or otherwise as shall appear to the Mortgagee most advantageous, and as to such price as may be reasonably obtained therefor, and such sales may be made from time to time to satisfy an interest or any part of the Principal Sum overdue, leaving the Principal Sum or remainder thereof to run at interest payable as aforesaid, and the Mortgagee may make any stipulation as to title or otherwise as to it may seem proper, and may buy in Lands or any part thereof, or rescind or vary any contract for the sale of the Mortgagor's interest in the Lands, and re-sell without being liable for any loss occasioned thereby, and for any of the said purposes may make and execute such agreements and assurances as shall be deemed necessary by the Mortgagee;
- (e) without prejudice to its other rights, privileges and remedies, the Mortgagee shall be entitled forthwith to appoint or apply to the court for and obtain the appointment of a receiver or manager, or receiver and manager (herein called the "**Receiver**") of the Leased Premises and of the rents, issues and profits thereof without the necessity of first exercising its right to enter into possession and every such Receiver shall be deemed the agent of the Mortgagor, and the Mortgagor shall be solely responsible for the acts or defaults of the Receiver and the Receiver shall have power to demand, recover and receive all the income of the Leased Premises of which he may be appointed Receiver by action, distress or otherwise, either in the name of the Mortgagor or the Mortgagee, and give effectual receipts therefor and every such Receiver may by writing, at the discretion of the Mortgagee, be vested with any or all the powers and discretions of the Mortgagee herein contained and such Receiver may complete or carry on the business of the Mortgagor relating to the Leased Premises or any part thereof, AND if the Receiver is removed, dies, refuses to act or becomes incapable of acting, a new Receiver may be appointed from time to time by the Mortgagee by writing under the hand of any authorized solicitor or agent as aforesaid; AND the Mortgagee may from time to time fix the remuneration of every such Receiver and may recompense every such Receiver for all disbursements properly incurred by him in carrying out his duties and his fees, including costs as between solicitor and client, and

such payments, shall be payable on demand, shall bear interest at the rate specified herein and shall, together with interest thereon, be a charge upon the Mortgagor's interest in the Lands, but the Mortgagee shall not be deemed to be a mortgagee in possession and shall not be accountable except for the monies actually received by it and the person paying money to or in any way dealing with the Receiver shall not be concerned to inquire whether any case has happened to authorize the Receiver to act and that, subject to the retention of his remuneration and reimbursements as aforesaid, the Receiver shall apply all monies received by him in such a manner and in such order or priority as the Mortgagee may, from time to time at its option, direct in writing, and shall pay the residue, if any, of the money received by him to the person who, but for the possession of the Receiver, would be entitled to receive the income of which he is appointed Receiver;

- (f) in any action, suit or proceeding for enforcing this Mortgage, or to recover payment of the monies hereby secured, or for the sale, foreclosure or obtaining possession of the Leased Premises, or any part thereof, service of any notice, originating notice, statement of claim, order of court, or of a judge, or of any legal or other proceedings by this Mortgage, or by any statute, ordinance, rule, order or practice required to be given or served, may at the option of the Mortgagee be effected by mailing any such copy to the Mortgagor at its registered office in the Province of Alberta and such notice or service shall be in lieu of and shall have the same effect and be taken as personal notice or service, any statute, ordinance, order, rule or practice to the contrary notwithstanding; any such notice, originating notice, statement of claim, order or legal proceedings, if delivered, shall be deemed given upon the date of delivery and if mailed, shall be deemed to have been received on the fifth business day after the day of mailing.

15. That if the Mortgagor shall commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada), become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding Up and Restructuring Act* (Canada) or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors or go into liquidation either voluntarily or under an order of court of competent jurisdiction or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, same shall constitute a breach of covenant pursuant to this Mortgage.

16. That the Mortgagor shall not be entitled to receive a discharge of this Mortgage and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee.

17. That:

- (a) the Mortgagor shall during the continuance of this Mortgage, maintain proper records and books of account with respect to the revenues and expenditures in relation to the Leased Premises, permit the Mortgagee or any person appointed by the Mortgagee for that purpose to examine such records and books at all reasonable times and to make copies of extracts therefrom; and give to the Mortgagee all information with regard to the revenues and expenditures in relation to the Leased Premises which the Mortgagee may reasonably require; PROVIDED FURTHER THAT the Mortgagor will, upon receiving notice from the Mortgagee (such notice to be given not more often than once each year), prior to the expiration of TEN (10) days from the date of such notice, sign and transmit to the Mortgagee a true and correct statement of such revenues and expenditures or other reasonable information which the Mortgagee may require with regard to the Leased Premises and if requested by the Mortgagee, the Mortgagor will verify such statement in such manner as the Mortgagee may reasonably require; and
- (b) in addition to the foregoing, the Mortgagor shall provide to the Mortgagee, at the Mortgagor's sole cost and expense, such financial statements and other deliverables referenced in the Commitment Letter. Such statements to include (where applicable), financial statements, a balance sheet, statement of profit and loss and a cash flow

statement, each to be in form acceptable to the Mortgagee. In the event the annual statements are not received within the stipulated times or are insufficient for the purposes of the Mortgagee, the Mortgagee shall have the right on TEN (10) days' notice, to have its own auditors examine the Mortgagor's financial records and expense statements, at the Mortgagor's expense.

18. That:

(a) the Mortgagor acknowledges that it is fully aware of the meaning of the *Expropriation Act*, of Alberta and being fully aware that under the terms of the said Act the Mortgagee may otherwise be restricted to recovering the market value of this Mortgage at the date of any expropriation, the Mortgagor hereby waives the provisions of Section 49 of the *Expropriation Act* insofar as they relate to such restriction and further waives any provisions which may be enacted and in force from time to time in replacement or in addition to such provisions of the *Expropriation Act*;

(b) in the event of the expropriation of the Leased Premises, the whole of the Principal Sum, interest and all other monies hereby secured shall become due and payable immediately in like manner and to all intents and purposes as if the time herein mentioned for payment of such monies had fully come and expired and the Mortgagor agrees to pay all monies outstanding pursuant to the Mortgage as follows:

by payment to the Mortgagee by the expropriating authority of the market value of this Mortgage;

(i) in the event that the market value of this Mortgage is less than the Principal Sum, interest and other monies hereby secured at the date of expropriation, by payment to the Mortgagee by the Mortgagor of that portion of any proceeds which may become due and payable to the Mortgagor by an expropriating authority for the expropriation of its interest in the Lands which is equal to the difference, if any, between the outstanding balance secured by this Mortgage and the market value of this Mortgage and in order to effect such payment, the Mortgagor hereby assigns to the Mortgagee the said portion of its expropriation proceeds; PROVIDED HOWEVER THAT, in the event the outstanding balance secured by this Mortgage at the date of expropriation exceeds the aggregate of the market value of this Mortgage and the aforesaid expropriation proceeds payable to the Mortgagor by an expropriating authority, then the Mortgagor shall forthwith pay to the Mortgagee the remaining outstanding balance pursuant to this Mortgage;

(c) where a portion of the Leased Premises is expropriated, in addition to receiving any compensation to which it is entitled pursuant to the provisions of the *Expropriation Act* or any legislation passed in substitution or replacement thereof, if the remaining portion of the Leased Premises is, in the reasonable opinion of the Mortgagee, insufficient security for the outstanding Principal Sum, interest and other monies hereby secured at the date of expropriation, then, at the option of the Mortgagee, the whole of the Principal Sum, interest and other monies hereby secured shall immediately become due and payable in like manner and to all intents and purposes as if the time herein mentioned for payment of such monies had fully come and expired;

(d) the Mortgagor shall forward to the Mortgagee, copies of any documentation relating to an expropriation or a proposed expropriation of the Leased Premises or any portion thereof, forthwith upon receipt of the said documentation by the Mortgagor; and

(e) the Mortgagor shall execute and deliver any further or additional documentation which the Mortgagee acting reasonably deems necessary to effect the foregoing, or which is requested by the expropriating authority.

for the purposes of this clause, "market value of this Mortgage" means the market value as determined in accordance with the *Expropriation Act* or any legislation passed in substitution or replacement thereof and the "expropriating authority" means the Crown or any individual or entity empowered to acquire lands by expropriation pursuant to the provisions of the *Expropriation Act*, as amended from time to time.

19. That the Mortgagee shall not be deemed a mortgagee in possession by reason of the exercise by it of any of the rights or remedies herein granted or reserved.

20. That:

- (a) the Mortgagor has a good leasehold interest in the Lands;
- (b) the Mortgagor has the right to mortgage its leasehold interest in the Lands;
- (c) in the event of default, the Mortgagee shall have quiet possession of the leasehold interest of the Mortgagor in the Lands, subject to any applicable cure periods and/or such prior written notice which may be required at law, free from all encumbrances with the exception of those implied by law or consented to by the Mortgagee;
- (d) the Mortgagor will execute such further assurances of the Lands as may be requisite, acting reasonably, for the purpose of giving effect to this Mortgage;
- (e) the Mortgagor has done no act to encumber its leasehold interest in the Lands, except for the encumbrances implied by law and those which the Mortgage agrees are permitted encumbrances against the Mortgagor's leasehold interest in the Lands;
- (f) the Lands are leased to the Mortgagor under a good, valid and subsisting lease in law, binding and enforceable in accordance with its provisions, a complete copy of which has been provided to the Mortgagee;
- (g) all rents, covenants, terms and conditions of the Lease on the part of the Mortgagor to be paid, observed, kept and performed have all been paid, observed, kept and performed to the date of execution of this Mortgage and there exists no material default on the part of the Mortgagor under the Lease;
- (h) the Mortgagor shall pay the rent and all other amounts and perform and observe all other obligations of the lessee or tenant as required by the Lease;
- (i) the Mortgagor will at the proper time and times take such proceedings and make, do and execute all such acts, deeds, matters and things as may be necessary for obtaining the renewal of the Lease and upon the Mortgagor obtaining any such renewal this Mortgage shall extend to the term of such renewal;
- (j) for the consideration aforesaid, the Mortgagor will, after default hereunder which is not cured in accordance with the provisions of the Commitment Letter, henceforth stand possessed of the leasehold interest of the Mortgagor for the residue of the term granted by the Lease in trust for the Mortgagee and will assign and dispose thereof as the Mortgagee may direct, but subject to the right of redemption as is hereby given to the Mortgagor, the Mortgagor hereby irrevocably appoints the Mortgagee as the Mortgagor's substitute to be the Mortgagor's attorney during the continuance of this Mortgage and for and on behalf of the Mortgagor, after default hereunder which is not cured in accordance with the provisions of the Commitment Letter, to assign the Lease and convey the Mortgagor's leasehold interest in the Lands as the Mortgagee shall and at any time direct, and in particular upon any realization made by the Mortgagee on the security, to assign the Lease and convey the leasehold interest of the Mortgagor to the purchaser;

- (k) the Mortgagor will not assign, postpone or subordinate its interest in the Lands to any other mortgage or encumbrance, materially change, alter or amend the Lease and will not permit the assignment, postponement or subordination of its interest in the Lands to any other mortgage or encumbrance or the change, alteration or amendment of the Lease without the prior written consent of the Mortgagee first had and obtained, such consent not to be unreasonably withheld or delayed. Any attempted or purported change, alteration, amendment, assignment, postponement or subordination of the Lease shall be absolutely null and void and of no force and effect whatsoever unless made with the prior written consent of the Mortgagee, such consent not to be unreasonably withheld or delayed. For clarity, changes to the annual compensation payable by the Mortgagor to the landowner under the Lease (whether pursuant to formal review procedures or not) shall not be considered a material change;
- (l) the Mortgagor will promptly notify the Mortgagee at its address as provided herein of each and every notice of material default, demand or claim forwarded to or upon the Mortgagor by, or sent by the Mortgagor to, the lessor or landlord under the Lease, under or arising out of or in any way pertaining to the Lease and the Mortgagee shall have an opportunity, but shall not be obligated, to cure any default under the Lease and the amount which may be required to be paid by the Mortgagee to cure such default and the cost thereof (including any legal costs as between solicitor and client) shall be payable forthwith upon demand by the Mortgagor and until so paid shall be added to and become part of the amounts hereby secured, shall bear interest at the rate stipulated herein and shall be a charge on the Mortgagor's leasehold interest in the Lands;
- (m) the Mortgagor will not take or permit any action to be taken or done nor give any notice which would have the effect of terminating, surrendering or permitting the termination of the Lease and will notify the Mortgagee promptly in writing after learning of any condition that with or without the passage of time or the giving of any notice might result in a default order or the surrender or termination of the Lease;
- (n) the Mortgagor will not enter into any agreement purporting to modify, alter, or amend the Lease or consenting to any such alteration or amendment without the prior written consent of the Mortgagee, which consent shall not be unreasonably withheld or delayed;
- (o) the Mortgagor will preserve its estate and interest in the Lands and does hereby and will forever warrant and defend the same to the Mortgagee against the claims of all persons and parties whomsoever;
- (p) the Mortgagor will at its cost, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every further act, deed, conveyance, mortgage, assignment, transfer and assurance as the Mortgagee shall require, acting reasonably, for the better assigning, transferring, setting over and confirming unto the Mortgagee the Mortgagor's leasehold interest in the Lands in the event that, and to the extent to which, the Mortgagee may be or may hereafter become bound or entitled under and by virtue of this Mortgage; and
- (q) if the Mortgagor becomes the owner of the freehold of the Lands this Mortgage shall be deemed to be a mortgage of the freehold to the same extent and effect as if the Mortgagor had been the owner of the fee simple, and for the purpose of giving effect to the foregoing the Mortgagor does hereby mortgage and charge the Lands unto the Mortgagee in fee simple, such grant to take effect on the Mortgagor acquiring the freehold thereof.

21. That the Mortgagor is aware of the provisions of the *Law of Property Act* (Alberta), as amended, and hereby waives the provisions thereof and of any legislation passed in substitution or replacement thereof to the extent that such legislation limits the remedies of the Mortgagee pursuant to this Mortgage and the Mortgagor expressly agrees with the Mortgagee that in the event of default, subject to any

applicable cure periods and/or such prior written notice which may be required at law, in the payment of any monies secured hereunder or otherwise howsoever and/or in any other security held by the Mortgagee, then, except to the extent that applicable legislation prohibits the same and that the provisions of such legislation cannot be waived, the Mortgagee may proceed against the Mortgagor upon its covenant for payment, in accordance with the terms hereof, whether or not the Mortgagor's interest in the Lands has been transferred or sold or otherwise disposed of and may realize on any and all securities held by it, simultaneously or otherwise, as it in its absolute discretion may decide.

22. That no remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy or remedies hereunder or under any security collateral hereto, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or under any security collateral hereto or now or hereafter existing at law or in equity or by statute. Every power and remedy given by this Mortgage to the Mortgagee may be exercised from time to time as often as may be deemed expedient by the Mortgagee.

23. That the permitting of or the acquiescence in the non-performance or non-observance of or the extension of time for the performance of any of the covenants, agreements, stipulations or provisos in this Mortgage expressed or implied or the acceptance by the Mortgagee of any payment subsequent to any default shall not be or constitute any waiver of or cure any continuing or subsequent default, and shall not justify any default or delay on any other occasion and no waiver shall be inferred from or implied by anything done or omitted by the Mortgagee, save only by express agreement under seal.

24. That for better securing the punctual payment of the Principal Sum, interest and other monies hereby secured, the Mortgagor hereby attorns to and becomes tenant at will to the Mortgagee of the Lands at a monthly rental equivalent to the total of the payments pursuant to this Mortgage required in each month (including any portion of Taxes payable monthly), the same to be paid on each day appointed for the payment of installments, and if any judgment, execution or attachment shall be issued against and of the Mortgagor's goods or lands, or if the Mortgagor shall become insolvent or bankrupt, or commit an act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act (Canada), or shall take the benefit of any statute relating to bankrupt or insolvent debtors, then such rental shall, if not already payable, be payable, immediately thereafter; and the legal relationship of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor, provided that the Mortgagee may, at any time after default in performance of the Mortgagor's covenants herein undertake, or any of them, enter upon the Lands, or any part thereof without giving the Mortgagor any notice to quit, but the Mortgagee shall not be liable to account to the Mortgagor for any monies except those actually received by it.

25. That if any term, covenant or condition of this Mortgage or the application thereof to any person or circumstance is to any extent held or rendered invalid, unenforceable or illegal, the remainder of this Mortgage or the application of such term, covenant or condition to persons or circumstances other than those with respect to which it is held invalid, unenforceable or illegal shall not be affected thereby and shall continue to be applicable and enforceable to the fullest extent permitted by law.

26. For the better securing to the Mortgagee repayment in the manner aforesaid of the Principal Sum, interest and other monies secured hereby, the Mortgagor HEREBY MORTGAGES to the Mortgagee by way of sub-lease, except for the last day of the term of the Lease, all of the Mortgagor's estate and interest in the Lands and the Lease, and any renewals, extensions or replacements. In addition, the Mortgagor hereby assigns to the Mortgagee all rents and further leases, subleases, offers to lease and rental agreements of every nature, kind, and description, present and future, and all benefits and advantages to be derived therefrom relating to the Lands and the Lease, including full power and authority to enter upon the Lands to collect the said rents, to serve demands on the holders of the leases and subleases in respect of payout of the rents, together with all rights of the Mortgagee to enforce the same by way of distress or otherwise.

27. This Mortgage of the Mortgagor's leasehold interest in the Leased Premises is restricted to the Mortgagor's interest in the Lease, the Leased Premises and the chattels and other property of the Mortgagor situated thereon.

28. Wherever the singular number or the masculine gender is used in this instrument the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires; and in any case where this Mortgage is executed by more than one party, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this Mortgage shall be jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained; and the covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.

29. In the event of any conflict or inconsistency between the provisions of this mortgage and the provisions of the Commitment Letter then, notwithstanding anything contained in this Mortgage, the provisions contained in the Commitment Letter shall prevail to the extent of such conflict or inconsistency, and the provisions of this Mortgage shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If any act or omission of the Mortgagor is permitted under the Commitment Letter, but is prohibited under this Mortgage, such act or omission shall be permitted.

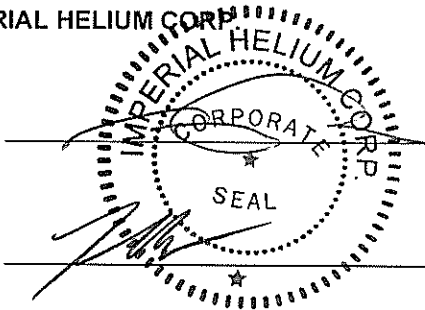
30. **CHARGING CLAUSE:** For the better securing to the Mortgagee repayment in the manner aforesaid of the Principal Sum, interest and other monies secured hereby, the Mortgagor HEREBY MORTGAGES to the Mortgagee all of the Mortgagor's estate and interest in the Lands.

IN WITNESS WHEREOF the Mortgagor has affixed its corporate seal duly attested by the hand of its proper signing officers duly authorized in that behalf this 21 day of April 2023.

IMPERIAL HELIUM CORP.

Per: _____

Per: _____ c/s



SCHEDULE "A"

MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 12
QUARTER NORTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
ALL THAT PORTION OF LEGAL SUBDIVISION 13 IN THE SAID QUARTER
SECTION WHICH IS SHOWN ON A PLAN FILED AS 8341FB AND THEREIN
OUTLINED IN YELLOW
CONTAINING 5 ACRES MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

SCHEDULE "B"

1. Alberta Surface Lease Agreement dated March 10, 2022, between Canadian Natural Resources Limited, as lessor, and Imperial Helium Corp., as lessee.

LEASEHOLD MORTGAGE AMENDING AGREEMENT

THIS AGREEMENT made this 15th day of December, 2023, between:

IMPERIAL HELIUM CORP., a corporation incorporated pursuant to the laws of the Province of British Columbia and having an office in the City of Saskatoon, in the Province of Saskatchewan (the "Mortgagor")

- and -

CANADIAN WESTERN BANK, having a branch office at Credit Support – Prairies Regional Centre, Suite 300, 606 – 4th Street S.W., Calgary, Alberta, T2P 1T1 (the "Mortgagee")

WHEREAS pursuant to the Leasehold Mortgage, the Mortgagor mortgaged the Leasehold Lands to the Mortgagee;

AND WHEREAS the Mortgagor and the Mortgagee have agreed to amend the terms of the Leasehold Mortgage;

NOW THEREFORE in consideration of the mutual agreements contained herein, the parties hereto agree as set forth below:

ARTICLE 1 **INTERPRETATION**

1.1 **Definitions.** In this agreement, unless the context otherwise requires:

- (a) **"Leasehold Lands"** means the lands legally described in the Alberta Land Titles Office as follows:

MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 12
QUARTER NORTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
ALL THAT PORTION OF LEGAL SUBDIVISION 13 IN THE SAID
QUARTER
SECTION WHICH IS SHOWN ON A PLAN FILED AS 8341FB AND
THEREIN
OUTLINED IN YELLOW
CONTAINING 5 ACRES MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

- (b) **"Leasehold Mortgage"** means that certain leasehold mortgage dated April 21, 2023, whereby the Mortgagor mortgaged the Leasehold Lands to the Mortgagee, which leasehold mortgage was registered in the Alberta Land Titles Office on June 22, 2023, as Registration No. 231 191 727.

1.2 **Interpretation.** For all purposes of this agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) Unless otherwise stated, all references in this agreement to designated "articles", "sections", "schedules" and other subdivisions are to the designated articles, sections, schedules and other subdivisions of this agreement.
- (b) The words "herein", "hereof" and "hereunder" and other words of similar import refer to this agreement as a whole and not to any particular article, section, schedule or other subdivision of this agreement.
- (c) The headings are for convenience only and do not form a part of this agreement nor are they intended to interpret, define or limit the scope, extent or intent of this agreement or any provision hereof.
- (d) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations to be made hereunder shall be made, in accordance with generally accepted accounting principles in Canada applicable to the undertaking of a corporation.
- (e) All references to currency herein are references to Canadian currency.
- (f) Any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto.
- (g) Any reference to an entity shall include and shall be deemed to be a reference to any entity that is a successor to such entity.
- (h) Words in the singular include the plural and words in the masculine gender include feminine and neuter genders, and vice versa.

ARTICLE 2

AMENDMENTS TO LEASEHOLD MORTGAGE

2.1 **Change in Principal Sum.** The Leasehold Mortgage is hereby amended by changing the "Principal Sum" (as defined in the Leasehold Mortgage) from Ten Million Dollars (\$10,000,000) to **Eleven Million Eight Hundred Thousand Dollars (\$11,800,000)**. All references contained in the Leasehold Mortgage to the Principal Sum shall be amended to refer to the new Principal Sum set forth herein.

2.2 **Leasehold Mortgage of the Leasehold Lands.** The Mortgagor, subject to the terms and conditions of the Leasehold Mortgage as herein amended and as security for the payment of the monies hereby and thereby secured including, without limitation, the aforementioned principal sum of Eleven Million Eight Hundred Thousand Dollars (\$11,800,000), hereby mortgages and charges to and in favour of the Mortgagee all of its estate and interest in the Leasehold Lands.

2.3 **Leasehold Mortgage.** This agreement shall be read and construed with the Leasehold Mortgage and shall be treated as a part thereof and for such purpose and so far as may be necessary to effectuate this agreement, the Leasehold Mortgage and any other collateral securities delivered to the Leasehold Mortgagee shall be regarded as being hereby amended, and the Leasehold Mortgage and the other collateral security so amended together with all the covenants and conditions thereof shall remain in full force and effect.

ARTICLE 3 **GENERAL**

3.1 **Notices.** Any notice required or permitted to be given hereunder shall be given in the manner contemplated in the Leasehold Mortgage.

3.2 **Amendment.** This agreement may only be amended by an agreement in writing signed by the parties hereto.

3.3 **Waivers.** No condoning, excusing or overlooking by either party of any breach of any of the terms of this agreement shall take effect or be binding upon that party unless the same be expressed in writing by that party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect rights with respect to any other past, present or future breach.

3.4 **Governing Law.** This agreement shall be governed by and construed in accordance with the laws of the province of Alberta and the parties hereby submit to the jurisdiction of the courts of the Province of Alberta for all matters arising out of or in connection with this agreement.

3.5 **Entire Agreement.** This agreement and the Leasehold Mortgage set forth the entire understanding of the parties as to the subject matter hereof and thereof and merges all prior discussions between them. Neither party shall be bound by any conditions, definitions, warranties or representations with respect to the subject matter of this agreement or the Mortgage other than as expressly provided for herein and therein, or as is duly set forth subsequent to the date hereof and in writing signed by an authorized representative of the party to be bound thereby.

3.6 **Time of the Essence.** Time shall in all respects be of the essence with respect to this agreement.

3.7 **Severability.** Any provision of this agreement which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereunder.

3.8 **Further Assurances.** The parties hereto agree that they will from time to time at the reasonable request of either of them execute and deliver such assignments, consents, instruments and conveyances and take such further action as may be required to accomplish the purposes and implement the provisions of this agreement.

3.9 **Enurement.** This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors and administrators, successors and permitted assigns.

ARTICLE 4 **EXECUTION**

4.1 **Counterparts.** This agreement may be executed in counterparts with the same effect as if the parties hereto had signed the same document. All counterparts and adopting instrument shall be construed together and shall constitute one and the same agreement.

4.2 **Execution.** IN WITNESS WHEREOF the Mortgagor has executed this agreement as of the day and year first above written.

IMPERIAL HELIUM CORP.

DocuSigned by:

Per: A966398E57074CD...
Andrew Davidson
c/s

DocuSigned by:

Per: 79AA228CA74849C...
Jeff Sheppard

THIS IS **EXHIBIT “U”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



FULL LIABILITY GUARANTEE

For value received the undersigned ("Guarantor") hereby guarantees to CANADIAN WESTERN BANK ("Bank") payment, forthwith after demand made therefor as hereinafter provided, of all indebtedness and liability (present and future, direct or indirect, absolute or contingent, matured or not) of IMPERIAL HELIUM CORP. ("Customer") to the Bank whether arising from agreement or dealings between the Bank and the Customer or from agreement or dealings between the Bank and any third person by which the Customer now is or hereafter may become indebted or liable to the Bank or however otherwise arising and whether the Customer be bound alone or with another or others and whether as principal or surety or guarantor; and the Guarantor further agrees that:

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several. This instrument shall be read with all grammatical changes made necessary by the Guarantor's or Customer's gender.
2. The Bank may increase, reduce, renew, extend, discontinue or otherwise vary the Customer's credit, grant time, renewals, extensions, releases and discharges to, take and give up securities (which may include other guarantees), and otherwise deal with the Customer and other parties and securities as the Bank may see fit, and may apply all monies received from the Customer or others or from the sale or other disposal of security upon such part of the Customer's liability as the Bank may think best, without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee. The Guarantor's obligation to pay under this guarantee shall not be limited or reduced as a result of the termination, invalidity or unenforceability of any right of the Bank against the Customer or any other party (including other guarantors) for any cause whatsoever.
3. This guarantee shall be a continuing security for payment by the Customer to the Bank of all the indebtedness and liability aforesaid; provided that the Guarantor may determine his further liability under this guarantee by 30 days written notice given to the branch of the Bank at which this guarantee is held but, if such notice be given, this guarantee shall apply and extend to any indebtedness or liability of the Customer to the Bank incurred prior to the expiration of 30 days from the date of receipt of such notice by the said branch of the Bank.
4. The Bank shall not be bound to exhaust its recourse against the Customer or other parties or the securities that it may hold before being entitled to payment from the Guarantor under this guarantee.
5. Any loss of or in respect of securities received by the Bank from the Customer or others, whether occasioned through the fault of the Bank or otherwise, shall not discharge or limit or lessen the liability of the Guarantor under this guarantee.
6. Any change or changes in the name of the Customer, or, if the Customer is a partnership, any change or changes in the membership of the Customer's firm by death or by the retirement of one or more of the partners or by the introduction of one or more new partners or otherwise, shall not affect or in any way limit or lessen the liability of the Guarantor under this guarantee and this guarantee shall extend to the person, firm or corporation acquiring or from time to time carrying on the business of the Customer.
7. All monies, advances, renewals and credits borrowed or obtained from the Bank shall be deemed to form part of the indebtedness and liabilities hereby guaranteed, notwithstanding any incapacity, disability, limitation of status or lack of power of the Customer or the directors, partners or agents thereof, or that the Customer may not be a legal entity, or any defect in the borrowing or obtaining of such money, advances, renewals or credits; and any amount which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and it shall be paid to the Bank after demand therefor by the Bank.
8. Any account settled or stated by or between the Bank and the Customer shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Customer to the Bank is in fact so due.
9. The Guarantor agrees not to assert any right of contribution against any other guarantor until the Customer's indebtedness and liabilities have been paid in full. If the Bank should receive from the Guarantor a payment in full or on account of the indebtedness or liability under this guarantee, all rights of subrogation arising therefrom shall be postponed and the Guarantor shall not be entitled to claim repayment against the Customer or the Customer's estate

until the Bank's claims against the Customer have been paid in full; and in the case of liquidation, winding up or bankruptcy of the Customer (whether voluntary or compulsory) or in the event that the Customer shall make a bulk sale of any of the Customer's assets within the bulk transfer provisions of any applicable legislations, or shall make any compromise with creditors or scheme of arrangement, the Bank shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable, up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to the Bank by the Customer. In the event of the valuation by the Bank of any of its securities and/or the retention of such securities by the Bank, such valuation and/or retention shall not, as between the Bank and the Guarantor, be considered as a purchase of such securities or as payment or satisfaction or reduction of the Customer's indebtedness or liabilities to the Bank, or any part thereof.

10. Any notice or demand which the Bank may wish to give may be served on the Guarantor either personally on him or his legal personal representative or, in the case of a corporation, on any officer or director of the corporation, or by sending the same registered mail in an envelope addressed to the last known address of the Guarantor as it appears on the Bank's records and the notice so sent shall be deemed to be received on the fifth business day following that on which it is mailed.
11. As security for the performance of the Guarantor's covenants herein and the payment of the present and future debts and liabilities of the Customer to the Bank, the Guarantor hereby grants to the Bank a security interest in all debts and liabilities, present and future, of the Customer to the Guarantor, all of which are hereby assigned by the Guarantor to the Bank and postponed to the present and future debts and liabilities of the Customer to the Bank. Any monies or other proceeds received by the Guarantor in respect of such debts and liabilities shall be received in trust for and forthwith paid over to the Bank, in whole, without in any way limiting or lessening the liability of the Guarantor hereunder. Notwithstanding anything to the contrary herein, the assignment and postponement contained in this paragraph 11 are intended to be and are independent of the remainder of this guarantee and may, at the option of the Bank, be severed therefrom. A notice of termination given by the Guarantor pursuant to paragraph 3 shall not terminate the provisions contained in this paragraph 11, which shall continue in full force and effect until released in writing by the Bank. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this assignment. The Guarantor further acknowledges that, at the Bank's option, any additional security granted by the Guarantor in support of this guarantee shall be deemed to be incorporated into this guarantee by reference. In particular, the Guarantor acknowledges that such additional security shall be valid without the necessity of a further Guarantees Acknowledgement Act certificate.
12. The Guarantor shall be currently liable under this guarantee at any time for the full amount of the debts and liabilities of the Customer to the Bank then outstanding, provided that the Guarantor shall not be in default under or in breach of this guarantee unless and until the Bank has made demand upon the Guarantor hereunder and the Guarantor has failed to pay the amount demanded or otherwise failed to comply with such demand forthwith following receipt (or deemed receipt) of such demand. In the case of default the Bank may maintain an action upon this guarantee whether or not the Customer is joined therein or separate action is brought against the Customer or judgment obtained against him. The Bank's rights are cumulative and shall not be exhausted by the exercise of any of the Bank's rights hereunder or otherwise against the Guarantor or by any successive actions until and unless all indebtedness and liability hereby guaranteed has been paid and each of the Guarantor's obligations under the guarantee has been fully performed.
13. The Guarantor shall pay to the Bank on demand (in addition to all debts and liabilities of the Customer hereby guaranteed) all costs, charges and expenses (including, without limitation, lawyer's fees as between solicitor and his own client on a full indemnity basis) incurred by the Bank for the preparation, execution and perfection and enforcement of this guarantee and of any securities collateral thereto, together with interest thereon, both before and after demand, default and judgment, calculated from the date of payment by the Bank of each such cost, charge and expense until payment by the Guarantor hereunder, at a rate per annum equal to 3% above the rate published by the Bank from time to time as the Bank's prime lending rate. A statement signed by any officer of the Bank confirming the Bank's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes under this guarantee.
14. This instrument is in addition and without prejudice to any other securities of any kind including any other guarantees, whether or not in the same form as this instrument, now or hereafter held by the Bank. Without limiting the generality of the foregoing, all limits and evidence of liability pursuant to any guarantee now or hereafter held by the Bank shall be cumulative.

15. There are no representations, warranties, collateral agreements or conditions with respect to this guarantee or affecting the Guarantor's liability hereunder other than as contained herein. Without restricting the generality of the foregoing, this guarantee shall be operative and binding upon every signatory hereto notwithstanding the non-execution hereof by any other proposed or intended signatory or signatories.
16. This instrument shall be construed in accordance with the laws of Alberta, and the Guarantor agrees that any legal suit, action or proceedings arising out of or relating to this instrument may be instituted in the courts of such province or territory and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit the Bank's right to bring proceedings against the Guarantor elsewhere.
17. This instrument shall extend to and enure to the benefit of the successors and assigns of the Bank and shall be binding upon the Guarantor and the heirs, executors, administrators and successors of the Guarantor.

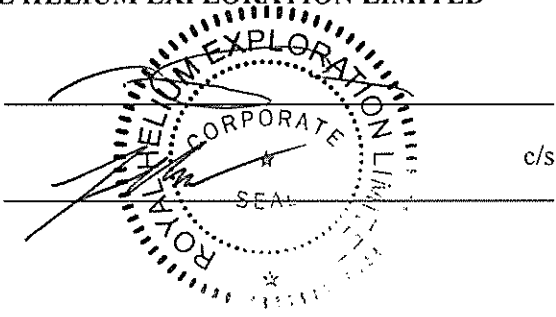
GIVEN under seal at Calgary, Alberta, this 21 day of APRIL, 2023.

corporate seal(s) if corporate guarantor(s)

ROYAL HELIUM EXPLORATION LIMITED

Per: _____

Per: _____ c/s



THIS IS **EXHIBIT "V"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

CANADIAN WESTERN BANK

GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated April 21, 2023.

FROM:

ROYAL HELIUM EXPLORATION LIMITED
(the "Debtor")

TO:

CANADIAN WESTERN BANK, a Canadian Chartered Bank with an office at Credit Support,
Prairies Regional Centre, Suite 300, 606 – 4th Street S.W., Calgary, Alberta T2P 1T1

("CWB")

1. SECURITY INTEREST

(You, as the Debtor, will grant to CWB a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking and real property interests. These charges are the security CWB will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Debtor:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to CWB, and grants to CWB a general and continuing security interest in all of the Debtor's present and after acquired personal property including, without limitation:
 - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
 - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
 - (iii) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");
 - (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Debtor that is not Equipment, Inventory or Accounts;

- (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Debtor (all of which is hereinafter collectively called the "Intellectual Property");
 - (vi) all the Debtor's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Debtor, and all other intangible property of the Debtor, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
 - (vii) the personal property described in Schedule A attached to this Security Agreement;
 - (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) grants to CWB a general and continuing security interest and charges by way of a floating charge:
- (i) all of the Debtor's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a); and
 - (ii) all of the undertaking and assets of the Debtor, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of CWB created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS

(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Debtor shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as CWB shall direct.

2.2 All the Debtor's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Debtor.

3. ATTACHMENT

(Value or consideration has flowed between you and CWB and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Debtor agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Debtor has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Debtor confirms that there has been no agreement between the Debtor and CWB to postpone the time for attachment of the Security Interests and that it is the Debtor's understanding that CWB intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST

(To the extent that CWB helps you acquire an interest in any personal property, you grant a special security interest to CWB over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Debtor acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by CWB, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED

(The Security Interests and charges you have granted to CWB secure all indebtedness and all obligations to CWB.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by CWB from the Debtor or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Debtor to CWB (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Debtor to CWB, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by CWB and the Debtor's obligation and liability under any contract or guarantee now or in the future in existence whereby the Debtor guarantees payment of the debts, liabilities and/or obligations of a third party to CWB, and for the performance of all obligations of the Debtor to CWB, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. REPRESENTATIONS AND WARRANTIES

(You state that you are able to legally grant this Security Agreement to CWB, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by CWB. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of CWB. CWB will rely on all of the following representations and warranties.)

6.1 The Debtor represents and warrants to CWB that:

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Debtor has provided a written memorandum to CWB accurately setting forth all prior names under which the Debtor has operated;
- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business

conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;

- (d) if the Debtor is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to CWB or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to CWB is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Debtor, in which a decision adverse to the Debtor would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Debtor; and the Debtor agrees to promptly notify CWB of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to CWB in writing and which, if known to CWB, might reasonably be expected to deter CWB from extending credit or advancing funds to the Debtor;
- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by CWB, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by CWB;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Debtor has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to CWB;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule A and will not be removed from such location(s) without the prior written consent of CWB;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor, if the Debtor is a corporation, or, if the Debtor is a partnership, of the partners of the Debtor, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations valid and there is no restriction contained in the constating documents of the Debtor or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Debtor to borrow money or give security; and
- (k) the Debtor's place(s) of business and chief executive office are correctly described in Schedule A.

7. COVENANTS OF THE DEBTOR

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to CWB describing how CWB's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow CWB's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Debtor covenants with CWB that while this Security Agreement remains in effect the Debtor will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;

- (b) defend the title to the Collateral for CWB's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) promptly pay and satisfy:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish to CWB such security as CWB may require;
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
 - (iii) all fees from time to time chargeable by CWB arising out of any term of the commitment letter or the Loan Agreement between CWB and the Debtor including, without limitation, inspection, administration and returned cheque handling fees;
- (g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by CWB in connection with granting loans or credit to the Debtor, including for:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Debtor's obligations, whether or not relating to this Security Agreement;
 - (iii) complying with any disclosure requirements under the Act;
 - (iv) investigating title to the Collateral;
 - (v) taking, recovering, keeping possession and disposing of the Collateral;
 - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
 - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty CWB becomes obligated to pay by reason of any statute, order or direction of competent authority;
 - (viii) any sums CWB pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify CWB and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;
 - (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by CWB as security for the Obligations,

protect CWB from liability in connection with the Security Interests or assist CWB in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and Insolvency Act* (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act* (Canada);

- (h) at CWB's request, execute and deliver further documents and instruments and do all acts as CWB in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify CWB promptly of:
 - (i) any change in the information contained in this Security Agreement relating to the Debtor, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
 - (iii) any material loss or damage to the Collateral;
 - (iv) any material default by any account debtor in the payment or other performance of its obligations to the Debtor respecting any Accounts;
 - (v) any claims against the Debtor including claims in respect of the Intellectual Property or of any actions taken by the Debtor to defend the registration of or the validity of or any infringement of the Intellectual Property;
 - (vi) the return to or repossession by the Debtor of Collateral that was disposed of by the Debtor; and
 - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit CWB and its representatives, at all reasonable times, access to the Collateral including all of the Debtor's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Debtor will render all assistance necessary;
- (m) permit and does consent to CWB contacting and making enquiries of the Debtor's lessors as well as assessors, municipal authorities and any taxing body;
- (n) observe and perform all its obligations under:
 - (i) leases, licences, undertakings, and any other agreements to which it is a party;
 - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (o) deliver to CWB from time to time promptly upon request:

- (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow CWB to inspect, audit or copy them;
- (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
- (iv) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as CWB may reasonably require;
- (p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
- (q) with respect to copyright forming part of the Intellectual Property, provide to CWB waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (r) receive and hold in trust on behalf of and for the benefit of CWB all proceeds from the sale or other disposition of any Collateral; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 Any amounts required to be paid to CWB by the Debtor under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by CWB by notice of termination to the Debtor and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of CWB. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Debtor covenants that while this Security Agreement is in effect the Debtor shall:

- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as CWB may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
- (b) cause the insurance policy or policies required by this Security Agreement to be assigned to CWB, including a standard mortgage clause or a mortgage endorsement, as CWB may require;
- (c) pay all premiums respecting such insurance, and deliver all policies to CWB, if required.

8.2 If proceeds of any required insurance becomes payable, CWB may, in its absolute discretion, apply these proceeds to the Obligations as CWB sees fit or release any insurance proceeds to the Debtor to repair, replace or rebuild, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.

8.3 The Debtor will promptly, on the happening of loss or damage to the Collateral, notify CWB and furnish to CWB at the Debtor's expense any necessary proof and do any necessary act to enable CWB to obtain payment of the insurance proceeds, but nothing shall limit CWB's right to submit to the insurer a proof of loss on its own behalf.

8.4 The Debtor authorizes and directs the insurer under any required policy of insurance to include the name of CWB as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by CWB to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.

8.5 If the Debtor fails to maintain insurance as required, CWB may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as CWB may wish to maintain.

9. OTHER PROHIBITIONS

(You agree to not encumber your property so as to interfere with the security interests or charges granted to CWB and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of CWB the Debtor will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;
- (c) where the Debtor is a corporation:
 - (i) issue, purchase or redeem its shares;
 - (ii) change its voting control;
 - (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
 - (iv) declare or pay any dividends on any of its shares; or
 - (v) repay or reduce any shareholders loans or other debts due to its shareholders;
- (d) change its name, merge with or amalgamate with any other entity.

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of CWB. Any sales or other disposition will result in you holding the proceeds in trust for CWB. Your responsibilities towards the Collateral and any trust proceeds are important to CWB.)

10.1 Except as provided by this Security Agreement, without CWB's prior written consent the Debtor will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Debtor is not in default under this Security Agreement the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Debtor holding the proceeds in trust for and on behalf of CWB and subject to CWB's exclusive direction and control. Nothing restricts CWB's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with CWB's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, CWB may perform those obligations but you will be required to pay for them.)

If the Debtor fails to perform its covenants and agreements under this Security Agreement, CWB may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of CWB, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by CWB shall be immediately payable by the Debtor to CWB with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to CWB. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of CWB.)

Notwithstanding any other provision of this Security Agreement, CWB may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Debtor in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for CWB.

13. APPROPRIATION OF PAYMENTS

(CWB has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as CWB sees fit, and CWB may at any time change any appropriation as CWB sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of CWB. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and CWB will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by CWB, the Debtor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Debtor and CWB in any of the following events:

- (a) the Debtor defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Debtor is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with CWB, or any representation or warranty of the Debtor to CWB is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Debtor or a guarantor of the Debtor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Debtor or a guarantor of the Debtor; or

- (f) the Debtor or a guarantor of the Debtor ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or a part of the Collateral; or
- (h) if the Debtor is a corporation and any member or shareholder:
 - (i) commences an action against the Debtor; or
 - (ii) gives a notice of dissent to the Debtor in accordance with the provisions of any governing legislation; or
- (i) if the Debtor is a corporation and its voting control changes without CWB's prior written consent; or
- (j) the Debtor uses any monies advanced to it by CWB for any purpose other than as agreed upon by CWB; or
- (k) without CWB's prior written consent, the Debtor creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Debtor enters into an amalgamation, a merger or other similar arrangement with any other person without CWB's prior written consent or, if the Debtor is a corporation, it is continued or registered in a different jurisdiction without CWB's prior written consent; or
- (n) CWB in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
- (o) the lessor under any lease to the Debtor of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Debtor; or
- (p) the Debtor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Debtor or to be incorporated into any of its assets, or the Debtor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Debtor is cancelled, revoked or reduced, as the case may be, or any order against the Debtor is enforced, preventing the business of the Debtor from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Debtor's business; or
- (r) if an individual, the Debtor dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

- (a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or
- (b) CWB taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;

and for the better securing to CWB repayment of the Obligations the Debtor mortgages to CWB all of the Debtor's estate and interest in the Real Property.

15. ENFORCEMENT

(If a default occurs, CWB has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

- 15.1 If the Debtor is in default under this Security Agreement CWB may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests CWB may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, CWB may do any of the following:
- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as CWB may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
 - (b) enter upon any of the Debtor's premises at any time and take possession of the Collateral with power to exclude the Debtor, its agents and its servants, without becoming liable as a mortgagee in possession;
 - (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as CWB deems advisable;
 - (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to CWB may seem reasonable, provided that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
 - (e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and
 - (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.
- 15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Debtor and not of CWB and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of CWB under this Security Agreement, and in addition shall have power to:
- (a) carry on the Debtor's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and
 - (b) make an assignment for the benefit of the Debtor's creditors or a proposal on behalf of the Debtor under the *Bankruptcy and Insolvency Act* (Canada); and
 - (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Debtor for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
 - (d) make any arrangement or compromise that the Receiver deems expedient.
- 15.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as CWB, in its absolute discretion and to the full extent permitted by law, may direct as follows:
- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by CWB respecting or incidental to:

- (i) the exercise by CWB of the rights and powers granted to it by this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to CWB of all principal and other monies (except interest) due in respect of the Obligations;
 - (c) in or toward payment to CWB of all interest remaining unpaid respecting the Obligations; and
 - (d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING CWB

(You have granted this Security Agreement to CWB in consideration by CWB advancing funds or providing credit or a credit facility to you. CWB will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, CWB will act in good faith and in a commercially reasonable manner.)

- 16.1 To the full extent permitted by law, CWB shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when CWB shall manage the Collateral upon entry or seizure, nor shall CWB be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. CWB shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall CWB, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall CWB be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Debtor waives any provision of law permitted to be waived by it which imposes greater obligations upon CWB than described above.
- 16.2 Neither CWB nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of CWB, the Debtor or any other party respecting the Collateral. CWB shall also not be liable for any misconduct, negligence, misfeasance by CWB, the Receiver or any employee or agent of CWB or the Receiver, or for the exercise of the rights and remedies conferred upon CWB or the Receiver by this Security Agreement.
- 16.3 CWB or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Debtor, co-obligants, guarantors and others and with the Collateral and other securities as CWB may see fit without liability to the Debtor and without prejudice to CWB's rights respecting the Obligations or CWB's right to hold and realize the Collateral. The Debtor shall not be released nor shall its liability be in any way reduced because CWB has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.
- 16.4 Notwithstanding anything to the contrary in any security held by CWB for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. CWB in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.

- 16.5 Any right of CWB and any obligation of the Debtor arising under any other agreements between CWB and the Debtor shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Debtor to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of CWB's commitment letter or Loan Agreement with the Debtor shall survive the signing and registration of this Security Agreement and CWB's advancement of any money to the Debtor and any legal fees, commitment fees, standby fees or administration fees owing by the Debtor shall be secured by the Collateral.
- 16.6 In the event that CWB registers a notice of assignment of Intellectual Property the Debtor shall be responsible for and shall indemnify CWB against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.
- 16.7 Notwithstanding any taking of possession of the Collateral, or any other action which CWB or the Receiver may take, the Debtor now covenants and agrees with CWB that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to CWB at the time of such disposition, the Debtor shall immediately pay to CWB an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Debtor agrees that CWB may bring action against the Debtor for payment of the deficiency, notwithstanding any defects or irregularities of CWB or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY

(You appoint CWB your attorney for specific matters.)

The Debtor irrevocably appoints CWB or the Receiver, as the case may be, with full power of substitution, as the attorney of the Debtor for and in the name of the Debtor to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do everything necessary or incidental to the exercise of all or any of the powers conferred on CWB, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Debtor subsequent to the execution hereof.

18. CONSOLIDATION

(Should you wish to redeem the Security Interest, CWB may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE

(CWB determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by CWB shall bind CWB to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Debtor to CWB.

20. WAIVER

(Indulgences granted by CWB should not be taken for granted.)

CWB may permit the Debtor to remedy any default without waiving the default so remedied. CWB may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by CWB. No delay or omission on the part of CWB in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to CWB remain in place regardless of any concerns you may have about the loan facility or CWB's actions.)

CWB may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, the Debtor's account debtors, sureties and others and with the Collateral and other security interests as CWB may see fit without prejudice to the Debtor's liability or CWB's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by CWB now or in the future from the Debtor or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Security Agreement describes some rights and remedies of CWB. CWB also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

CWB's rights and remedies set out in this Security Agreement, and in any other security agreement held by CWB from the Debtor or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and CWB that may be in effect from time to time.

25. ASSIGNMENT

(Should CWB assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

CWB may, without notice to the Debtor, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Debtor agrees that the assignee, transferee or secured party, as the case may be, shall have all of CWB's rights and remedies under this Security Agreement and the Debtor will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against CWB in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to CWB may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to CWB shall not be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and, subject to applicable law, payment to CWB of an administrative fee to be

fixed by CWB and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by CWB in connection with the Obligations and such release and discharge. The Debtor shall, subject to applicable law, pay an administrative fee, to be fixed by CWB, for the preparation or execution of any full or partial release or discharge by CWB of any security it holds, of the Debtor, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Debtor represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) the Collateral and Real Property are and will remain free of environmental damage or contamination;
- (e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Debtor's business or assets including without limitation the Collateral;
- (f) it will advise CWB immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide CWB with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Debtor and it consents to CWB contacting and making enquiries of environmental officials or assessors;
- (h) it will not install on or under any land mortgaged to CWB storage tanks for petroleum products or any hazardous substance without CWB's prior written consent and only upon full compliance with CWB's requirements and local ordinances or regulations;
- (i) it will from time to time when requested by CWB provide to CWB evidence of its full compliance with the Debtor's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of CWB and its successors and assigns, and shall be binding upon the Debtors and its heirs, executors, administrators, successors and any assigns permitted by CWB, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "the Act" means the Personal Property Security Act of British Columbia, Alberta and/or Saskatchewan, as applicable, and all regulations under the foregoing Personal Property Security Acts, as amended from time to time.

- 29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.
- 29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.
- 29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.
- 29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(b). For enforcement purposes, the Debtor hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which CWB enforces its rights and remedies hereunder.

30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from CWB a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

31. TIME

Time shall in all respects be of the essence.

32. INDEPENDENT ADVICE

The Debtor acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

33. SASKATCHEWAN LAW

If the Debtor is a corporation, the Debtor agrees as follows:

- (a) that the *Land Contracts (Actions) Act, 2018* of Saskatchewan, as amended or replaced from time to time, shall have no application to any action, as defined in that Act, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of CWB under this Security Agreement or any mortgage or charge created by this Security Agreement as CWB is specifically exempted from the operation of that Act;
- (b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of CWB under this Security Agreement or any mortgage or charge created by this Security Agreement; and
- (c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Debtor.

34. PARENTHETICAL COMMENTS

The Debtor acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

35. THE LOAN AGREEMENT

If the Debtor has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with CWB dealing with, or relating to, the loan facilities secured by this Security Agreement, the Debtor acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Debtor has executed this Security Agreement.



ROYAL HELIUM EXPLORATION LIMITED

Per:  _____

SCHEDULE A

Subclause 1.1 (a) (vii):

the following specific items, even though they may be included within the descriptions of Collateral
(insert description by item or kind):

the following serial numbered goods:

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model

Subclause 6.1 (c):

Date of Birth of Debtor (if an individual):

Month

Day

Year

Subclause 6.1 (i):

Location(s) of the Collateral:

Subclause 6.1 (k):

The Debtor's place(s) of business ("POB") and chief executive office ("CEO")

Chief Executive Office:	
Place of Business:	
And:	

THIS IS **EXHIBIT "W"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



FULL LIABILITY GUARANTEE

For value received the undersigned ("Guarantor") hereby guarantees to CANADIAN WESTERN BANK ("Bank") payment, forthwith after demand made therefor as hereinafter provided, of all indebtedness and liability (present and future, direct or indirect, absolute or contingent, matured or not) of IMPERIAL HELIUM CORP. ("Customer") to the Bank whether arising from agreement or dealings between the Bank and the Customer or from agreement or dealings between the Bank and any third person by which the Customer now is or hereafter may become indebted or liable to the Bank or however otherwise arising and whether the Customer be bound alone or with another or others and whether as principal or surety or guarantor; and the Guarantor further agrees that:

1. If more than one Guarantor executes this instrument the provisions hereof shall be read with all grammatical changes thereby rendered necessary and each reference to the Guarantor shall include the undersigned and each and every one of them severally and this guarantee and all covenants and agreements herein contained shall be deemed to be joint and several. This instrument shall be read with all grammatical changes made necessary by the Guarantor's or Customer's gender.
2. The Bank may increase, reduce, renew, extend, discontinue or otherwise vary the Customer's credit, grant time, renewals, extensions, releases and discharges to, take and give up securities (which may include other guarantees), and otherwise deal with the Customer and other parties and securities as the Bank may see fit, and may apply all monies received from the Customer or others or from the sale or other disposal of security upon such part of the Customer's liability as the Bank may think best, without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee. The Guarantor's obligation to pay under this guarantee shall not be limited or reduced as a result of the termination, invalidity or unenforceability of any right of the Bank against the Customer or any other party (including other guarantors) for any cause whatsoever.
3. This guarantee shall be a continuing security for payment by the Customer to the Bank of all the indebtedness and liability aforesaid; provided that the Guarantor may determine his further liability under this guarantee by 30 days written notice given to the branch of the Bank at which this guarantee is held but, if such notice be given, this guarantee shall apply and extend to any indebtedness or liability of the Customer to the Bank incurred prior to the expiration of 30 days from the date of receipt of such notice by the said branch of the Bank.
4. The Bank shall not be bound to exhaust its recourse against the Customer or other parties or the securities that it may hold before being entitled to payment from the Guarantor under this guarantee.
5. Any loss of or in respect of securities received by the Bank from the Customer or others, whether occasioned through the fault of the Bank or otherwise, shall not discharge or limit or lessen the liability of the Guarantor under this guarantee.
6. Any change or changes in the name of the Customer, or, if the Customer is a partnership, any change or changes in the membership of the Customer's firm by death or by the retirement of one or more of the partners or by the introduction of one or more new partners or otherwise, shall not affect or in any way limit or lessen the liability of the Guarantor under this guarantee and this guarantee shall extend to the person, firm or corporation acquiring or from time to time carrying on the business of the Customer.
7. All monies, advances, renewals and credits borrowed or obtained from the Bank shall be deemed to form part of the indebtedness and liabilities hereby guaranteed, notwithstanding any incapacity, disability, limitation of status or lack of power of the Customer or the directors, partners or agents thereof, or that the Customer may not be a legal entity, or any defect in the borrowing or obtaining of such money, advances, renewals or credits; and any amount which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as principal debtor in respect thereof and it shall be paid to the Bank after demand therefor by the Bank.
8. Any account settled or stated by or between the Bank and the Customer shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Customer to the Bank is in fact so due.
9. The Guarantor agrees not to assert any right of contribution against any other guarantor until the Customer's indebtedness and liabilities have been paid in full. If the Bank should receive from the Guarantor a payment in full or on account of the indebtedness or liability under this guarantee, all rights of subrogation arising therefrom shall be postponed and the Guarantor shall not be entitled to claim repayment against the Customer or the Customer's estate

until the Bank's claims against the Customer have been paid in full; and in the case of liquidation, winding up or bankruptcy of the Customer (whether voluntary or compulsory) or in the event that the Customer shall make a bulk sale of any of the Customer's assets within the bulk transfer provisions of any applicable legislations, or shall make any compromise with creditors or scheme of arrangement, the Bank shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable, up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing to the Bank by the Customer. In the event of the valuation by the Bank of any of its securities and/or the retention of such securities by the Bank, such valuation and/or retention shall not, as between the Bank and the Guarantor, be considered as a purchase of such securities or as payment or satisfaction or reduction of the Customer's indebtedness or liabilities to the Bank, or any part thereof.

10. Any notice or demand which the Bank may wish to give may be served on the Guarantor either personally on him or his legal personal representative or, in the case of a corporation, on any officer or director of the corporation, or by sending the same registered mail in an envelope addressed to the last known address of the Guarantor as it appears on the Bank's records and the notice so sent shall be deemed to be received on the fifth business day following that on which it is mailed.
11. As security for the performance of the Guarantor's covenants herein and the payment of the present and future debts and liabilities of the Customer to the Bank, the Guarantor hereby grants to the Bank a security interest in all debts and liabilities, present and future, of the Customer to the Guarantor, all of which are hereby assigned by the Guarantor to the Bank and postponed to the present and future debts and liabilities of the Customer to the Bank. Any monies or other proceeds received by the Guarantor in respect of such debts and liabilities shall be received in trust for and forthwith paid over to the Bank, in whole, without in any way limiting or lessening the liability of the Guarantor hereunder. Notwithstanding anything to the contrary herein, the assignment and postponement contained in this paragraph 11 are intended to be and are independent of the remainder of this guarantee and may, at the option of the Bank, be severed therefrom. A notice of termination given by the Guarantor pursuant to paragraph 3 shall not terminate the provisions contained in this paragraph 11, which shall continue in full force and effect until released in writing by the Bank. The Guarantor hereby acknowledges receiving a copy of this guarantee and waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this assignment. The Guarantor further acknowledges that, at the Bank's option, any additional security granted by the Guarantor in support of this guarantee shall be deemed to be incorporated into this guarantee by reference. In particular, the Guarantor acknowledges that such additional security shall be valid without the necessity of a further Guarantees Acknowledgement Act certificate.
12. The Guarantor shall be currently liable under this guarantee at any time for the full amount of the debts and liabilities of the Customer to the Bank then outstanding, provided that the Guarantor shall not be in default under or in breach of this guarantee unless and until the Bank has made demand upon the Guarantor hereunder and the Guarantor has failed to pay the amount demanded or otherwise failed to comply with such demand forthwith following receipt (or deemed receipt) of such demand. In the case of default the Bank may maintain an action upon this guarantee whether or not the Customer is joined therein or separate action is brought against the Customer or judgment obtained against him. The Bank's rights are cumulative and shall not be exhausted by the exercise of any of the Bank's rights hereunder or otherwise against the Guarantor or by any successive actions until and unless all indebtedness and liability hereby guaranteed has been paid and each of the Guarantor's obligations under the guarantee has been fully performed.
13. The Guarantor shall pay to the Bank on demand (in addition to all debts and liabilities of the Customer hereby guaranteed) all costs, charges and expenses (including, without limitation, lawyer's fees as between solicitor and his own client on a full indemnity basis) incurred by the Bank for the preparation, execution and perfection and enforcement of this guarantee and of any securities collateral thereto, together with interest thereon, both before and after demand, default and judgment, calculated from the date of payment by the Bank of each such cost, charge and expense until payment by the Guarantor hereunder, at a rate per annum equal to 3% above the rate published by the Bank from time to time as the Bank's prime lending rate. A statement signed by any officer of the Bank confirming the Bank's prime lending rate at any time or times shall be conclusive evidence thereof for all purposes under this guarantee.
14. This instrument is in addition and without prejudice to any other securities of any kind including any other guarantees, whether or not in the same form as this instrument, now or hereafter held by the Bank. Without limiting the generality of the foregoing, all limits and evidence of liability pursuant to any guarantee now or hereafter held by the Bank shall be cumulative.

15. There are no representations, warranties, collateral agreements or conditions with respect to this guarantee or affecting the Guarantor's liability hereunder other than as contained herein. Without restricting the generality of the foregoing, this guarantee shall be operative and binding upon every signatory hereto notwithstanding the non-execution hereof by any other proposed or intended signatory or signatories.
16. This instrument shall be construed in accordance with the laws of Alberta, and the Guarantor agrees that any legal suit, action or proceedings arising out of or relating to this instrument may be instituted in the courts of such province or territory and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein shall limit the Bank's right to bring proceedings against the Guarantor elsewhere.
17. This instrument shall extend to and enure to the benefit of the successors and assigns of the Bank and shall be binding upon the Guarantor and the heirs, executors, administrators and successors of the Guarantor.

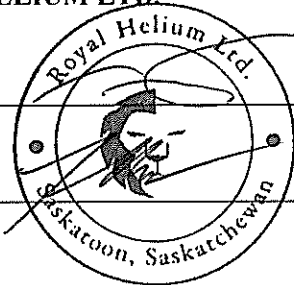
GIVEN under seal at Calgary, Alberta, this 21 day of APRIL, 2023.

corporate seal(s) if corporate guarantor(s)

ROYAL HELIUM LTD.

Per: _____

Per: _____ c/s



THIS IS **EXHIBIT "X"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

CANADIAN WESTERN BANK

GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated April 21, 2023.

FROM:

ROYAL HELIUM LTD.
(the "Debtor")

TO:

CANADIAN WESTERN BANK, a Canadian Chartered Bank with an office at Credit Support, Prairies Regional Centre, Suite 300, 606 – 4th Street S.W., Calgary, Alberta T2P 1T1

("CWB")

1. SECURITY INTEREST

(You, as the Debtor, will grant to CWB a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking and real property interests. These charges are the security CWB will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Debtor:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to CWB, and grants to CWB a general and continuing security interest in all of the Debtor's present and after acquired personal property including, without limitation:
 - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
 - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
 - (iii) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");
 - (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Debtor that is not Equipment, Inventory or Accounts;

- (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Debtor (all of which is hereinafter collectively called the "Intellectual Property");
 - (vi) all the Debtor's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Debtor, and all other intangible property of the Debtor, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
 - (vii) the personal property described in Schedule A attached to this Security Agreement;
 - (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) grants to CWB a general and continuing security interest and charges by way of a floating charge:
- (i) all of the Debtor's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a); and
 - (ii) all of the undertaking and assets of the Debtor, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of CWB created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS

(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Debtor shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as CWB shall direct.

2.2 All the Debtor's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Debtor.

3. ATTACHMENT

(Value or consideration has flowed between you and CWB and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Debtor agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Debtor has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Debtor confirms that there has been no agreement between the Debtor and CWB to postpone the time for attachment of the Security Interests and that it is the Debtor's understanding that CWB intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST

(To the extent that CWB helps you acquire an interest in any personal property, you grant a special security interest to CWB over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Debtor acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by CWB, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED

(The Security Interests and charges you have granted to CWB secure all indebtedness and all obligations to CWB.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by CWB from the Debtor or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Debtor to CWB (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Debtor to CWB, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by CWB and the Debtor's obligation and liability under any contract or guarantee now or in the future in existence whereby the Debtor guarantees payment of the debts, liabilities and/or obligations of a third party to CWB, and for the performance of all obligations of the Debtor to CWB, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. REPRESENTATIONS AND WARRANTIES

(You state that you are able to legally grant this Security Agreement to CWB, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by CWB. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of CWB. CWB will rely on all of the following representations and warranties.)

6.1 The Debtor represents and warrants to CWB that:

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Debtor has provided a written memorandum to CWB accurately setting forth all prior names under which the Debtor has operated;
- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business

conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;

- (d) if the Debtor is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to CWB or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to CWB is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Debtor, in which a decision adverse to the Debtor would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Debtor; and the Debtor agrees to promptly notify CWB of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to CWB in writing and which, if known to CWB, might reasonably be expected to deter CWB from extending credit or advancing funds to the Debtor;
- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by CWB, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by CWB;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Debtor has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to CWB;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule A and will not be removed from such location(s) without the prior written consent of CWB;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor, if the Debtor is a corporation, or, if the Debtor is a partnership, of the partners of the Debtor, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations valid and there is no restriction contained in the constating documents of the Debtor or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Debtor to borrow money or give security; and
- (k) the Debtor's place(s) of business and chief executive office are correctly described in Schedule A.

7. COVENANTS OF THE DEBTOR

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to CWB describing how CWB's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow CWB's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Debtor covenants with CWB that while this Security Agreement remains in effect the Debtor will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;

- (b) defend the title to the Collateral for CWB's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) promptly pay and satisfy:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish to CWB such security as CWB may require;
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
 - (iii) all fees from time to time chargeable by CWB arising out of any term of the commitment letter or the Loan Agreement between CWB and the Debtor including, without limitation, inspection, administration and returned cheque handling fees;
- (g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by CWB in connection with granting loans or credit to the Debtor, including for:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Debtor's obligations, whether or not relating to this Security Agreement;
 - (iii) complying with any disclosure requirements under the Act;
 - (iv) investigating title to the Collateral;
 - (v) taking, recovering, keeping possession and disposing of the Collateral;
 - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
 - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty CWB becomes obligated to pay by reason of any statute, order or direction of competent authority;
 - (viii) any sums CWB pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify CWB and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;
 - (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by CWB as security for the Obligations,

protect CWB from liability in connection with the Security Interests or assist CWB in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and Insolvency Act* (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act* (Canada);

- (h) at CWB's request, execute and deliver further documents and instruments and do all acts as CWB in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify CWB promptly of:
 - (i) any change in the information contained in this Security Agreement relating to the Debtor, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
 - (iii) any material loss or damage to the Collateral;
 - (iv) any material default by any account debtor in the payment or other performance of its obligations to the Debtor respecting any Accounts;
 - (v) any claims against the Debtor including claims in respect of the Intellectual Property or of any actions taken by the Debtor to defend the registration of or the validity of or any infringement of the Intellectual Property;
 - (vi) the return to or repossession by the Debtor of Collateral that was disposed of by the Debtor; and
 - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit CWB and its representatives, at all reasonable times, access to the Collateral including all of the Debtor's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Debtor will render all assistance necessary;
- (m) permit and does consent to CWB contacting and making enquiries of the Debtor's lessors as well as assessors, municipal authorities and any taxing body;
- (n) observe and perform all its obligations under:
 - (i) leases, licences, undertakings, and any other agreements to which it is a party;
 - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (o) deliver to CWB from time to time promptly upon request:

- (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow CWB to inspect, audit or copy them;
- (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
- (iv) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as CWB may reasonably require;
- (p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
- (q) with respect to copyright forming part of the Intellectual Property, provide to CWB waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (r) receive and hold in trust on behalf of and for the benefit of CWB all proceeds from the sale or other disposition of any Collateral; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 Any amounts required to be paid to CWB by the Debtor under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by CWB by notice of termination to the Debtor and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of CWB. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Debtor covenants that while this Security Agreement is in effect the Debtor shall:

- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as CWB may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
- (b) cause the insurance policy or policies required by this Security Agreement to be assigned to CWB, including a standard mortgage clause or a mortgage endorsement, as CWB may require;
- (c) pay all premiums respecting such insurance, and deliver all policies to CWB, if required.

8.2 If proceeds of any required insurance becomes payable, CWB may, in its absolute discretion, apply these proceeds to the Obligations as CWB sees fit or release any insurance proceeds to the Debtor to repair, replace or rebuild, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.

8.3 The Debtor will promptly, on the happening of loss or damage to the Collateral, notify CWB and furnish to CWB at the Debtor's expense any necessary proof and do any necessary act to enable CWB to obtain payment of the insurance proceeds, but nothing shall limit CWB's right to submit to the insurer a proof of loss on its own behalf.

8.4 The Debtor authorizes and directs the insurer under any required policy of insurance to include the name of CWB as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by CWB to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.

8.5 If the Debtor fails to maintain insurance as required, CWB may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as CWB may wish to maintain.

9. OTHER PROHIBITIONS

(You agree to not encumber your property so as to interfere with the security interests or charges granted to CWB and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of CWB the Debtor will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;
- (c) where the Debtor is a corporation:
 - (i) issue, purchase or redeem its shares;
 - (ii) change its voting control;
 - (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
 - (iv) declare or pay any dividends on any of its shares; or
 - (v) repay or reduce any shareholders loans or other debts due to its shareholders;
- (d) change its name, merge with or amalgamate with any other entity.

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of CWB. Any sales or other disposition will result in you holding the proceeds in trust for CWB. Your responsibilities towards the Collateral and any trust proceeds are important to CWB.)

10.1 Except as provided by this Security Agreement, without CWB's prior written consent the Debtor will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Debtor is not in default under this Security Agreement the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Debtor holding the proceeds in trust for and on behalf of CWB and subject to CWB's exclusive direction and control. Nothing restricts CWB's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with CWB's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, CWB may perform those obligations but you will be required to pay for them.)

If the Debtor fails to perform its covenants and agreements under this Security Agreement, CWB may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of CWB, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by CWB shall be immediately payable by the Debtor to CWB with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to CWB. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of CWB.)

Notwithstanding any other provision of this Security Agreement, CWB may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Debtor in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for CWB.

13. APPROPRIATION OF PAYMENTS

(CWB has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as CWB sees fit, and CWB may at any time change any appropriation as CWB sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of CWB. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and CWB will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by CWB, the Debtor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Debtor and CWB in any of the following events:

- (a) the Debtor defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Debtor is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with CWB, or any representation or warranty of the Debtor to CWB is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Debtor or a guarantor of the Debtor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Debtor or a guarantor of the Debtor; or

- (f) the Debtor or a guarantor of the Debtor ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or a part of the Collateral; or
- (h) if the Debtor is a corporation and any member or shareholder:
 - (i) commences an action against the Debtor; or
 - (ii) gives a notice of dissent to the Debtor in accordance with the provisions of any governing legislation; or
- (i) if the Debtor is a corporation and its voting control changes without CWB's prior written consent; or
- (j) the Debtor uses any monies advanced to it by CWB for any purpose other than as agreed upon by CWB; or
- (k) without CWB's prior written consent, the Debtor creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Debtor enters into an amalgamation, a merger or other similar arrangement with any other person without CWB's prior written consent or, if the Debtor is a corporation, it is continued or registered in a different jurisdiction without CWB's prior written consent; or
- (n) CWB in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
- (o) the lessor under any lease to the Debtor of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Debtor; or
- (p) the Debtor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Debtor or to be incorporated into any of its assets, or the Debtor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Debtor is cancelled, revoked or reduced, as the case may be, or any order against the Debtor is enforced, preventing the business of the Debtor from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Debtor's business; or
- (r) if an individual, the Debtor dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

- (a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or
- (b) CWB taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;

and for the better securing to CWB repayment of the Obligations the Debtor mortgages to CWB all of the Debtor's estate and interest in the Real Property.

15. ENFORCEMENT

(If a default occurs, CWB has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

- 15.1 If the Debtor is in default under this Security Agreement CWB may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests CWB may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, CWB may do any of the following:
- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as CWB may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
 - (b) enter upon any of the Debtor's premises at any time and take possession of the Collateral with power to exclude the Debtor, its agents and its servants, without becoming liable as a mortgagee in possession;
 - (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as CWB deems advisable;
 - (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to CWB may seem reasonable, provided that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
 - (e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and
 - (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.
- 15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Debtor and not of CWB and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of CWB under this Security Agreement, and in addition shall have power to:
- (a) carry on the Debtor's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and
 - (b) make an assignment for the benefit of the Debtor's creditors or a proposal on behalf of the Debtor under the *Bankruptcy and Insolvency Act* (Canada); and
 - (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Debtor for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
 - (d) make any arrangement or compromise that the Receiver deems expedient.
- 15.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as CWB, in its absolute discretion and to the full extent permitted by law, may direct as follows:
- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by CWB respecting or incidental to:

- (i) the exercise by CWB of the rights and powers granted to it by this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to CWB of all principal and other monies (except interest) due in respect of the Obligations;
 - (c) in or toward payment to CWB of all interest remaining unpaid respecting the Obligations; and
 - (d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING CWB

(You have granted this Security Agreement to CWB in consideration by CWB advancing funds or providing credit or a credit facility to you. CWB will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, CWB will act in good faith and in a commercially reasonable manner.)

- 16.1 To the full extent permitted by law, CWB shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when CWB shall manage the Collateral upon entry or seizure, nor shall CWB be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. CWB shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall CWB, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall CWB be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Debtor waives any provision of law permitted to be waived by it which imposes greater obligations upon CWB than described above.
- 16.2 Neither CWB nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of CWB, the Debtor or any other party respecting the Collateral. CWB shall also not be liable for any misconduct, negligence, misfeasance by CWB, the Receiver or any employee or agent of CWB or the Receiver, or for the exercise of the rights and remedies conferred upon CWB or the Receiver by this Security Agreement.
- 16.3 CWB or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Debtor, co-obligants, guarantors and others and with the Collateral and other securities as CWB may see fit without liability to the Debtor and without prejudice to CWB's rights respecting the Obligations or CWB's right to hold and realize the Collateral. The Debtor shall not be released nor shall its liability be in any way reduced because CWB has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.
- 16.4 Notwithstanding anything to the contrary in any security held by CWB for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. CWB in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.

- 16.5 Any right of CWB and any obligation of the Debtor arising under any other agreements between CWB and the Debtor shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Debtor to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of CWB's commitment letter or Loan Agreement with the Debtor shall survive the signing and registration of this Security Agreement and CWB's advancement of any money to the Debtor and any legal fees, commitment fees, standby fees or administration fees owing by the Debtor shall be secured by the Collateral.
- 16.6 In the event that CWB registers a notice of assignment of Intellectual Property the Debtor shall be responsible for and shall indemnify CWB against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.
- 16.7 Notwithstanding any taking of possession of the Collateral, or any other action which CWB or the Receiver may take, the Debtor now covenants and agrees with CWB that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to CWB at the time of such disposition, the Debtor shall immediately pay to CWB an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Debtor agrees that CWB may bring action against the Debtor for payment of the deficiency, notwithstanding any defects or irregularities of CWB or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY

(You appoint CWB your attorney for specific matters.)

The Debtor irrevocably appoints CWB or the Receiver, as the case may be, with full power of substitution, as the attorney of the Debtor for and in the name of the Debtor to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do everything necessary or incidental to the exercise of all or any of the powers conferred on CWB, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Debtor subsequent to the execution hereof.

18. CONSOLIDATION

(Should you wish to redeem the Security Interest, CWB may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE

(CWB determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by CWB shall bind CWB to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Debtor to CWB.

20. WAIVER

(Indulgences granted by CWB should not be taken for granted.)

CWB may permit the Debtor to remedy any default without waiving the default so remedied. CWB may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by CWB. No delay or omission on the part of CWB in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to CWB remain in place regardless of any concerns you may have about the loan facility or CWB's actions.)

CWB may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, the Debtor's account debtors, sureties and others and with the Collateral and other security interests as CWB may see fit without prejudice to the Debtor's liability or CWB's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by CWB now or in the future from the Debtor or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Security Agreement describes some rights and remedies of CWB. CWB also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

CWB's rights and remedies set out in this Security Agreement, and in any other security agreement held by CWB from the Debtor or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and CWB that may be in effect from time to time.

25. ASSIGNMENT

(Should CWB assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

CWB may, without notice to the Debtor, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Debtor agrees that the assignee, transferee or secured party, as the case may be, shall have all of CWB's rights and remedies under this Security Agreement and the Debtor will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against CWB in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to CWB may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to CWB shall not be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and, subject to applicable law, payment to CWB of an administrative fee to be

fixed by CWB and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by CWB in connection with the Obligations and such release and discharge. The Debtor shall, subject to applicable law, pay an administrative fee, to be fixed by CWB, for the preparation or execution of any full or partial release or discharge by CWB of any security it holds, of the Debtor, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Debtor represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) the Collateral and Real Property are and will remain free of environmental damage or contamination;
- (e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Debtor's business or assets including without limitation the Collateral;
- (f) it will advise CWB immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide CWB with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Debtor and it consents to CWB contacting and making enquiries of environmental officials or assessors;
- (h) it will not install on or under any land mortgaged to CWB storage tanks for petroleum products or any hazardous substance without CWB's prior written consent and only upon full compliance with CWB's requirements and local ordinances or regulations;
- (i) it will from time to time when requested by CWB provide to CWB evidence of its full compliance with the Debtor's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of CWB and its successors and assigns, and shall be binding upon the Debtors and its heirs, executors, administrators, successors and any assigns permitted by CWB, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "the Act" means the Personal Property Security Act of British Columbia, Alberta and/or Saskatchewan, as applicable, and all regulations under the foregoing Personal Property Security Acts, as amended from time to time.

- 29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.
- 29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.
- 29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.
- 29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(b). For enforcement purposes, the Debtor hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which CWB enforces its rights and remedies hereunder.

30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from CWB a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

31. TIME

Time shall in all respects be of the essence.

32. INDEPENDENT ADVICE

The Debtor acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

33. SASKATCHEWAN LAW

If the Debtor is a corporation, the Debtor agrees as follows:

- (a) that the *Land Contracts (Actions) Act, 2018* of Saskatchewan, as amended or replaced from time to time, shall have no application to any action, as defined in that Act, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of CWB under this Security Agreement or any mortgage or charge created by this Security Agreement as CWB is specifically exempted from the operation of that Act;
- (b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of CWB under this Security Agreement or any mortgage or charge created by this Security Agreement; and
- (c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Debtor.

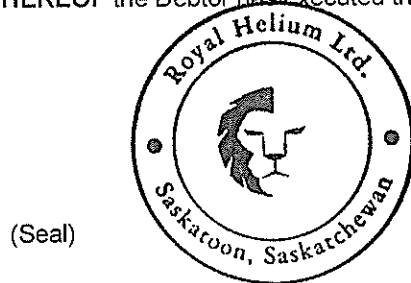
34. PARENTHETICAL COMMENTS

The Debtor acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

35. THE LOAN AGREEMENT

If the Debtor has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with CWB dealing with, or relating to, the loan facilities secured by this Security Agreement, the Debtor acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Debtor has executed this Security Agreement.



ROYAL HELIUM LTD.

Per: 

SCHEDULE A

Subclause 1.1 (a) (vii):

the following specific items, even though they may be included within the descriptions of Collateral
(insert description by item or kind):

the following serial numbered goods:

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model

Subclause 6.1 (c):

Date of Birth of Debtor (if an individual):

Month

Day

Year

Subclause 6.1 (i):

Location(s) of the Collateral:

Subclause 6.1 (k):

The Debtor's place(s) of business ("POB") and chief executive office ("CEO")

Chief Executive Office:	
Place of Business:	
And:	

THIS IS **EXHIBIT “Y”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated the 15th day of December, 2023.

FROM:

IMPERIAL HELIUM CORP., a British Columbia corporation having an office at 602, 224 – 4th Avenue S, Saskatoon, SK S7K 5M5

(the "Debtor")

TO:

BUSINESS DEVELOPMENT BANK OF CANADA, incorporated by Special Act of the Parliament of Canada, and having its head office in Montreal, Quebec, with a business centre at 300-475 2nd Avenue South, Saskatoon, SK S7K 1P4

("BDC")

1. SECURITY INTEREST

(You, as the Debtor, will grant to BDC a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a security interest, over certain petroleum and natural gas rights and surface rights and other interests in connection therewith, and a charge, referred to as a floating charge, over your complete undertaking and real property interests with the exception of the real property interests set forth in Subclause 1.1(b). These charges are the security BDC will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Debtor:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC, and grants to BDC a general and continuing security interest in all of the Debtor's present and after acquired personal property, including, without limitation:
 - (i) the sweet gas processing plant (the "Facility") to be located on a portion of the lands legally described as the NW 1/4 of Section 12, Township 20, Range 12 W4M, excepting thereout all that portion of Legal Subdivision 13 in the said quarter section which is shown on a Plan filed as 8341FB and therein outlined in yellow, excepting thereout all mines and minerals and the right to work the same, which Facility includes but is not limited to the buildings, facilities, structures, machinery and equipment comprising, forming part of or ancillary to the Facility, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing;
 - (ii) with the exception of the personal property which is validly and effectively subject to the fixed and specific charge, assignment, transfer and security interest described in Subclause 1.1(a)(i), all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
 - (iii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after

conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");

- (iv) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");
 - (v) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Debtor that is not the Facility, Equipment, Inventory or Accounts;
 - (vi) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Debtor (all of which is hereinafter collectively called the "Intellectual Property");
 - (vii) all the Debtor's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Debtor, and all other intangible property of the Debtor, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
 - (viii) the personal property described in Schedule A attached to this Security Agreement; and
 - (ix) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC, and grants to BDC a general and continuing security interest in:
- (i) all the Debtor's present and after acquired right, title, estate and interest (whether freehold, leasehold, profit a prendre or otherwise, and whether legal or equitable, corporeal or incorporeal) in all present and after acquired P&NG Interests, Tangible Interests and Miscellaneous Interests;
 - (ii) all proceeds derived directly or indirectly from any dealing with the foregoing property (or any dealing with such proceeds), whether or not of the same type, class or kind as the original property, including any right to an insurance payment or any other payment as indemnity of compensation for loss or damage, and payments made in total or partial discharge of an intangible, chattel paper, an instrument, a security, or a mortgage in respect of an interest in land; and
 - (iii) all the Debtor's present and after acquired right, title, estate and interest in all real property rights relating to or held in connection with the Facility, including any lands now or hereafter to be traversed in order to gain access to the Facility and the rights to enter upon use or occupy the surface of such lands;
- (c) grants to BDC a general and continuing security interest in and charges by way of a floating charge:
- (i) all of the Debtor's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is

collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a) and such property and assets of the Debtor as are validly and effectively subject to the fixed and specific mortgage and charge set forth Clause 1.1(b) and the mortgage and charge under the Leasehold Mortgage; and

- (ii) all of the undertaking and assets of the Debtor, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of BDC created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS

(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Debtor shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as BDC shall direct.

2.2 All the Debtor's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Debtor.

3. ATTACHMENT

(Value or consideration has flowed between you and BDC and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Debtor agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Debtor has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Debtor confirms that there has been no agreement between the Debtor and BDC to postpone the time for attachment of the Security Interests and that it is the Debtor's understanding that BDC intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST

(To the extent that BDC helps you acquire an interest in any personal property, you grant a special security interest to BDC over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Debtor acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by BDC, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED

(The Security Interests and charges you have granted to BDC secure all indebtedness and all obligations to BDC.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by BDC from the Debtor or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Debtor to BDC (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security

Agreement including extensions and renewals, and all other liabilities of the Debtor to BDC, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by BDC and the Debtor's obligation and liability under any contract or guarantee now or in the future in existence whereby the Debtor guarantees payment of the debts, liabilities and/or obligations of a third party to BDC, and for the performance of all obligations of the Debtor to BDC, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. REPRESENTATIONS AND WARRANTIES

(You state that you are able to legally grant this Security Agreement to BDC, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by BDC. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of BDC. BDC will rely on all of the following representations and warranties.)

6.1 The Debtor represents and warrants to BDC that:

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Debtor has provided a written memorandum to BDC accurately setting forth all prior names under which the Debtor has operated;
- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;
- (d) if the Debtor is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to BDC or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to BDC is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Debtor, in which a decision adverse to the Debtor would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Debtor; and the Debtor agrees to promptly notify BDC of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations,

property or assets or to its condition, financial or otherwise, which it has not disclosed to BDC in writing and which, if known to BDC, might reasonably be expected to deter BDC from extending credit or advancing funds to the Debtor;

- (g) it has good and valid right, title and interest in and to and, where applicable, lawfully owns and possesses, all presently held Collateral, which includes, without limitation, the interests of the Debtor in the Lands and Leases set forth in Schedule C and the surface leases, surface occupation agreement and well licences set forth in Schedule D, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by BDC, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to in writing by BDC;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Debtor has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to BDC;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule A, Schedule C and Schedule D, as applicable, and will not be removed from such location(s) without the prior written consent of BDC;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor, if the Debtor is a corporation, or, if the Debtor is a partnership, of the partners of the Debtor, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations valid and there is no restriction contained in the constating documents of the Debtor or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Debtor to borrow money or give security; and
- (k) the Debtor's place(s) of business and chief executive office are correctly described in Schedule A.

7. COVENANTS OF THE DEBTOR

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to BDC describing how BDC's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow BDC's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Debtor covenants with BDC that while this Security Agreement remains in effect the Debtor will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for BDC's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) promptly pay and satisfy:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish to BDC such security as BDC may require;

- (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
 - (iii) all fees from time to time chargeable by BDC arising out of any term of the commitment letter or the Loan Agreement between BDC and the Debtor including, without limitation, inspection, administration and returned cheque handling fees;
- (g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by BDC in connection with granting loans or credit to the Debtor, including for:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Debtor's obligations, whether or not relating to this Security Agreement;
 - (iii) complying with any disclosure requirements under the Act;
 - (iv) investigating title to the Collateral;
 - (v) taking, recovering, keeping possession and disposing of the Collateral;
 - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
 - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty BDC becomes obligated to pay by reason of any statute, order or direction of competent authority;
 - (viii) any sums BDC pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify BDC and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;
 - (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by BDC as security for the Obligations, protect BDC from liability in connection with the Security Interests or assist BDC in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and Insolvency Act* (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act* (Canada);
- (h) at BDC's request, execute and deliver further documents and instruments and do all acts as BDC in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify BDC promptly of:
 - (i) any change in the information contained in this Security Agreement relating to the Debtor, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;

- (iii) any material loss or damage to the Collateral;
- (iv) any material default by any account debtor in the payment or other performance of its obligations to the Debtor respecting any Accounts;
- (v) any claims against the Debtor including claims in respect of the Intellectual Property or of any actions taken by the Debtor to defend the registration of or the validity of or any infringement of the Intellectual Property;
- (vi) the return to or repossession by the Debtor of Collateral that was disposed of by the Debtor; and
- (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit BDC and its representatives, at all reasonable times, access to the Collateral including all of the Debtor's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Debtor will render all assistance necessary;
- (m) permit and does consent to BDC contacting and making enquiries of the Debtor's lessors as well as assessors, municipal authorities and any taxing body;
- (n) observe and perform all its obligations under:
 - (i) leases, licences, undertakings, and any other agreements to which it is a party;
 - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (o) deliver to BDC from time to time promptly upon request:
 - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow BDC to inspect, audit or copy them;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (iv) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as BDC may reasonably require;
- (p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;

- (q) with respect to copyright forming part of the Intellectual Property, provide to BDC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (r) receive and hold in trust on behalf of and for the benefit of BDC all proceeds from the sale or other disposition of any Collateral; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 The Debtor, at the request of BDC from time to time, will forthwith grant, or cause to be granted, to BDC, additional fixed and specific mortgages and charges over the Debtor's real property, including, without limitation, its P&NG Rights therein and Tangible Interests and Miscellaneous Interests in respect thereof, as BDC in its sole and absolute discretion deems necessary, as security for all then present and future Obligations. In this connection, the Debtor will:

- (a) provide BDC with such information as reasonably required by BDC to identify the additional property to be charged pursuant to this Clause 7.2;
- (b) do all such things as are reasonably required to grant in favour of BDC a fixed lien in respect of such additional property to be so charged pursuant to this Clause 7.2;
- (c) provide BDC with all corporate resolutions and other action, as reasonably required, for the Debtor to grant to BDC a fixed lien in the property identified by BDC to be so charged;
- (d) provide BDC with such security instruments, legal opinions and other documents which BDC, acting reasonably, deems are necessary in connection with this Clause 7.2 or to give full force and effect hereto;
- (e) assist BDC in the registration or recording of such agreements and instruments in such public registry offices in Canada or any province thereof (or in any other jurisdiction) as BDC, acting reasonably, deems necessary to give full force and effect to this Clause 7.2; and
- (f) pay all reasonable costs and expenses incurred by BDC in connection with the preparation, execution and registration of all agreements, documents and instruments, including any amendments to loan and credit agreements, made in connection with this Clause 7.2, or in connection with any legal opinions related to any of the foregoing.

In addition, BDC is hereby granted the right to attach to this Security Agreement, as part of the fixed charge over lands provided by this Security Agreement, from time to time a land schedule setting forth those of the Debtor's properties and assets as BDC may determine in its sole and absolute discretion, and the Debtor hereby authorizes BDC to do so as its duly appointed attorney. This power of attorney is a power coupled with an interest and shall be irrevocable. The Debtor hereby ratifies and confirms any and all such actions so taken by BDC from time to time.

Further, the Debtor hereby irrevocably constitutes and appoints any officer of BDC, or any Receiver appointed by the court or BDC as herein set out, the true and lawful attorney of the Debtor with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to sue in the name of the Debtor whenever and wherever it may be deemed necessary or expedient in connection with this Clause 7.2. This power of attorney is a power coupled with an interest and shall be irrevocable. The Debtor hereby ratifies and confirms any and all such actions so taken by BDC and its other attorneys from time to time.

7.3 Any amounts required to be paid to BDC by the Debtor under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.4 This Security Agreement shall remain in effect until it has been terminated by BDC by notice of termination to the Debtor and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of BDC. You will follow the specific requirements of the insurance coverage described in this Clause.)

- 8.1 The Debtor covenants that while this Security Agreement is in effect the Debtor shall:
- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
 - (b) cause the insurance policy or policies required by this Security Agreement to be assigned to BDC, including a standard mortgage clause or a mortgage endorsement, as BDC may require;
 - (c) pay all premiums respecting such insurance, and deliver all policies to BDC, if required.
- 8.2 If proceeds of any required insurance becomes payable, BDC may, in its absolute discretion, apply these proceeds to the Obligations as BDC sees fit or release any insurance proceeds to the Debtor to repair, replace or rebuild, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.
- 8.3 The Debtor will promptly, on the happening of loss or damage to the Collateral, notify BDC and furnish to BDC at the Debtor's expense any necessary proof and do any necessary act to enable BDC to obtain payment of the insurance proceeds, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Debtor authorizes and directs the insurer under any required policy of insurance to include the name of BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by BDC to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.
- 8.5 If the Debtor fails to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC may wish to maintain.

9. OTHER PROHIBITIONS

(You agree to not encumber your property so as to interfere with the security interests or charges granted to BDC and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of BDC the Debtor will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;
- (c) where the Debtor is a corporation:
 - (i) issue, purchase or redeem its shares;
 - (ii) change its voting control;
 - (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
 - (iv) declare or pay any dividends on any of its shares; or

- (v) repay or reduce any shareholders loans or other debts due to its shareholders;
- (d) change its name, merge with or amalgamate with any other entity.

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of BDC. Any sales or other disposition will result in you holding the proceeds in trust for BDC. Your responsibilities towards the Collateral and any trust proceeds are important to BDC.)

- 10.1 Except as provided by this Security Agreement, without BDC's prior written consent the Debtor will not:
- (a) sell, lease, license or otherwise dispose of the Collateral;
 - (b) release, surrender or abandon possession of the Collateral; or
 - (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.
- 10.2 So long as the Debtor is not in default under this Security Agreement the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.
- 10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Debtor holding the proceeds in trust for and on behalf of BDC and subject to BDC's exclusive direction and control. Nothing restricts BDC's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with BDC's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, BDC may perform those obligations but you will be required to pay for them.)

If the Debtor fails to perform its covenants and agreements under this Security Agreement, BDC may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of BDC, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by BDC shall be immediately payable by the Debtor to BDC with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to BDC. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of BDC.)

Notwithstanding any other provision of this Security Agreement, BDC may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Debtor in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for BDC.

13. APPROPRIATION OF PAYMENTS

(BDC has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as BDC sees fit, and BDC may at any time change any appropriation as BDC sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of BDC. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and BDC will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by BDC, the Debtor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Debtor and BDC in any of the following events:

- (a) the Debtor defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Debtor is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with BDC, or any representation or warranty of the Debtor to BDC is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Debtor or a guarantor of the Debtor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Debtor or a guarantor of the Debtor; or
- (f) the Debtor or a guarantor of the Debtor ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or a part of the Collateral; or
- (h) if the Debtor is a corporation and any member or shareholder:
 - (i) commences an action against the Debtor; or
 - (ii) gives a notice of dissent to the Debtor in accordance with the provisions of any governing legislation; or
- (i) if the Debtor is a corporation and its voting control changes without BDC's prior written consent; or
- (j) the Debtor uses any monies advanced to it by BDC for any purpose other than as agreed upon by BDC; or
- (k) without BDC's prior written consent, the Debtor creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Debtor enters into an amalgamation, a merger or other similar arrangement with any other person without BDC's prior written consent or, if the Debtor is a corporation, it is continued or registered in a different jurisdiction without BDC's prior written consent; or
- (n) BDC in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or

- (o) the lessor under any lease to the Debtor of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Debtor; or
- (p) the Debtor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Debtor or to be incorporated into any of its assets, or the Debtor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Debtor is cancelled, revoked or reduced, as the case may be, or any order against the Debtor is enforced, preventing the business of the Debtor from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Debtor's business; or
- (r) if an individual, the Debtor dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

- (a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or
- (b) BDC taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;

and for the better securing to BDC repayment of the Obligations the Debtor mortgages to BDC all of the Debtor's estate and interest in the Real Property.

15. ENFORCEMENT

(If a default occurs, BDC has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

15.1 If the Debtor is in default under this Security Agreement BDC may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests BDC may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, BDC may do any of the following:

- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as BDC may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any of the Debtor's premises at any time and take possession of the Collateral with power to exclude the Debtor, its agents and its servants, without becoming liable as a mortgagee in possession;
- (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as BDC deems advisable;
- (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to BDC may seem reasonable, provided that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
- (e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and
- (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is

concerned shall be the agent of the Debtor and not of BDC and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of BDC under this Security Agreement, and in addition shall have power to:

- (a) carry on the Debtor's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and
- (b) make an assignment for the benefit of the Debtor's creditors or a proposal on behalf of the Debtor under the *Bankruptcy and Insolvency Act* (Canada); and
- (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Debtor for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
- (d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as BDC, in its absolute discretion and to the full extent permitted by law, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by BDC respecting or incidental to:
 - (i) the exercise by BDC of the rights and powers granted to it by this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to BDC of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to BDC of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING BDC

(You have granted this Security Agreement to BDC in consideration by BDC advancing funds or providing credit or a credit facility to you. BDC will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, BDC will act in good faith and in a commercially reasonable manner.)

16.1 To the full extent permitted by law, BDC shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when BDC shall manage the Collateral upon entry or seizure, nor shall BDC be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. BDC shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall BDC, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall BDC be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Debtor waives any provision of law permitted to be waived by it which imposes greater obligations upon BDC than described above.

16.2 Neither BDC nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of BDC, the Debtor or any other party respecting the Collateral. BDC shall also not

be liable for any misconduct, negligence, misfeasance by BDC, the Receiver or any employee or agent of BDC or the Receiver, or for the exercise of the rights and remedies conferred upon BDC or the Receiver by this Security Agreement.

- 16.3 BDC or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Debtor, co-obligants, guarantors and others and with the Collateral and other securities as BDC may see fit without liability to the Debtor and without prejudice to BDC's rights respecting the Obligations or BDC's right to hold and realize the Collateral. The Debtor shall not be released nor shall its liability be in any way reduced because BDC has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.
- 16.4 Notwithstanding anything to the contrary in any security held by BDC for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. BDC in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.
- 16.5 Any right of BDC and any obligation of the Debtor arising under any other agreements between BDC and the Debtor shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Debtor to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of BDC's commitment letter or Loan Agreement with the Debtor shall survive the signing and registration of this Security Agreement and BDC's advancement of any money to the Debtor and any legal fees, commitment fees, standby fees or administration fees owing by the Debtor shall be secured by the Collateral.
- 16.6 In the event that BDC registers a notice of assignment of Intellectual Property the Debtor shall be responsible for and shall indemnify BDC against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.
- 16.7 Notwithstanding any taking of possession of the Collateral, or any other action which BDC or the Receiver may take, the Debtor now covenants and agrees with BDC that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to BDC at the time of such disposition, the Debtor shall immediately pay to BDC an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Debtor agrees that BDC may bring action against the Debtor for payment of the deficiency, notwithstanding any defects or irregularities of BDC or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY

(You appoint BDC your attorney for specific matters.)

The Debtor irrevocably appoints BDC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Debtor for and in the name of the Debtor to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do everything necessary or incidental to the exercise of all or any of the powers conferred on BDC, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Debtor subsequent to the execution hereof.

18. CONSOLIDATION

(Should you wish to redeem the Security Interest, BDC may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE

(BDC determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by BDC shall bind BDC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Debtor to BDC.

20. WAIVER

(Indulgences granted by BDC should not be taken for granted.)

BDC may permit the Debtor to remedy any default without waiving the default so remedied. BDC may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by BDC. No delay or omission on the part of BDC in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to BDC remain in place regardless of any concerns you may have about the loan facility or BDC's actions.)

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, the Debtor's account debtors, sureties and others and with the Collateral and other security interests as BDC may see fit without prejudice to the Debtor's liability or BDC's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by BDC now or in the future from the Debtor or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Security Agreement describes some rights and remedies of BDC. BDC also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

BDC's rights and remedies set out in this Security Agreement, and in any other security agreement held by BDC from the Debtor or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and BDC that may be in effect from time to time.

25. ASSIGNMENT

(Should BDC assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

BDC may, without notice to the Debtor, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Debtor agrees that the assignee, transferee or secured party, as the case may be, shall have all of BDC's rights and remedies under this Security Agreement and the Debtor will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against BDC in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to BDC may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to BDC shall not be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and, subject to applicable law, payment to BDC of an administrative fee to be fixed by BDC and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by BDC in connection with the Obligations and such release and discharge. The Debtor shall, subject to applicable law, pay an administrative fee, to be fixed by BDC, for the preparation or execution of any full or partial release or discharge by BDC of any security it holds, of the Debtor, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Debtor represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) the Collateral and Real Property are and will remain free of environmental damage or contamination;
- (e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Debtor's business or assets including without limitation the Collateral;
- (f) it will advise BDC immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide BDC with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Debtor and it consents to BDC contacting and making enquiries of environmental officials or assessors;
- (h) it will not install on or under any land mortgaged to BDC storage tanks for petroleum products or any hazardous substance without BDC's prior written consent and only upon full compliance with BDC's requirements and local ordinances or regulations;
- (i) it will from time to time when requested by BDC provide to BDC evidence of its full compliance with the Debtor's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of BDC and its successors and assigns, and shall be binding upon the Debtors and its heirs, executors, administrators, successors and any assigns permitted by BDC, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "Lands" means the lands described in Schedule C (including all stratigraphic formations from surface to basement unless otherwise specified), and includes all Petroleum Substances from time to time situated within or forming part of such lands, and any other lands with which the same may from time to time be pooled or unitized;
- (c) "Leasehold Mortgage" means that certain leasehold mortgage dated of even date herewith, granted by the Debtor to BDC in respect of Alberta Surface Lease Agreement dated March 20, 2022 between Canadian National Resources Limited, as lessor, and the Debtor, as lessee, made in respect of a portion of the NW 1/4 Section 12, Township 20, Range 12 W4M, excepting thereout that portion of Legal Subdivision 13 in the said quarter section which is shown on a Plan filed as 8341FB and therein outlined in yellow, excepting thereout all mines and minerals and the right to work the same;
- (d) "Leases" means collectively the various leases, reservations, permits, licenses and similar documents of title by virtue of which the holder thereof is entitled to explore for, test for, drill for, recover, remove or dispose of Petroleum Substances from time to time situated within or forming part of the Lands or otherwise, including, without limitation, any leases, licenses and other documents of title described in Schedule C, and all renewals, replacements and extensions thereof;
- (e) "Miscellaneous Interests" means all the interests of the Debtor (other than P&NG Interests and Tangible Interests), whether now owned or hereafter acquired, in all existing and future property, assets and rights now or hereafter relating to any of the P&NG Interests or Tangible Interests, including, without limitation, all of the interests of the Debtor, whether now owned or hereafter acquired, in all existing and future:
 - (i) contracts, agreements, arrangements and documents (including, without limitation, production sales contracts, pooling agreements, unit agreements, unit operating agreements, agreements for construction, ownership or operation of facilities and contracts, processing agreements, transportation agreements and arrangements for the transportation of Petroleum Substances) now or hereafter relating to any of the P&NG Interests, Tangible Interests or rights in relation thereto;
 - (ii) surface of any of the Lands and of any lands upon which any of the Tangibles are now or hereafter situated, and of any lands now or hereafter to be traversed in order to gain access to any of the Lands or Tangibles and the rights to enter upon, use or occupy the surface of any such lands described above and the Lands, including, without limitation, any fee simple title, surface lease, mineral surface lease or license of occupation, including, without limitation, the surface leases and surface occupation agreement described in Part 1 of Schedule D;
 - (iii) permits, licences, approvals and other authorizations, privileges and rights now or hereafter relating to any of the P&NG Interests, Lands, Leases or Tangible Interests including, without limitation, all well, pipeline and facilities licences, leases, agreements, permits and authorizations relating to any of the P&NG Interests, Lands, Leases or Tangible Interests, including, without limitation, the well licences described in Part 2 of Schedule D;
 - (iv) Petroleum Substances from time to time produced from any of the Lands and allocable to any

of the P&NG Interests (but not beyond the point of delivery to the purchaser thereof);

- (v) books, records, documents, maps and files, and engineering and other reports, studies and data, now or hereafter relating to any of the P&NG Interests; and
 - (vi) all extensions, renewals, replacements or amendments of or to the foregoing items described in Subclauses (i) to (v) above;
- (f) "P&NG Interests" means all of the right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an interest in land, of the Debtor, in and to any of the following:
- (i) the interest of the Debtor in respect of the Leases and the Lands;
 - (ii) rights to explore for, test for, drill for and produce, take, save or market Petroleum Substances from, within, upon, under or in relation to the Leases or the Lands;
 - (iii) rights to a share of the production of Petroleum Substances from the Leases or the Lands;
 - (iv) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances from the Leases or Lands, other than rights under agreements for the sale of Petroleum Substances from the Leases or the Lands;
 - (v) rights to acquire any of the rights described in Subclauses (i) to (iv) above; and
 - (vi) all extensions, renewals, replacements or amendments of or to the foregoing items;

and includes interests and rights known as a working interest, royalty interest, overriding royalty interest, gross overriding royalty interest, production payments, profits interest, net profits interest, revenue interest, net revenue interest and other interests in and to the Leases and the Lands and fractional or undivided interests in any of the foregoing;

- (g) "Petroleum Substances" means any one or more of crude oil, crude bitumen, synthetic crude oil, petroleum, natural gas, natural gas liquids, related hydrocarbons and any and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur;
- (h) "Tangibles" means all existing and future:
- (i) producing, shut-in, injection, disposal and other wells now or hereafter used, or expected or intended to be used, in connection with the production of Petroleum Substances from any of the Lands; and
 - (ii) separators, dehydrators, tanks, flow-lines, gathering systems, batteries, meter stations, gas plants, pipelines, compressors, enhanced recovery systems and other facilities and structures used in connection with production, gathering, treatment, storage, processing, compression, transportation, injection, removal or other operations related to any of the P&NG Interests, Leases or Lands, or to any Petroleum Substances produced therefrom or allocable thereto;
- together with all existing and future equipment, machinery, apparatus, materials and other tangible property, assets and goods which may now or hereafter be located at the site of any such wells, facilities or structures and form part of, be appurtenant to or otherwise be used in connection with such wells, facilities or structures;
- (i) "Tangible Interests" means all of the interests of the Debtor, whether now owned or hereafter acquired, in all existing and future Tangibles;

- (j) "the Act" means the *Personal Property Security Act* of British Columbia, Alberta and/or Saskatchewan, as applicable, and all regulations under the foregoing *Personal Property Security Acts*, as amended from time to time.

- 29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.
- 29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.
- 29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.
- 29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(j). For enforcement purposes, the Debtor hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which BDC enforces its rights and remedies hereunder.

30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from BDC a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

31. TIME

Time shall in all respects be of the essence.

32. INDEPENDENT ADVICE

The Debtor acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

33. SASKATCHEWAN LAW

If the Debtor is a corporation, the Debtor agrees as follows:

- (a) that the *Land Contracts (Actions) Act, 2018* of Saskatchewan, as amended or replaced from time to time, shall have no application to any action, as defined in that Act, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement as BDC is specifically exempted from the operation of that Act;
- (b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement; and

- (c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Debtor.

34. PARENTHETICAL COMMENTS

The Debtor acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

35. THE LOAN AGREEMENT

If the Debtor has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with BDC dealing with, or relating to, the loan facilities secured by this Security Agreement, the Debtor acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Debtor has executed this Security Agreement.

IMPERIAL HELIUM CORP.

DocuSigned by:

Per: A966398E57074CD...
Name: Andrew Davidson
Title: President & Chief Executive Officer

DocuSigned by:

Per: 79AA228CA74849C...
Name: Jeff Sheppard
Title: Chief Financial Officer

SCHEDULE ASubclause 1.1 (a) (viii):

the following specific items, even though they may be included within the descriptions of Collateral (insert description by item or kind):

N/A

the following serial numbered goods:

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model
	N/A		

Subclause 6.1 (i):

Location(s) of the Collateral:

Various locations in British Columbia, Alberta and Saskatchewan, including, without limitation, the locations set forth in Schedules C and D to the General Security Agreement to which this Schedule A is appended.

Subclause 6.1 (k):

The Debtor's place(s) of business ("POB") and chief executive office ("CEO")

Chief Office:	Executive	602, 224 – 4 th Avenue S. Saskatoon, SK S7K 5M5
Place of Business:		Suite 2500 Park Place, 666 Burrard Street Vancouver, BC V6C 2X8
And:		501, 304 – 8 th Avenue SW Calgary, AB T2P 1C2

SCHEDULE B

[The provisions of this Schedule B apply in those jurisdictions where the Act or its regulations defines "Licenses"]

Additional Covenants (Forest Licenses)

- 7.1 (t) so long as the Collateral includes any licence as defined in the Act, and more particularly described in Clause 1 (the "Licences"), the Debtor shall:
- (i) pay all costs of its logging operations including, without limitation, all related stumpage, royalties and all other charges, and all fees, rentals, taxes permits, leases or other rights requisite for the purposes of logging operations;
 - (ii) pay all assessments, damages, penalties or other liabilities arising by reason of default in compliance with the provisions of the Licences or of the *Forest Act* (British Columbia), the *Forests Act* (Alberta), the *Public Lands Act* (Alberta) [or other legislation in other jurisdictions] or of any regulation thereunder;
 - (iii) observe and perform all the requirements of the Licences, of the *Forest Act* [or other legislation in other jurisdictions], and any government regulations relating to logging and fire protection and will dispose of slash to the satisfaction of the responsible ministry;
 - (iv) conduct all logging and related operations in a manner to preserve and maintain in good standing the Licenses, and all of the rights and privileges attached to the Licenses and, without limitation, so as to enable the licensee to recover any refundable deposit paid under the Licenses; and
 - (v) should the Licenses involve products not falling within the forestry industry, comply with all **applicable** laws and regulations, pay all costs and assessments required by the responsible ministry and take all steps necessary to preserve and maintain in good standing the Licenses.

SCHEDULE C
Lands, Leases and P&NG Interests

Lands	Leases between Heritage Royalty Resource Corp. as lessor and Imperial Helium Corp. as lessee	Working Interest	Encumbrances
Twp 19 Rge 11 W4M SEC 16 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 17 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 18 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 19 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 20 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 21 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 22 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 27 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 28 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
Twp 19 Rge 11 W4M SEC 29 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

TwP 19 Rge 11 W4M SEC 30 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 32 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 33 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 34 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 11 W4M SEC 35 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 1 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 2 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 3 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 4 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 9 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 10 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 11 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

TwP 19 Rge 12 W4M SEC 12 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M PTN SEC 13 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M PTN SEC 14 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 15 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 16 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 21 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 22 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 23 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 24 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 25 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 26 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 27 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

TwP 19 Rge 12 W4M SEC 28 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 19 Rge 12 W4M SEC 33 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 1 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 2 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 3 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 4 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 5 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 8 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 9 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 10 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 11 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 12 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

TwP 20 Rge 11 W4M SEC 13 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 14 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 15 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 16 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 17 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 19 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 20 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 21 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 22 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 23 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 24 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 25 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%

TwP 20 Rge 11 W4M SEC 26 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 27 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 34 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 35 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 11 W4M SEC 36 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M SEC 9 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M N 10 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M SEC 13 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M SEC 14 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M S ½ Sec Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
TwP 20 Rge 12 W4M SEC 24 Natural Gas in all formations below base Nisku	Mineral Lease dated May 31, 2021	100%	Lessor Royalty of 4.5%
T 19 R 11 W4M: Sec 31 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

T 19 R 11 W4M: Sec 34 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 19 R 11 W4M: Sec 35 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 19 R 11 W4M: Sec 36 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 11 W4M: Sec 6 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 11 W4M: Sec 7 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 11 W4M: Sec 18 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 1 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 2 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 3 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 4 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: N8 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: S ½ Sec 10 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

T 20 R 12 W4M: Sec 11 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 12 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: N1/2 Sec 15 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 16 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 17 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 20 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 21 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 23 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: W ½ & SE ¼ Sec 26 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 27 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 28 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

T 20 R 12 W4M: Sec 29 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 32 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 33 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%
T 20 R 12 W4M: Sec 34 Natural Gas in all formations below base Big Valley	Mineral Lease dated November 15, 2020	100%	Lessor Royalty of 4.5%

SCHEDULE D

Part 1 – Surface Leases and Surface Occupation Agreement

1. Alberta Surface Lease Agreement dated November 21, 2021 between Canadian Natural Resources Limited, as lessor, and Imperial Helium Corp., as lessee, with respect to the NW ¼ 12-20-12 W4M, as more particularly described in Certificate of Title No. 181 143 688.
2. Alberta Surface Lease Agreement dated June 21, 2021 between Canadian Natural Resources Limited, as lessor, and Imperial Helium Corp., as lessee, with respect to the NW ¼ 23-20-12 W4M, as more particularly described in Certificate of Title No. 181 143 684.
3. Agreement Providing for Surface Occupation dated June 14, 2021 between Eastern Irrigation District, as owner, and Imperial Helium Corp., as company, in respect of the SW ¼ 1-20-12 W4M, as more particularly described in Certificate of Title No. 161 092 823 +1.

Part 2 – Well Licences

1. Well Licence No. 0502181 dated November 26, 2021 granted by the Alberta Energy Regulator to Imperial Helium Corp. regarding the well described as Imperial Helium DD Prin 12-12-20-12.
2. Well Licence No. 0500791 dated July 30, 2021 granted by the Alberta Energy Regulator to Imperial Helium Corp. regarding the well described as Imperial Helium DD Prin 10-22-20-12.
3. Well Licence No. 0500470 dated June 25, 2021 granted by the Alberta Energy Regulator to Imperial Helium Corp. regarding the well described as Imperial Helium 102 Prin 3-1-20-12.

THIS IS **EXHIBIT "Z"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

ALBERTA

LEASEHOLD MORTGAGE

- A. Reference is made to the letter of offer dated January 19, 2023, (as amended, modified, supplemented, restated or replaced, from time to time, the "**Commitment Letter**") among, *inter alios*, **BUSINESS DEVELOPMENT BANK OF CANADA** (the "**Mortgagee**"), as lender, and **IMPERIAL HELIUM CORP.** (the "**Mortgagor**"), as borrower. Capitalized terms and expressions used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Commitment Letter.
- B. As security for the repayment and performance of all indebtedness, liabilities and obligations of the Mortgagor to the Mortgagee (including, without limitation, under or pursuant to the Commitment Letter), the Mortgagor has agreed to provide certain collateral security to the Mortgagee including, without limitation, the leasehold mortgage set forth herein (this "**Mortgage**").

The Mortgagor, being the owner of a leasehold interest, subject, however, to registered encumbrances, liens, and interests, if any, in those pieces of lands situate in the Province of Alberta, Canada, and more particularly described in Schedule "A" attached hereto (the "**Lands**"), pursuant to that certain Alberta surface lease agreement more particularly described in Schedule "B" attached hereto (as amended, modified, supplemented, restated or replaced, from time to time, collectively, the "**Lease**"). The part of the Lands affected by the Lease, together with the buildings, improvements and fixtures thereon, are hereinafter collectively referred to as the "**Leased Premises**").

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which the Mortgagor does hereby acknowledge,

THE MORTGAGOR HEREBY COVENANTS with the Mortgagee:

1. That the Mortgagor will pay to the Mortgagee, in lawful money of Canada, at Suite 1310, 150 9 Ave SW, Calgary, AB T2P 3H9 or at such other place as the Mortgagee may, from time to time, designate in writing, the principal sum of SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$7,500,000) (the "**Principal Sum**") in lawful money of Canada ON DEMAND together with interest thereon or on such portion thereof as remains unpaid both before and after maturity or default at a rate per annum equal to 16% per annum (or such other the rate or rates set forth in the Commitment Letter). Prior to demand, interest at the aforesaid rate on the total of all amounts from time to time advanced or secured hereunder shall be calculated monthly from the respective dates of such advances and shall become due and payable in accordance with the Commitment Letter. Subject always to the Mortgagee's right to demand payment, the Mortgagor shall pay to the Mortgagee, on and subject to the provisions of the Commitment Letter, the Principal Sum together with interest at the rate set forth in the Commitment Letter, as the same may be amended or restated from time to time, calculated and payable monthly, not in advance, before and after maturity, default and judgment. Arrears of both principal and interest shall bear interest at the rate above-mentioned, computed and compounded monthly and payable on demand, or, if not demanded, on the date the next payment of principal and interest is due, and all such interest on arrears shall be a charge on the Lands in the same manner as all other monies hereby secured. The Mortgagor acknowledges that this Mortgage is given and taken as additional and continuing collateral security for the payment of the Principal Sum of SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$7,500,000) under the Commitment Letter, payable at the times and in the manner provided in the Commitment Letter, and, except for the repayment of monies paid by the Mortgagee under the provisions of this Mortgage to protect its security under this Mortgage, payments on any other security or evidence of indebtedness for the Principal Sum and on this Mortgage shall be credited each against the other, and neither the granting of this Mortgage nor any proceedings taken under this Mortgage or with respect to this Mortgage, nor any judgment obtained in such proceedings, shall operate as a merger of any of the said security or evidence of indebtedness or of any simple contract debt or in any way suspend payment of, or affect or prejudice the rights, remedies, or powers, legal or equitable, of the Mortgagee in connection with the said security and evidence of

indebtedness or any other security or evidence of indebtedness which may be taken by the Mortgagee in addition to, by way of renewal of, or in substitution for any present or future guarantee, bill, note, obligation or security securing or evidencing the indebtedness hereby secured or any part thereof or be deemed to constitute a payment or satisfaction of any of the said security or evidence of indebtedness or the said indebtedness or any part thereof or merger therein and default under any other security or evidence of indebtedness from time to time now or hereafter held by the Mortgagee as evidence of or security for any of the indebtedness hereby secured shall constitute default hereunder, and default under the provisions of this Mortgage shall constitute default under all other security and evidence of indebtedness now or hereafter held by the Mortgagee. Notwithstanding anything to the contrary contained herein, payment in full to the Mortgagee of all obligations owing by the Mortgagor to the Mortgagee arising under the Commitment Letter (the "Obligations") will be deemed to be payment in full satisfaction of all amounts due under this Mortgage. Notwithstanding the interest rate set out herein, payment by the Mortgagor of the relevant fees and interest for any period in respect of the Obligations at the rate at which such Obligations bear interest for such period will be deemed to be payment in satisfaction of the interest payment for the same period under this Mortgage. The face amount of this Mortgage shall be owing hereunder by the Mortgagor and the mortgage and charge created by this Mortgage shall take effect forthwith upon the execution hereof and shall be a continuous mortgage and charge for the full amount of the Principal Sum, interest and other charges as set forth in this Mortgage, notwithstanding the actual balance owing by the Mortgagor to the Mortgagee may be fluctuating and even may from time to time and at any time be or have been reduced to a nil balance and notwithstanding monies advanced may be repaid and further advances made to or to the order of the Mortgagor or further advances may be made in respect of which the Mortgagor is liable; and this Mortgage may be held by the Mortgagee as security for any and all debts and obligations of the Mortgagor to the Mortgagee from time to time arising pursuant to the Commitment Letter, whether direct or indirect, absolute or contingent, matured or not, and whether the Mortgagor is or becomes indebted or obligated to the Mortgagee as principal or surety including, without limitation, arising pursuant to the Commitment Letter..

The taking of judgment or other proceedings under any of the Commitment Letter, any other security or evidence of indebtedness shall not operate as a merger of any of the covenants in this Mortgage or affect the Mortgagee's right to interest on the indebtedness hereby secured or any other of the Mortgagee's rights hereunder, and any right reserved to the Mortgagee under any document may be exercised by the Mortgagee concurrently or consecutively with or to any other rights reserved to it.

All monies received by the Mortgagee on account of this Mortgage in advance of the date upon which payment thereof would otherwise be required under and by virtue of the terms hereinbefore set forth, whether by reason of expropriation or otherwise, shall be applied first in or towards the payment of the last payment of principal and interest required under and by virtue of the terms contained in this Mortgage, and, in case of a surplus, in or towards the payment of the payment next preceding, and so on until the whole of the amount secured hereunder shall be paid, provided that no monies received in advance shall be applied so as to alter or modify the amounts or the dates for payment of the required payments of principal and interest under and by virtue of the terms contained in this Mortgage.

2. The Principal Sum secured by this Mortgage is the sum of SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$7,500,000), and the rate of interest chargeable thereon is the rate of 16% per annum (or such other rate or rates set forth in the Commitment Letter), computed and compounded monthly from the respective dates of such advances or when such sums become secured, as well after as before maturity or default on the amount of principal from time to time remaining unpaid.

3. That the Mortgagor will forthwith insure, and during the continuance of this security keep insured against loss or damage by fire, tempest, tornado, cyclone, lightning, earthquake and flood, against loss or damage caused by the explosion of any steam boiler or other object generating or operated by steam and/or any closed circulation, hot water heating system and/or any pressure vessel operated on the Leased Premises, against loss of rentals (if applicable) and against business interruption, against damage to plate glass (if applicable), against public liability and against such other risks or perils as the Mortgagee may deem expedient or reasonably require, all improvements now on or forming part of the Leased Premises, or which may hereafter be erected or placed thereon, to the extent of their full insurable value with an insurance company approved by the Mortgagee, and will not do or suffer anything whereby the said policy

or policies may be vitiated, and will pay all premiums and sums of money necessary for such purposes as the same shall become due, and will forthwith assign to the Mortgagee the said policy or policies of insurance, and will deliver to the Mortgagee the said policy or policies and the receipt or receipts proving payment of the premium relating thereto, and that on the happening of any loss or damage to the Leased Premises, by fire or other insured risk, the Mortgagor will furnish, at the Mortgagor's own expense, all necessary proofs and do all the necessary acts to enable the Mortgagee to obtain payment of the insurance monies, and all said monies may, at the option of the Mortgagee, either be applied in or towards substantially rebuilding, reinstating and repairing the improvements on the Leased Premises, or applied in whole or in part towards payment of the Principal Sum, interest and other monies owing pursuant to this Mortgage, as the Mortgagee in its sole discretion may determine, PROVIDED THAT if the Mortgagor shall not keep the improvements on or forming part of the Leased Premises or any portion thereof insured as foresaid, or pay the said premiums, or deliver said receipts and produce to the Mortgagee at least three days before the termination of the insurance then existing, evidence of the renewal thereof, then the Mortgagee shall be entitled, but shall not be obliged, to insure the improvements or any portion thereof, and all monies expended by the Mortgagee for such purpose shall be payable, shall bear interest and shall be secured as specified in clause 10 hereof.

4. That the Mortgagor will, in each year, at least TEN (10) days before the date, if any, on or before which discount is allowed on the payment of taxes, or at least TEN (10) days before the date after which a penalty is added for non-payment of same, as the case may be, pay and discharge when due all taxes, rates and assessments, including local improvement charges and levies which may be assessed or levied against the Lands as a result of its use and occupation of the Lands (herein collectively called the "Taxes") and all other liens, charges, encumbrances or claims, with which the Mortgagor or the Mortgagee in respect of this Mortgage are or may be rated or charged, and produce and leave with the Mortgagee the receipts therefor; PROVIDED ALWAYS THAT, AT THE OPTION OF THE MORTGAGEE, the Mortgagor will during the currency hereof, pay to the Mortgagee, in advance in such number of equal and consecutive monthly instalments as determined by the Mortgagee (but not exceeding TWELVE (12) in number), such amounts as the Mortgagee may estimate as being the Taxes due and payable in each calendar year so that the Mortgagee shall have sufficient funds as and when the Taxes are due and payable to pay the same on behalf of the Mortgagor, the said monthly instalments to be paid along with and in addition to the monthly instalments of principal and interest due and payable under this Mortgage; it being understood and agreed that such funds are to be applied by the Mortgagee towards the payment of Taxes as long as the Mortgagor is not in default of any of the terms of this Mortgage, but nothing contained herein shall obligate the Mortgagee to apply such payments on account of Taxes more often than yearly nor to pay or adjust for interest with respect to such funds; PROVIDED FURTHER THAT:

- (a) the Mortgagee may deduct from the monies secured by or to be secured by this Mortgage an amount sufficient to pay all Taxes which have been levied against the Lands and are then due or will become due in that calendar year;
- (b) if, prior to the application by the Mortgagee of such monies for the payment of the Taxes, the Mortgagor defaults in the payment of any principal, interest or other monies secured hereunder, the Mortgagee may, at its option, apply such monies in or towards the payment of the Principal Sum, interest or other monies in default;
- (c) if the Taxes actually levied for any particular calendar year exceed the estimated amount or in the event any part of the estimated amount paid to the Mortgagee is applied by the Mortgagee in or towards the Principal Sum, interest or other monies in default, the Mortgagor will pay to the Mortgagee or to the taxing authority, as the Mortgagee may determine, on demand, the amount required to make up the deficiency; PROVIDED THAT if the amount received by the Mortgagee is in excess of the amount of the annual Taxes, the monthly tax instalments of the then ensuing SIX (6) months may be adjusted accordingly;
- (d) if the Mortgagor is required by the Mortgagee to pay the Taxes in whole or in part directly to the taxing authority and if the Mortgagor defaults in payment of any of the Taxes or

defaults in payment to the Mortgagee of sufficient amounts as estimated by the Mortgagee to permit the Mortgagee to pay the Taxes as aforesaid, then the Mortgagee, at its option, may pay such Taxes, and all monies expended by the Mortgagee for such purpose shall be payable, shall bear interest and shall be secured as specified in clause 10 hereof; and

5. the Mortgagor shall transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of Taxes forthwith after the receipt of same. That the Mortgagor will not permit or suffer any act of waste on the Leased Premises or any other act or thing by which the value of the Leased Premises shall, or, in the reasonable opinion of the Mortgagee, may be diminished and will well and sufficiently repair, maintain, amend and keep the improvements, now or hereafter on the Leased Premises, and fixtures and appurtenances belonging thereto in good and substantial repair.

6. That the Mortgagor shall not make or permit to be made any material alterations or additions to the improvements on the Leased Premises (unless permitted pursuant to the Commitment Letter) excluding tenant improvements without the prior written consent of the Mortgagee, such consent not to be unreasonably withheld or delayed, and the Mortgagor shall comply with all applicable regulations and requirements of any municipal or other authority having jurisdiction over the Leased Premises.

7. That:

- (a) the Mortgagor will promptly pay all bills for labour and material for the Leased Premises as the said bills become due, and will at all times keep the title to the Lands free of all builders' liens for work performed at the request of the Mortgagor; provided that if any such builders' liens are filed against the title to the Lands, the Mortgagor agrees to promptly pay or take such other steps as may be necessary to discharge all such liens;
- (b) the Mortgagor will carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Leased Premises and the earnings, income, rents, issues and profits thereof and will keep proper books of account and make therein true and faithful entries of all dealings and transactions in relation to its business and the Leased Premises;
- (c) the Mortgagor shall not, except in the ordinary course of its business, or except as otherwise expressly permitted by the Mortgagee, grant a sublease of the Leased Premises or any part thereof other than to such tenants and on such terms and conditions as first consented to in writing by the Mortgagee; it being understood that the granting of such consent shall not be or be deemed to be a grant of priority for any such sublease over this Mortgage; PROVIDED THAT with respect to any and all subleases of or affecting the Leased Premises, the Mortgagor shall not, without the prior written consent of the Mortgagee, demand or accept any prepayment of rent exceeding rent for THREE (3) months, under any such sublease and will, on demand of the Mortgagee from time to time, forthwith execute and deliver to the Mortgagee an assignment or assignments of all rents payable under one or more subleases relating to the Leased Premises and an assignment or assignments of the benefit of all covenants, agreements and provisos therein contained on the part of the subtenant to be observed and performed and the reversion of subleases and will also execute and deliver to the Mortgagee all such subleases and all such notices and other documents as may be required in order to render such assignment effectual in law; PROVIDED THAT nothing herein contained shall make the Mortgagee responsible for the collection of rents payable under any such subleases or for the performance of any covenants, terms or conditions contained in any such subleases;
- (d) any improvements now or hereafter located upon the Leased Premises shall be situated wholly within the boundaries of the Leased Premises, and shall be in compliance with municipal by-law requirements or the requirements of any other authority having jurisdiction as the Mortgagee may require; and

- (e) the Mortgagor, within TEN (10) days after receipt of a request to do so, shall certify to the Mortgagee or any person designated by the Mortgagee the amount of the Principal Sum then due hereunder, the date to which interest is paid, that it has no right of a set-off against the monies due hereunder, and that there have been no amendments hereof or if there have been any such amendments, specifying the same.

8. That all erections, buildings, fences, machinery, plant and improvements fixed or otherwise now on or hereafter put upon the Leased Premises and owned by the Mortgagor (including, but without limiting the generality of the foregoing, all furnaces, boilers, plumbing, and heating equipment, light fixtures, water heaters, storm windows, storm doors and screens and all apparatus and equipment appurtenant thereto) are and shall, in addition to other fixtures thereon owned by the Mortgagor, be and become fixtures and form part of the realty and of the security, and are included in the expression the "Leased Premises", and that in the event of any loss, damage or destruction to said fixtures, erections, buildings, fences, machinery, plant and improvements, the Mortgagee may give notice to the Mortgagor to repair, reinstate or rebuild the same within a reasonable time to be determined by the Mortgagee, and to be stated in such notice, and that upon the Mortgagor failing so to repair, reinstate or rebuild within such time, said failure shall constitute a breach of covenant hereunder, and the Mortgagee may repair, reinstate or rebuild the same at the cost of the Mortgagor and all sums of money determined by the Mortgagee to be properly paid therefor shall be payable, shall bear interest and shall be secured as specified in clause 10 hereof.

9. That:

- (a) the Mortgagee shall have the right, but not the obligation, notwithstanding the performance by the Mortgagor of its covenants and agreements herein, to advance to or on behalf of the Mortgagor the Principal Sum or any part or parts thereof from time to time, and may exercise such right in its sole, unfettered, uncontrolled and unqualified discretion, and that neither execution, nor registration, nor acceptance of this Mortgage, nor the advance of part of the monies secured hereunder shall bind the Mortgagee to advance the Principal Sum or any unadvanced portion thereof, nor shall it fetter, control or qualify the said discretion of the Mortgagee, but nevertheless this Mortgage shall take effect forthwith upon the execution of these presents and the amount of the advances, if any, made from time to time by the Mortgagee shall be secured hereby and repayable with interest as herein provided. The Mortgagor does not rely upon any representations, covenants or agreements, whether verbal or in writing made by the Mortgagee or by any person acting or purporting to act on behalf of the Mortgagee as to the advancement of the Principal Sum or any part or parts thereof or any other matter which might influence the Mortgagor to execute this Mortgage;
- (b) the Mortgagee may, without further authority and from time to time as the Mortgagee may desire, make advances of principal to be secured under this Mortgage in:
 - (i) an amount or amounts sufficient to defray interest accrued hereunder and unpaid from time to time;
 - (ii) an amount or amounts equal to interest on account of the Principal Sum hereunder calculated from the date of advance to the first day of the first month following the date upon which an advance was made; and
 - (iii) an amount or amounts sufficient to defray fees due to the Mortgagee in respect of unadvanced funds or standby fees, and the like,

and upon making such advances, will have the right to apply such advances for the purpose for which they were advanced; PROVIDED THAT nothing herein shall obligate the Mortgagee to make any such advances.

10. That if the Mortgagor shall refuse or neglect to observe or perform any covenant, agreement, provision or stipulation expressed or implied in this Mortgage at the time at which, in the opinion of the Mortgagee, the same should be observed or performed, the Mortgagee may, at the Mortgagor's expense, and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenant, agreement, provision or stipulation; and that the Mortgagee, at such time or times as it may deem necessary, and without the concurrence of any other person, may send its inspector or agent to report upon the value, state and condition of the Leased Premises and upon the performance by the Mortgagor of its covenants, agreements, provisions or stipulations pursuant to this Mortgage, and make arrangements for the repairing, finishing and putting in order of any improvements on the Leased Premises, for leasing, for collecting the rents, and for generally managing the Leased Premises, and may expend money for any and all the purposes aforesaid as it may deem expedient, and that all reasonable solicitors', inspectors', valuers' and surveyors' fees, expenses and costs of and incidental to drawing, registering and discharging this Mortgage, to valuing and examining the Leased Premises and the title thereto, and to making and maintaining this Mortgage a valid first leasehold charge thereon and to protecting the Mortgagee's security (including allowance for the time and service of any officer to the Mortgagee), together with all monies which the Mortgagee from time to time pays, expends or for which the Mortgagee becomes liable in performing or observing any covenant, agreement, provision or stipulation on the Mortgagor's part expressed or implied in this Mortgage in pursuance or exercise of or enforcing or attempting to enforce any right, power, remedy or purpose under this Mortgage or otherwise subsisting or in respect to any agreement, covenant or security collateral or in addition to this Mortgage, whether the same prove abortive or not (including, without limiting the generality of the foregoing, any proceedings in and about taking, recovering and keeping or attempting to procure possession of the Leased Premises or any part thereof) and the Mortgagee's reasonable legal costs as between solicitor and client for any purpose provided in this Mortgage shall bear interest at the aforesaid rate of interest computed from the date of payment or charging thereof (whether or not the Principal Sum or any part thereof is advanced) and shall, together with such interest, be payable by the Mortgagor on the earlier of demand and the next ensuing date for payment of principal and interest hereunder and all such fees, expenses and costs, together with such interest, shall be added to and form part of the Principal Sum secured by this Mortgage and shall be a charge upon the Lands.

11. Subject to Section 16 hereof, that the Mortgagee may release any part or parts of the Lands or any other security for the monies hereby secured at its discretion, either with or without any consideration thereof, and without being accountable for the value thereof, or for any monies except those actually received by the Mortgagee, and without releasing thereby any other part of the Lands or any other security or any person from this Mortgage or from any of the covenants herein expressed or implied.

12. That the taking of a judgment or judgments under any of the covenants herein undertaken or undertaken in any security collateral hereto shall not operate as a merger of said covenants or affect the Mortgagee's right to interest at the rate and time aforesaid and the exercise or attempted exercise of one or more of the Mortgagee's rights or remedies hereunder shall not affect, delay or prejudice its other rights or remedies or operate as a waiver thereof, and any or all of the said rights or remedies may be exercised concurrently; it being understood and agreed that interest at the rate specified in this Mortgage shall be payable on any judgment pursuant to this Mortgage or on any judgment pursuant to any security collateral hereto and shall be calculated and compounded as hereinbefore specified.

13. That if any of the monies advanced hereunder shall be applied in the payment of any existing charge or encumbrance against the Mortgagor's interest in the Lands, the Mortgagee shall be subrogated to all the rights of, and stand in the position of, and be entitled to all the equities of, the person or persons entitled to such charge or encumbrance, whether such charge or encumbrance shall or shall not have been discharged, and the decision of the Mortgagee, as to the validity or amount of any advance or disbursement made under this Mortgage, or any of claim so paid off, shall be final and binding upon the Mortgagor.

14. That, in the event of default, subject to any applicable cure periods and/or such prior written notice which may be required at law, being made in the payment of the Principal Sum, interest or any other monies hereby secured, or any part hereof, or in the performance of any of the other covenants, agreements, provisions and stipulations herein undertaken, expressly or impliedly, by the Mortgagor and in the event

that and warranty or representation of the Mortgagor shall be or become false or otherwise breached in a material respect as determined by the Mortgagee acting reasonably, then:

- (a) the Principal Sum, interest and all other monies hereby secured shall, at the option of the Mortgagee, become due and payable in like manner and to all intents and purposes as if the time herein mentioned for payment of such monies had fully come and expired;
- (b) the Mortgagee shall have full power and license to enter, seize and distrain upon the Leased Premises or any part thereof, and to seize and distrain upon any goods situate thereon and by distress warrant to remove by way of rent reserved in the case of a demise of the Leased Premises, as much of the Principal Sum, interest and other monies as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress as in like cases of distress for rent, and the Mortgagor waives all rights to exceptions from distress and seizure under any law, statutory or otherwise, in force for the time being in that behalf, and also waives compliance with the provisions of the *Civil Enforcement Act* of the Province of Alberta and any amendments thereto, or any Act passed in amendment or substitution therefor;
- (c) the Mortgagee shall have full license and authority, when and as often as it, in its discretion, shall think fit for any and all purposes of the Mortgagee, to enter into the Leased Premises in order to inspect the same (without in any way making the Mortgagee a mortgagee in possession), and for any of the said purposes to enter into possession of the Leased Premises, by its agents or otherwise, to collect the rents and profits thereof, and to make any demise or lease thereof, or of any part thereof, for such terms, periods, and at such rental as it shall think proper, and that any power of sale herein embodied or contained or implied may be exercised, either before or after and subject to such demise or lease;
- (d) the Mortgagee may sell and convey the Mortgagor's interest in the Lands without entering into possession thereof, and without giving any notice to the Mortgagor, and either before or after and subject to any demise or lease made by the Mortgagee as hereinbefore provided, and any sale made under the powers hereby given may be on such terms as to credit or otherwise as shall appear to the Mortgagee most advantageous, and as to such price as may be reasonably obtained therefor, and such sales may be made from time to time to satisfy an interest or any part of the Principal Sum overdue, leaving the Principal Sum or remainder thereof to run at interest payable as aforesaid, and the Mortgagee may make any stipulation as to title or otherwise as to it may seem proper, and may buy in Lands or any part thereof, or rescind or vary any contract for the sale of the Mortgagor's interest in the Lands, and re-sell without being liable for any loss occasioned thereby, and for any of the said purposes may make and execute such agreements and assurances as shall be deemed necessary by the Mortgagee;
- (e) without prejudice to its other rights, privileges and remedies, the Mortgagee shall be entitled forthwith to appoint or apply to the court for and obtain the appointment of a receiver or manager, or receiver and manager (herein called the "**Receiver**") of the Leased Premises and of the rents, issues and profits thereof without the necessity of first exercising its right to enter into possession and every such Receiver shall be deemed the agent of the Mortgagor, and the Mortgagor shall be solely responsible for the acts or defaults of the Receiver and the Receiver shall have power to demand, recover and receive all the income of the Leased Premises of which he may be appointed Receiver by action, distress or otherwise, either in the name of the Mortgagor or the Mortgagee, and give effectual receipts therefor and every such Receiver may by writing, at the discretion of the Mortgagee, be vested with any or all the powers and discretions of the Mortgagee herein contained and such Receiver may complete or carry on the business of the Mortgagor relating to the Leased Premises or any part thereof, AND if the Receiver is removed, dies, refuses to act or becomes incapable of acting, a new Receiver may be appointed from time to time by the Mortgagee by writing under the hand of any authorized solicitor or agent as aforesaid;

AND the Mortgagee may from time to time fix the remuneration of every such Receiver and may recompense every such Receiver for all disbursements properly incurred by him in carrying out his duties and his fees, including costs as between solicitor and client, and such payments, shall be payable on demand, shall bear interest at the rate specified herein and shall, together with interest thereon, be a charge upon the Mortgagor's interest in the Lands, but the Mortgagee shall not be deemed to be a mortgagee in possession and shall not be accountable except for the monies actually received by it and the person paying money to or in any way dealing with the Receiver shall not be concerned to inquire whether any case has happened to authorize the Receiver to act and that, subject to the retention of his remuneration and reimbursements as aforesaid, the Receiver shall apply all monies received by him in such a manner and in such order or priority as the Mortgagee may, from time to time at its option, direct in writing, and shall pay the residue, if any, of the money received by him to the person who, but for the possession of the Receiver, would be entitled to receive the income of which he is appointed Receiver;

- (f) in any action, suit or proceeding for enforcing this Mortgage, or to recover payment of the monies hereby secured, or for the sale, foreclosure or obtaining possession of the Leased Premises, or any part thereof, service of any notice, originating notice, statement of claim, order of court, or of a judge, or of any legal or other proceedings by this Mortgage, or by any statute, ordinance, rule, order or practice required to be given or served, may at the option of the Mortgagee be effected by mailing any such copy to the Mortgagor at its registered office in the Province of Alberta and such notice or service shall be in lieu of and shall have the same effect and be taken as personal notice or service, any statute, ordinance, order, rule or practice to the contrary notwithstanding; any such notice, originating notice, statement of claim, order or legal proceedings, if delivered, shall be deemed given upon the date of delivery and if mailed, shall be deemed to have been received on the fifth business day after the day of mailing.

15. That if the Mortgagor shall commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada), become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding Up and Restructuring Act* (Canada) or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors or go into liquidation either voluntarily or under an order of court of competent jurisdiction or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency, same shall constitute a breach of covenant pursuant to this Mortgage.

16. That the Mortgagor shall not be entitled to receive a discharge of this Mortgage and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee.

17. That:

- (a) the Mortgagor shall during the continuance of this Mortgage, maintain proper records and books of account with respect to the revenues and expenditures in relation to the Leased Premises, permit the Mortgagee or any person appointed by the Mortgagee for that purpose to examine such records and books at all reasonable times and to make copies of extracts therefrom; and give to the Mortgagee all information with regard to the revenues and expenditures in relation to the Leased Premises which the Mortgagee may reasonably require; PROVIDED FURTHER THAT the Mortgagor will, upon receiving notice from the Mortgagee (such notice to be given not more often than once each year), prior to the expiration of TEN (10) days from the date of such notice, sign and transmit to the Mortgagee a true and correct statement of such revenues and expenditures or other reasonable information which the Mortgagee may require with regard to the Leased Premises and if requested by the Mortgagee, the Mortgagor will verify such statement in such manner as the Mortgagee may reasonably require; and

- (b) in addition to the foregoing, the Mortgagor shall provide to the Mortgagee, at the Mortgagor's sole cost and expense, such financial statements and other deliverables referenced in the Commitment Letter. Such statements to include (where applicable), financial statements, a balance sheet, statement of profit and loss and a cash flow statement, each to be in form acceptable to the Mortgagee. In the event the annual statements are not received within the stipulated times or are insufficient for the purposes of the Mortgagee, the Mortgagee shall have the right on TEN (10) days' notice, to have its own auditors examine the Mortgagor's financial records and expense statements, at the Mortgagor's expense.

18. That:

- (a) the Mortgagor acknowledges that it is fully aware of the meaning of the *Expropriation Act*, of Alberta and being fully aware that under the terms of the said Act the Mortgagee may otherwise be restricted to recovering the market value of this Mortgage at the date of any expropriation, the Mortgagor hereby waives the provisions of Section 49 of the *Expropriation Act* insofar as they relate to such restriction and further waives any provisions which may be enacted and in force from time to time in replacement or in addition to such provisions of the *Expropriation Act*;

- (b) in the event of the expropriation of the Leased Premises, the whole of the Principal Sum, interest and all other monies hereby secured shall become due and payable immediately in like manner and to all intents and purposes as if the time herein mentioned for payment of such monies had fully come and expired and the Mortgagor agrees to pay all monies outstanding pursuant to the Mortgage as follows:

by payment to the Mortgagee by the expropriating authority of the market value of this Mortgage;

- (i) in the event that the market value of this Mortgage is less than the Principal Sum, interest and other monies hereby secured at the date of expropriation, by payment to the Mortgagee by the Mortgagor of that portion of any proceeds which may become due and payable to the Mortgagor by an expropriating authority for the expropriation of its interest in the Lands which is equal to the difference, if any, between the outstanding balance secured by this Mortgage and the market value of this Mortgage and in order to effect such payment, the Mortgagor hereby assigns to the Mortgagee the said portion of its expropriation proceeds; PROVIDED HOWEVER THAT, in the event the outstanding balance secured by this Mortgage at the date of expropriation exceeds the aggregate of the market value of this Mortgage and the aforesaid expropriation proceeds payable to the Mortgagor by an expropriating authority, then the Mortgagor shall forthwith pay to the Mortgagee the remaining outstanding balance pursuant to this Mortgage;
- (c) where a portion of the Leased Premises is expropriated, in addition to receiving any compensation to which it is entitled pursuant to the provisions of the *Expropriation Act* or any legislation passed in substitution or replacement thereof, if the remaining portion of the Leased Premises is, in the reasonable opinion of the Mortgagee, insufficient security for the outstanding Principal Sum, interest and other monies hereby secured at the date of expropriation, then, at the option of the Mortgagee, the whole of the Principal Sum, interest and other monies hereby secured shall immediately become due and payable in like manner and to all intents and purposes as if the time herein mentioned for payment of such monies had fully come and expired;
- (d) the Mortgagor shall forward to the Mortgagee, copies of any documentation relating to an expropriation or a proposed expropriation of the Leased Premises or any portion thereof, forthwith upon receipt of the said documentation by the Mortgagor; and

- (e) the Mortgagor shall execute and deliver any further or additional documentation which the Mortgagee acting reasonably deems necessary to effect the foregoing, or which is requested by the expropriating authority.

for the purposes of this clause, "market value of this Mortgage" means the market value as determined in accordance with the *Expropriation Act* or any legislation passed in substitution or replacement thereof and the "expropriating authority" means the Crown or any individual or entity empowered to acquire lands by expropriation pursuant to the provisions of the *Expropriation Act*, as amended from time to time.

19. That the Mortgagee shall not be deemed a mortgagee in possession by reason of the exercise by it of any of the rights or remedies herein granted or reserved.

20. That:

- (a) the Mortgagor has a good leasehold interest in the Lands;
- (b) the Mortgagor has the right to mortgage its leasehold interest in the Lands;
- (c) in the event of default, the Mortgagee shall have quiet possession of the leasehold interest of the Mortgagor in the Lands, subject to any applicable cure periods and/or such prior written notice which may be required at law, free from all encumbrances with the exception of those implied by law or consented to by the Mortgagee;
- (d) the Mortgagor will execute such further assurances of the Lands as may be requisite, acting reasonably, for the purpose of giving effect to this Mortgage;
- (e) the Mortgagor has done no act to encumber its leasehold interest in the Lands, except for the encumbrances implied by law and those which the Mortgage agrees are permitted encumbrances against the Mortgagor's leasehold interest in the Lands;
- (f) the Lands are leased to the Mortgagor under a good, valid and subsisting lease in law, binding and enforceable in accordance with its provisions, a complete copy of which has been provided to the Mortgagee;
- (g) all rents, covenants, terms and conditions of the Lease on the part of the Mortgagor to be paid, observed, kept and performed have all been paid, observed, kept and performed to the date of execution of this Mortgage and there exists no material default on the part of the Mortgagor under the Lease;
- (h) the Mortgagor shall pay the rent and all other amounts and perform and observe all other obligations of the lessee or tenant as required by the Lease;
- (i) the Mortgagor will at the proper time and times take such proceedings and make, do and execute all such acts, deeds, matters and things as may be necessary for obtaining the renewal of the Lease and upon the Mortgagor obtaining any such renewal this Mortgage shall extend to the term of such renewal;
- (j) for the consideration aforesaid, the Mortgagor will, after default hereunder which is not cured in accordance with the provisions of the Commitment Letter, henceforth stand possessed of the leasehold interest of the Mortgagor for the residue of the term granted by the Lease in trust for the Mortgagee and will assign and dispose thereof as the Mortgagee may direct, but subject to the right of redemption as is hereby given to the Mortgagor, the Mortgagor hereby irrevocably appoints the Mortgagee as the Mortgagor's substitute to be the Mortgagor's attorney during the continuance of this Mortgage and for and on behalf of the Mortgagor, after default hereunder which is not cured in accordance with the provisions

of the Commitment Letter, to assign the Lease and convey the Mortgagor's leasehold interest in the Lands as the Mortgagee shall and at any time direct, and in particular upon any realization made by the Mortgagee on the security, to assign the Lease and convey the leasehold interest of the Mortgagor to the purchaser;

- (k) the Mortgagor will not assign, postpone or subordinate it's interest in the Lands to any other mortgage or encumbrance, materially change, alter or amend the Lease and will not permit the assignment, postponement or subordination of it's interest in the Lands to any other mortgage or encumbrance or the change, alteration or amendment of the Lease without the prior written consent of the Mortgagee first had and obtained, such consent not to be unreasonably withheld or delayed. Any attempted or purported change, alteration, amendment, assignment, postponement or subordination of the Lease shall be absolutely null and void and of no force and effect whatsoever unless made with the prior written consent of the Mortgagee, such consent not to be unreasonably withheld or delayed. For clarity, changes to the annual compensation payable by the Mortgagor to the landowner under the Lease (whether pursuant to formal review procedures or not) shall not be considered a material change;
- (l) the Mortgagor will promptly notify the Mortgagee at its address as provided herein of each and every notice of material default, demand or claim forwarded to or upon the Mortgagor by, or sent by the Mortgagor to, the lessor or landlord under the Lease, under or arising out of or in any way pertaining to the Lease and the Mortgagee shall have an opportunity, but shall not be obligated, to cure any default under the Lease and the amount which may be required to be paid by the Mortgagee to cure such default and the cost thereof (including any legal costs as between solicitor and client) shall be payable forthwith upon demand by the Mortgagor and until so paid shall be added to and become part of the amounts hereby secured, shall bear interest at the rate stipulated herein and shall be a charge on the Mortgagor's leasehold interest in the Lands;
- (m) the Mortgagor will not take or permit any action to be taken or done nor give any notice which would have the effect of terminating, surrendering or permitting the termination of the Lease and will notify the Mortgagee promptly in writing after learning of any condition that with or without the passage of time or the giving of any notice might result in a default order or the surrender or termination of the Lease;
- (n) the Mortgagor will not enter into any agreement purporting to modify, alter, or amend the Lease or consenting to any such alteration or amendment without the prior written consent of the Mortgagee, which consent shall not be unreasonably withheld or delayed;
- (o) the Mortgagor will preserve its estate and interest in the Lands and does hereby and will forever warrant and defend the same to the Mortgagee against the claims of all persons and parties whomsoever;
- (p) the Mortgagor will at its cost, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every further act, deed, conveyance, mortgage, assignment, transfer and assurance as the Mortgagee shall require, acting reasonably, for the better assigning, transferring, setting over and confirming unto the Mortgagee the Mortgagor's leasehold interest in the Lands in the event that, and to the extent to which, the Mortgagee may be or may hereafter become bound or entitled under and by virtue of this Mortgage; and
- (q) if the Mortgagor becomes the owner of the freehold of the Lands this Mortgage shall be deemed to be a mortgage of the freehold to the same extent and effect as if the Mortgagor had been the owner of the fee simple, and for the purpose of giving effect to the foregoing the Mortgagor does hereby mortgage and charge the Lands unto the Mortgagee in fee simple, such grant to take effect on the Mortgagee acquiring the freehold thereof.

21. That the Mortgagor is aware of the provisions of the *Law of Property Act* (Alberta), as amended, and hereby waives the provisions thereof and of any legislation passed in substitution or replacement thereof to the extent that such legislation limits the remedies of the Mortgagee pursuant to this Mortgage and the Mortgagor expressly agrees with the Mortgagee that in the event of default, subject to any applicable cure periods and/or such prior written notice which may be required at law, in the payment of any monies secured hereunder or otherwise howsoever and/or in any other security held by the Mortgagee, then, except to the extent that applicable legislation prohibits the same and that the provisions of such legislation cannot be waived, the Mortgagee may proceed against the Mortgagor upon its covenant for payment, in accordance with the terms hereof, whether or not the Mortgagor's interest in the Lands has been transferred or sold or otherwise disposed of and may realize on any and all securities held by it, simultaneously or otherwise, as it in its absolute discretion may decide.

22. That no remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy or remedies hereunder or under any security collateral hereto, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or under any security collateral hereto or now or hereafter existing at law or in equity or by statute. Every power and remedy given by this Mortgage to the Mortgagee may be exercised from time to time as often as may be deemed expedient by the Mortgagee.

23. That the permitting of or the acquiescence in the non-performance or non-observance of or the extension of time for the performance of any of the covenants, agreements, stipulations or provisos in this Mortgage expressed or implied or the acceptance by the Mortgagee of any payment subsequent to any default shall not be or constitute any waiver of or cure any continuing or subsequent default, and shall not justify any default or delay on any other occasion and no waiver shall be inferred from or implied by anything done or omitted by the Mortgagee, save only by express agreement under seal.

24. That for better securing the punctual payment of the Principal Sum, interest and other monies hereby secured, the Mortgagor hereby attorns to and becomes tenant at will to the Mortgagee of the Lands at a monthly rental equivalent to the total of the payments pursuant to this Mortgage required in each month (including any portion of Taxes payable monthly), the same to be paid on each day appointed for the payment of installments, and if any judgment, execution or attachment shall be issued against and of the Mortgagor's goods or lands, or if the Mortgagor shall become insolvent or bankrupt, or commit an act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act (Canada), or shall take the benefit of any statute relating to bankrupt or insolvent debtors, then such rental shall, if not already payable, be payable, immediately thereafter; and the legal relationship of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor, provided that the Mortgagee may, at any time after default in performance of the Mortgagor's covenants herein undertake, or any of them, enter upon the Lands, or any part thereof without giving the Mortgagor any notice to quit, but the Mortgagee shall not be liable to account to the Mortgagor for any monies except those actually received by it.

25. That if any term, covenant or condition of this Mortgage or the application thereof to any person or circumstance is to any extent held or rendered invalid, unenforceable or illegal, the remainder of this Mortgage or the application of such term, covenant or condition to persons or circumstances other than those with respect to which it is held invalid, unenforceable or illegal shall not be affected thereby and shall continue to be applicable and enforceable to the fullest extent permitted by law.

26. For the better securing to the Mortgagee repayment in the manner aforesaid of the Principal Sum, interest and other monies secured hereby, the Mortgagor HEREBY MORTGAGES to the Mortgagee by way of sub-lease, except for the last day of the term of the Lease, all of the Mortgagor's estate and interest in the Lands and the Lease, and any renewals, extensions or replacements. In addition, the Mortgagor hereby assigns to the Mortgagee all rents and further leases, subleases, offers to lease and rental agreements of every nature, kind, and description, present and future, and all benefits and advantages to be derived therefrom relating to the Lands and the Lease, including full power and authority to enter upon the Lands to collect the said rents, to serve demands on the holders of the leases and subleases in respect of payout of the rents, together with all rights of the Mortgagee to enforce the same by way of distress or otherwise.

27. This Mortgage of the Mortgagor's leasehold interest in the Leased Premises is restricted to the Mortgagor's interest in the Lease, the Leased Premises and the chattels and other property of the Mortgagor situated thereon.

28. Wherever the singular number or the masculine gender is used in this instrument the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires; and in any case where this Mortgage is executed by more than one party, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this Mortgage shall be jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained; and the covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.

29. In the event of any conflict or inconsistency between the provisions of this mortgage and the provisions of the Commitment Letter then, notwithstanding anything contained in this Mortgage, the provisions contained in the Commitment Letter shall prevail to the extent of such conflict or inconsistency, and the provisions of this Mortgage shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency. If any act or omission of the Mortgagor is permitted under the Commitment Letter, but is prohibited under this Mortgage, such act or omission shall be permitted.

30. **CHARGING CLAUSE:** For the better securing to the Mortgagee repayment in the manner aforesaid of the Principal Sum, interest and other monies secured hereby, the Mortgagor HEREBY MORTGAGES to the Mortgagee all of the Mortgagor's estate and interest in the Lands.

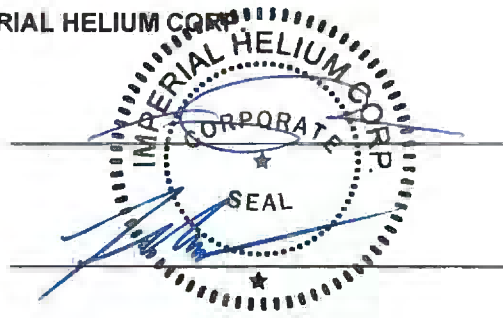
IN WITNESS WHEREOF the Mortgagor has affixed its corporate seal duly attested by the hand of its proper signing officers duly authorized in that behalf this 21 day of APRIL 2023.

IMPERIAL HELIUM CORP.

Per: _____

Per: _____

c/s



SCHEDULE "A"

MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 12
QUARTER NORTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
ALL THAT PORTION OF LEGAL SUBDIVISION 13 IN THE SAID QUARTER
SECTION WHICH IS SHOWN ON A PLAN FILED AS 8341FB AND THEREIN
OUTLINED IN YELLOW
CONTAINING 5 ACRES MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

SCHEDULE "B"

1. Alberta Surface Lease Agreement dated March 10, 2022, between Canadian Natural Resources Limited, as lessor, and Imperial Helium Corp., as lessee.

LEASEHOLD MORTGAGE AMENDING AGREEMENT

THIS AGREEMENT made this 15 day of December, 2023, between:

IMPERIAL HELIUM CORP., a corporation incorporated pursuant to the laws of the Province of British Columbia and having an office in the City of Saskatoon, in the Province of Saskatchewan (the "Mortgagor")

- and -

BUSINESS DEVELOPMENT BANK OF CANADA, incorporated by Special Act of Parliament of Canada, and having its head office in Montreal, Quebec, with a business centre at 300-475 2nd Avenue South, Saskatoon, SK S7K 1P4 (the "Mortgagee")

WHEREAS pursuant to the Leasehold Mortgage, the Mortgagor mortgaged the Leasehold Lands to the Mortgagee;

AND WHEREAS the Mortgagor and the Mortgagee have agreed to amend the terms of the Leasehold Mortgage;

NOW THEREFORE in consideration of the mutual agreements contained herein, the parties hereto agree as set forth below:

ARTICLE 1 **INTERPRETATION**

1.1 **Definitions.** In this agreement, unless the context otherwise requires:

- (a) **"Leasehold Lands"** means the lands legally described in the Alberta Land Titles Office as follows:

MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 12
QUARTER NORTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
ALL THAT PORTION OF LEGAL SUBDIVISION 13 IN THE SAID
QUARTER
SECTION WHICH IS SHOWN ON A PLAN FILED AS 8341FB AND
THEREIN
OUTLINED IN YELLOW
CONTAINING 5 ACRES MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS

AND THE RIGHT TO WORK THE SAME

- (b) **"Leasehold Mortgage"** means that certain leasehold mortgage dated April 21, 2023, whereby the Mortgagor mortgaged the Leasehold Lands to the Mortgagee, which leasehold mortgage was registered in the Alberta Land Titles Office on June 22, 2023, as Registration No. 231 191 729.

1.2 **Interpretation.** For all purposes of this agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) Unless otherwise stated, all references in this agreement to designated "articles", "sections", "schedules" and other subdivisions are to the designated articles, sections, schedules and other subdivisions of this agreement.
- (b) The words "herein", "hereof" and "hereunder" and other words of similar import refer to this agreement as a whole and not to any particular article, section, schedule or other subdivision of this agreement.
- (c) The headings are for convenience only and do not form a part of this agreement nor are they intended to interpret, define or limit the scope, extent or intent of this agreement or any provision hereof.
- (d) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations to be made hereunder shall be made, in accordance with generally accepted accounting principles in Canada applicable to the undertaking of a corporation.
- (e) All references to currency herein are references to Canadian currency.
- (f) Any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto.
- (g) Any reference to an entity shall include and shall be deemed to be a reference to any entity that is a successor to such entity.
- (h) Words in the singular include the plural and words in the masculine gender include feminine and neuter genders, and vice versa.

ARTICLE 2
AMENDMENTS TO LEASEHOLD MORTGAGE

2.1 **Change in Principal Sum.** The Leasehold Mortgage is hereby amended by changing the "Principal Sum" (as defined in the Leasehold Mortgage) from Seven Million Five Hundred Thousand Dollars (\$7,500,000) to **Nine Million Three Hundred Thousand Dollars**

(\$9,300,000). All references contained in the Leasehold Mortgage to the Principal Sum shall be amended to refer to the new Principal Sum set forth herein.

2.2 **Leasehold Mortgage of the Leasehold Lands.** The Mortgagor, subject to the terms and conditions of the Leasehold Mortgage as herein amended and as security for the payment of the monies hereby and thereby secured including, without limitation, the aforementioned principal sum of **Nine Million Three Hundred Thousand Dollars (\$9,300,000)**, hereby mortgages and charges to and in favour of the Mortgagee all of its estate and interest in the Leasehold Lands.

2.3 **Leasehold Mortgage.** This agreement shall be read and construed with the Leasehold Mortgage and shall be treated as a part thereof and for such purpose and so far as may be necessary to effectuate this agreement, the Leasehold Mortgage and any other collateral securities delivered to the Leasehold Mortgagee shall be regarded as being hereby amended, and the Leasehold Mortgage and the other collateral security so amended together with all the covenants and conditions thereof shall remain in full force and effect.

ARTICLE 3 **GENERAL**

3.1 **Notices.** Any notice required or permitted to be given hereunder shall be given in the manner contemplated in the Leasehold Mortgage.

3.2 **Amendment.** This agreement may only be amended by an agreement in writing signed by the parties hereto.

3.3 **Waivers.** No condoning, excusing or overlooking by either party of any breach of any of the terms of this agreement shall take effect or be binding upon that party unless the same be expressed in writing by that party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect rights with respect to any other past, present or future breach.

3.4 **Governing Law.** This agreement shall be governed by and construed in accordance with the laws of the province of Alberta and the parties hereby submit to the jurisdiction of the courts of the Province of Alberta for all matters arising out of or in connection with this agreement.

3.5 **Entire Agreement.** This agreement and the Leasehold Mortgage set forth the entire understanding of the parties as to the subject matter hereof and thereof and merges all prior discussions between them. Neither party shall be bound by any conditions, definitions, warranties or representations with respect to the subject matter of this agreement or the Mortgage other than as expressly provided for herein and therein, or as is duly set forth subsequent to the date hereof and in writing signed by an authorized representative of the party to be bound thereby.

3.6 **Time of the Essence.** Time shall in all respects be of the essence with respect to this agreement.

3.7 **Severability.** Any provision of this agreement which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereunder.

3.8 **Further Assurances.** The parties hereto agree that they will from time to time at the reasonable request of either of them execute and deliver such assignments, consents, instruments and conveyances and take such further action as may be required to accomplish the purposes and implement the provisions of this agreement.


3.9 **Enurement.** This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors and administrators, successors and permitted assigns.

ARTICLE 4 **EXECUTION**

4.1 **Counterparts.** This agreement may be executed in counterparts with the same effect as if the parties hereto had signed the same document. All counterparts and adopting instrument shall be construed together and shall constitute one and the same agreement.

4.2 **Execution.** IN WITNESS WHEREOF the Mortgagor has executed this agreement as of the day and year first above written.

IMPERIAL HELIUM CORP.

DocuSigned by:

 A966398E57074CD...
 Per: _____
 Andrew Davidson

DocuSigned by:

 79AA228CA74849C...
 Per: _____
 Jeff Sheppard

c/s

BUSINESS DEVELOPMENT BANK OF CANADA

Per: _____

c/s

Per: _____

THIS IS **EXHIBIT “AA”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



GUARANTEE

GUARANTOR: **ROYAL HELIUM EXPLORATION LIMITED**
the "Guarantor"

CREDITOR: **BUSINESS DEVELOPMENT BANK OF CANADA**
"BDC"

DEBTOR: **IMPERIAL HELIUM CORP.**
the "Borrower"

DEBT: **\$9,300,000.00**
the "Principal Sum"

LIMIT OF LIABILITY: **UNLIMITED**
the "Limited Amount"

DATED: **DECEMBER _____, 2023**

BDC BUSINESS CENTRE: **SASKATCHEWAN**
the "Governing Jurisdiction"

IN CONSIDERATION of BDC agreeing to make a loan to the Borrower of the Principal Sum, the Guarantor covenants with BDC as follows:

1. DEBT AND SECURITY

In this guarantee, "Loan Security" means all accepted letters of offer, loan agreements, promissory notes, debentures, mortgages, hypothecations, pledges, assignments and security agreements of any kind which BDC may hold at any time as security for the payment of the Principal Sum and all agreements amending, extending or renewing those security instruments. The Guarantor has read all of the Loan Security held by BDC as of the date of this guarantee.

2. GUARANTEE

The Guarantor unconditionally guarantees performance by the Borrower of all promises under the Loan Security and payment by the Borrower of the Principal Sum, protective disbursements, interest and other amounts the Borrower has promised to pay under the Loan Security (the foregoing amounts collectively are called the "Outstanding Balance"). The Guarantor also promises to pay to BDC all legal fees and disbursements, on a solicitor and client basis, incurred by BDC in reference to any suit upon this guarantee. The liability of the Guarantor under this guarantee does not exceed the Limited Amount plus legal expenses plus interest on the Limited Amount at the rate provided under the Loan Security calculated and compounded monthly from the date BDC demands payment under this guarantee.

This guarantee shall be a continuing guarantee and the obligations guaranteed hereunder shall include all present and future indebtedness and liabilities of the Borrower to BDC under the Loan Security, of any nature whatsoever, and whether incurred by the Borrower alone or with others.

3. LIABILITY AS PRINCIPAL DEBTOR

As between BDC and the Guarantor, the Guarantor is liable as principal debtor for all of the Borrower's covenants contained in the Loan Security notwithstanding any act or omission of the Borrower or of BDC which might otherwise operate as a partial or absolute discharge of the Guarantor if the Guarantor were only a surety.

4. LIABILITY NOT DIMINISHED BY ACTS OF THE BANK OR THE BORROWER

Except for payment of all sums due under the Loan Security, payment of the amount due under this guarantee or written discharge, no act or omission of BDC or of the Borrower, before or after default, discharges or diminishes the liability of the Guarantor under this guarantee and without restricting the foregoing, the Guarantor covenants with BDC as follows:

- (a) BDC may grant time and other indulgences to the Borrower, to a Guarantor and to any other person liable for all or any portion of the Principal Sum;
- (b) BDC may modify, extend or renew (in either case, on the then current, or on new, terms), exchange, abstain from perfecting, discharge or abandon the Loan Security or any part of it or anything mortgaged or charged by it;
- (c) BDC may enter into any agreement with the Borrower to vary the terms of any agreement affecting the payment or repayment of Principal Sum, including a change in the rate of interest chargeable on the Principal Sum;
- (d) BDC may enter into any agreement or accept any compromise that has the effect of diminishing or extinguishing the liability of the Borrower to BDC or the value of the Loan Security or the value of anything mortgaged by it;
- (e) BDC need not ascertain or enforce compliance by the Borrower or any other person with any covenant under the Loan Security;
- (f) BDC bears no responsibility for any neglect or omission with respect to anything mortgaged under the Loan Security, either during possession by the Borrower or by any third party or by BDC or by anyone on behalf of BDC;
- (g) BDC is not bound to seek recourse against the Borrower before requiring payment from the Guarantor and BDC may enforce its various remedies under this guarantee and the Loan Security or any part of it at any time, in any manner and in any order as BDC may choose;
- (h) BDC bears no duty to the Guarantor in respect of the liquidation of anything mortgaged under the Loan Security and, without restricting the foregoing, it is under no duty to avoid waste of, to obtain a fair price for or to avoid neglect in the liquidation of anything mortgaged under the Loan Security;
- (i) BDC has no obligation to ensure that any Loan Security, other guarantee or security collateral to a guarantee is executed, perfected or delivered and, if by reason of want of authority or failure of execution and delivery or failure to comply with laws respecting perfection and registration of instruments or any other reason, any intended Loan Security, guarantee or collateral security is not granted, is unenforceable or becomes unenforceable, the liability of the Guarantor under this guarantee remains enforceable and undiminished; and
- (j) The Guarantor confirms and agrees that any modifications of the loan terms or Loan Security may be agreed upon directly between BDC and the Borrower without notice to the Guarantor and without the Guarantor's further concurrence.

5. SUBROGATION

The Guarantor shall not be subrogated in any manner to any right of BDC until all money due to BDC under the Loan Security is paid.

6. RELEASE

If more than one person guarantees any of the obligations of the Borrower to BDC under this guarantee or any other instrument, BDC may release any of those persons on any terms BDC chooses and each person executing this guarantee who has not been released shall remain liable to BDC under this guarantee as if the person so released had never guaranteed any of the obligations of the Borrower.

7. PAYMENT AND REMEDYING DEFAULTS

The Guarantor shall pay the amount guaranteed or rectify any default immediately upon receiving a demand from BDC and shall do so whether or not BDC has exhausted its recourses against the Borrower, other parties, the Loan Security or anything mortgaged under the Loan Security. A demand is effectually made when a letter is posted to the address of the Guarantor last known to BDC.

8. NO COLLATERAL AGREEMENTS OR REPRESENTATIONS

Any agreement between BDC and the Guarantor diminishing the liability of the Guarantor under this guarantee, altering any term of this guarantee or imposing any condition against the operation of any such term is of no further force or effect. Any representation made by BDC having such effect is waived. The Guarantor warrants that there are no agreements, representations or conditions that have been relied upon by the Guarantor that are not expressed in this guarantee.

9. CHANGES MUST BE IN WRITING

This guarantee may only be amended by writing executed by BDC. No agreement has the effect of diminishing or discharging the liability of the Guarantor under this guarantee unless the agreement is in writing and executed by BDC. The Guarantor shall not rely upon any future representation made by BDC in respect of the liability of the Guarantor under this guarantee unless such representation is in writing executed by BDC.

10. JOINT AND SEVERAL LIABILITY

Where this guarantee has been executed by more than one person, the liability of the persons executing this guarantee is joint and several and every reference in this guarantee to the "Guarantor" shall be construed as meaning each person who has executed it as well as all of them. This guarantee is binding on those who have executed it notwithstanding that it may remain unexecuted by any other person.

11. JURISDICTION

The laws of the Governing Jurisdiction shall govern the enforcement of this Guarantee and the Guarantor agrees to submit to the jurisdiction of the Courts of the Governing Jurisdiction.

12. ASSIGNS

This guarantee is binding upon the Guarantor and the Guarantor's heirs, executors, administrators, successors and assigns and shall enure to the benefit of BDC, its successors and assigns. BDC may assign this guarantee.

13. COUNTERPARTS

This guarantee may be executed in any number of counterparts each of which shall be deemed an original with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this guarantee by telecopy shall be effective as delivery of a manually executed counterpart of this guarantee.

(Seal)

ROYAL HELIUM EXPLORATION LIMITED

DocuSigned by:

Andrew Davidson

Per:

A966398E57074CD...

Andrew Davidson

THIS IS **EXHIBIT “BB”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated April 21, 2023.

FROM:

ROYAL HELIUM EXPLORATION LIMITED
(the "Debtor")

TO:

BUSINESS DEVELOPMENT BANK OF CANADA, incorporated by Special Act of the Parliament of Canada, and having its head office in Montreal, Quebec, with a business centre at 300-475 2nd Avenue South, Saskatoon, SK S7K 1P4
("BDC")

1. SECURITY INTEREST

(You, as the Debtor, will grant to BDC a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking and real property interests. These charges are the security BDC will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Debtor:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC, and grants to BDC a general and continuing security interest in all of the Debtor's present and after acquired personal property including, without limitation:
 - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
 - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
 - (iii) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");
 - (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Debtor that is not Equipment, Inventory or Accounts;

- (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and biotechnology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Debtor (all of which is hereinafter collectively called the "Intellectual Property");
 - (vi) all the Debtor's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Debtor, and all other intangible property of the Debtor, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
 - (vii) the personal property described in Schedule A attached to this Security Agreement;
 - (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) grants to BDC a general and continuing security interest and charges by way of a floating charge:
- (i) all of the Debtor's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a); and
 - (ii) all of the undertaking and assets of the Debtor, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of BDC created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS

(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Debtor shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as BDC shall direct.

2.2 All the Debtor's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Debtor.

3. ATTACHMENT

(Value or consideration has flowed between you and BDC and the Security Interests in your personal property are complete)

once you sign this Security Agreement.)

The Debtor agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Debtor has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Debtor confirms that there has been no agreement between the Debtor and BDC to postpone the time for attachment of the Security Interests and that it is the Debtor's understanding that BDC intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST

(To the extent that BDC helps you acquire an interest in any personal property, you grant a special security interest to BDC over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Debtor acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by BDC, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED

(The Security Interests and charges you have granted to BDC secure all indebtedness and all obligations to BDC.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by BDC from the Debtor or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Debtor to BDC (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Debtor to BDC, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by BDC and the Debtor's obligation and liability under any contract or guarantee now or in the future in existence whereby the Debtor guarantees payment of the debts, liabilities and/or obligations of a third party to BDC, and for the performance of all obligations of the Debtor to BDC, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. REPRESENTATIONS AND WARRANTIES

(You state that you are able to legally grant this Security Agreement to BDC, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by BDC. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of BDC. BDC will rely on all of the following representations and warranties.)

6.1 The Debtor represents and warrants to BDC that:

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Debtor has provided a written memorandum to BDC accurately setting forth all prior names under which the Debtor has

operated;

- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;
- (d) if the Debtor is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to BDC or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to BDC is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Debtor, in which a decision adverse to the Debtor would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Debtor; and the Debtor agrees to promptly notify BDC of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to BDC in writing and which, if known to BDC, might reasonably be expected to deter BDC from extending credit or advancing funds to the Debtor;
- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by BDC, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by BDC;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Debtor has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to BDC;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule A and will not be removed from such location(s) without the prior written consent of BDC;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor, if the Debtor is a corporation, or, if the Debtor is a partnership, of the partners of the Debtor, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations valid and there is no restriction contained in the constating documents of the Debtor or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Debtor to borrow money or give security; and

- (k) the Debtor's place(s) of business and chief executive office are correctly described in Schedule A.

7. COVENANTS OF THE DEBTOR

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to BDC describing how BDC's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow BDC's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Debtor covenants with BDC that while this Security Agreement remains in effect the Debtor will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for BDC's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) promptly pay and satisfy:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish to BDC such security as BDC may require;
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
 - (iii) all fees from time to time chargeable by BDC arising out of any term of the commitment letter or the Loan Agreement between BDC and the Debtor including, without limitation, inspection, administration and returned cheque handling fees;
- (g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by BDC in connection with granting loans or credit to the Debtor, including for:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Debtor's obligations, whether or not relating to this Security Agreement;
 - (iii) complying with any disclosure requirements under the Act;
 - (iv) investigating title to the Collateral;
 - (v) taking, recovering, keeping possession and disposing of the Collateral;
 - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the

Collateral for disposition;

- (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty BDC becomes obligated to pay by reason of any statute, order or direction of competent authority;
 - (viii) any sums BDC pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify BDC and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;
 - (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by BDC as security for the Obligations, protect BDC from liability in connection with the Security Interests or assist BDC in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and Insolvency Act* (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act* (Canada);
- (h) at BDC's request, execute and deliver further documents and instruments and do all acts as BDC in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify BDC promptly of:
- (i) any change in the information contained in this Security Agreement relating to the Debtor, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
 - (iii) any material loss or damage to the Collateral;
 - (iv) any material default by any account debtor in the payment or other performance of its obligations to the Debtor respecting any Accounts;
 - (v) any claims against the Debtor including claims in respect of the Intellectual Property or of any actions taken by the Debtor to defend the registration of or the validity of or any infringement of the Intellectual Property;
 - (vi) the return to or repossession by the Debtor of Collateral that was disposed of by the Debtor; and
 - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;

- (l) permit BDC and its representatives, at all reasonable times, access to the Collateral including all of the Debtor's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Debtor will render all assistance necessary;
- (m) permit and does consent to BDC contacting and making enquiries of the Debtor's lessors as well as assessors, municipal authorities and any taxing body;
- (n) observe and perform all its obligations under:
 - (i) leases, licences, undertakings, and any other agreements to which it is a party;
 - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (o) deliver to BDC from time to time promptly upon request:
 - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow BDC to inspect, audit or copy them;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (iv) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as BDC may reasonably require;
- (p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
- (q) with respect to copyright forming part of the Intellectual Property, provide to BDC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (r) receive and hold in trust on behalf of and for the benefit of BDC all proceeds from the sale or other disposition of any Collateral; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 Any amounts required to be paid to BDC by the Debtor under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by BDC by notice of termination to the Debtor and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of BDC. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Debtor covenants that while this Security Agreement is in effect the Debtor shall:

- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
 - (b) cause the insurance policy or policies required by this Security Agreement to be assigned to BDC, including a standard mortgage clause or a mortgage endorsement, as BDC may require;
 - (c) pay all premiums respecting such insurance, and deliver all policies to BDC, if required.
- 8.2 If proceeds of any required insurance becomes payable, BDC may, in its absolute discretion, apply these proceeds to the Obligations as BDC sees fit or release any insurance proceeds to the Debtor to repair, replace or rebuild, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.
- 8.3 The Debtor will promptly, on the happening of loss or damage to the Collateral, notify BDC and furnish to BDC at the Debtor's expense any necessary proof and do any necessary act to enable BDC to obtain payment of the insurance proceeds, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf.
- 8.4 The Debtor authorizes and directs the insurer under any required policy of insurance to include the name of BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by BDC to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.
- 8.5 If the Debtor fails to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC may wish to maintain.

9. OTHER PROHIBITIONS

(You agree to not encumber your property so as to interfere with the security interests or charges granted to BDC and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of BDC the Debtor will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;
- (c) where the Debtor is a corporation:
 - (i) issue, purchase or redeem its shares;
 - (ii) change its voting control;
 - (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
 - (iv) declare or pay any dividends on any of its shares; or
 - (v) repay or reduce any shareholders loans or other debts due to its shareholders;
- (d) change its name, merge with or amalgamate with any other entity.

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of BDC. Any sales or other disposition will result in you holding the proceeds in trust for BDC. Your responsibilities towards the Collateral and any trust proceeds are important to BDC.)

10.1 Except as provided by this Security Agreement, without BDC's prior written consent the Debtor will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Debtor is not in default under this Security Agreement the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Debtor holding the proceeds in trust for and on behalf of BDC and subject to BDC's exclusive direction and control. Nothing restricts BDC's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with BDC's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, BDC may perform those obligations but you will be required to pay for them.)

If the Debtor fails to perform its covenants and agreements under this Security Agreement, BDC may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of BDC, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by BDC shall be immediately payable by the Debtor to BDC with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to BDC. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of BDC.)

Notwithstanding any other provision of this Security Agreement, BDC may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Debtor in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for BDC.

13. APPROPRIATION OF PAYMENTS

(BDC has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as BDC sees fit, and BDC may at any time change any appropriation as BDC sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of BDC. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and BDC will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by BDC, the Debtor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Debtor and BDC in any of the following events:

- (a) the Debtor defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Debtor is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with BDC, or any representation or warranty of the Debtor to BDC is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Debtor or a guarantor of the Debtor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Debtor or a guarantor of the Debtor; or
- (f) the Debtor or a guarantor of the Debtor ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or a part of the Collateral; or
- (h) if the Debtor is a corporation and any member or shareholder:
 - (i) commences an action against the Debtor; or
 - (ii) gives a notice of dissent to the Debtor in accordance with the provisions of any governing legislation; or
- (i) if the Debtor is a corporation and its voting control changes without BDC's prior written consent; or
- (j) the Debtor uses any monies advanced to it by BDC for any purpose other than as agreed upon by BDC; or
- (k) without BDC's prior written consent, the Debtor creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Debtor enters into an amalgamation, a merger or other similar arrangement with any other person without BDC's prior written consent or, if the Debtor is a corporation, it is continued or registered in a different jurisdiction without BDC's prior written consent; or

- (n) BDC in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
 - (o) the lessor under any lease to the Debtor of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Debtor; or
 - (p) the Debtor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Debtor or to be incorporated into any of its assets, or the Debtor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
 - (q) any permit, license, certification, quota or order granted to or held by the Debtor is cancelled, revoked or reduced, as the case may be, or any order against the Debtor is enforced, preventing the business of the Debtor from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Debtor's business; or
 - (r) if an individual, the Debtor dies or is declared incompetent by a court of competent jurisdiction.
- 14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:
- (a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or
 - (b) BDC taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;
- and for the better securing to BDC repayment of the Obligations the Debtor mortgages to BDC all of the Debtor's estate and interest in the Real Property.

15. ENFORCEMENT

(If a default occurs, BDC has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

- 15.1 If the Debtor is in default under this Security Agreement BDC may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests BDC may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, BDC may do any of the following:
- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as BDC may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
 - (b) enter upon any of the Debtor's premises at any time and take possession of the Collateral with power to exclude the Debtor, its agents and its servants, without becoming liable as a mortgagee in possession;
 - (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as BDC deems advisable;
 - (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit

and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to BDC may seem reasonable, provided that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;

- (e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and
- (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Debtor and not of BDC and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of BDC under this Security Agreement, and in addition shall have power to:

- (a) carry on the Debtor's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and
- (b) make an assignment for the benefit of the Debtor's creditors or a proposal on behalf of the Debtor under the *Bankruptcy and Insolvency Act* (Canada); and
- (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Debtor for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
- (d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as BDC, in its absolute discretion and to the full extent permitted by law, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by BDC respecting or incidental to:
 - (i) the exercise by BDC of the rights and powers granted to it by this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to BDC of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to BDC of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING BDC

(You have granted this Security Agreement to BDC in consideration by BDC advancing funds or providing credit or a credit facility to you. BDC will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, BDC will act in good faith and in a commercially reasonable manner.)

16.1 To the full extent permitted by law, BDC shall not be liable for any debts contracted by it during

enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when BDC shall manage the Collateral upon entry or seizure, nor shall BDC be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. BDC shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall BDC, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall BDC be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Debtor waives any provision of law permitted to be waived by it which imposes greater obligations upon BDC than described above.

- 16.2 Neither BDC nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of BDC, the Debtor or any other party respecting the Collateral. BDC shall also not be liable for any misconduct, negligence, misfeasance by BDC, the Receiver or any employee or agent of BDC or the Receiver, or for the exercise of the rights and remedies conferred upon BDC or the Receiver by this Security Agreement.
- 16.3 BDC or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Debtor, co-obligants, guarantors and others and with the Collateral and other securities as BDC may see fit without liability to the Debtor and without prejudice to BDC's rights respecting the Obligations or BDC's right to hold and realize the Collateral. The Debtor shall not be released nor shall its liability be in any way reduced because BDC has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.
- 16.4 Notwithstanding anything to the contrary in any security held by BDC for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. BDC in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.
- 16.5 Any right of BDC and any obligation of the Debtor arising under any other agreements between BDC and the Debtor shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Debtor to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of BDC's commitment letter or Loan Agreement with the Debtor shall survive the signing and registration of this Security Agreement and BDC's advancement of any money to the Debtor and any legal fees, commitment fees, standby fees or administration fees owing by the Debtor shall be secured by the Collateral.
- 16.6 In the event that BDC registers a notice of assignment of Intellectual Property the Debtor shall be responsible for and shall indemnify BDC against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.
- 16.7 Notwithstanding any taking of possession of the Collateral, or any other action which BDC or the Receiver may take, the Debtor now covenants and agrees with BDC that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to BDC at the time of such disposition, the Debtor shall immediately pay to BDC an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Debtor agrees that BDC may bring action against the Debtor

for payment of the deficiency, notwithstanding any defects or irregularities of BDC or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY

(You appoint BDC your attorney for specific matters.)

The Debtor irrevocably appoints BDC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Debtor for and in the name of the Debtor to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do everything necessary or incidental to the exercise of all or any of the powers conferred on BDC, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Debtor subsequent to the execution hereof.

18. CONSOLIDATION

(Should you wish to redeem the Security Interest, BDC may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE

(BDC determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by BDC shall bind BDC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Debtor to BDC.

20. WAIVER

(Indulgences granted by BDC should not be taken for granted.)

BDC may permit the Debtor to remedy any default without waiving the default so remedied. BDC may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by BDC. No delay or omission on the part of BDC in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to BDC remain in place regardless of any concerns you may have about the loan facility or BDC's actions.)

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, the Debtor's account debtors, sureties and others and with the Collateral and other security interests as BDC may see fit without prejudice to the Debtor's liability or BDC's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by BDC now or in the future from the Debtor or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Security Agreement describes some rights and remedies of BDC. BDC also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

BDC's rights and remedies set out in this Security Agreement, and in any other security agreement held by BDC from the Debtor or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and BDC that may be in effect from time to time.

25. ASSIGNMENT

(Should BDC assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

BDC may, without notice to the Debtor, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Debtor agrees that the assignee, transferee or secured party, as the case may be, shall have all of BDC's rights and remedies under this Security Agreement and the Debtor will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against BDC in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to BDC may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to BDC shall not be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and, subject to applicable law, payment to BDC of an administrative fee to be fixed by BDC and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by BDC in connection with the Obligations and such release and discharge. The Debtor shall, subject to applicable law, pay an administrative fee, to be fixed by BDC, for the preparation or execution of any full or partial release or discharge by BDC of any security it holds, of the Debtor, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Debtor represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;

- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) the Collateral and Real Property are and will remain free of environmental damage or contamination;
- (e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Debtor's business or assets including without limitation the Collateral;
- (f) it will advise BDC immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide BDC with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Debtor and it consents to BDC contacting and making enquiries of environmental officials or assessors;
- (h) it will not install on or under any land mortgaged to BDC storage tanks for petroleum products or any hazardous substance without BDC's prior written consent and only upon full compliance with BDC's requirements and local ordinances or regulations;
- (i) it will from time to time when requested by BDC provide to BDC evidence of its full compliance with the Debtor's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of BDC and its successors and assigns, and shall be binding upon the Debtors and its heirs, executors, administrators, successors and any assigns permitted by BDC, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "the Act" means the Personal Property Security Act of British Columbia, Alberta and/or Saskatchewan, as applicable, and all regulations under the foregoing Personal Property Security Acts, as amended from time to time.

29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.

29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.

29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.

- 29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(b). For enforcement purposes, the Debtor hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which BDC enforces its rights and remedies hereunder.

30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from BDC a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

31. TIME

Time shall in all respects be of the essence.

32. INDEPENDENT ADVICE

The Debtor acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

33. SASKATCHEWAN LAW

If the Debtor is a corporation, the Debtor agrees as follows:

- (a) that the *Land Contracts (Actions) Act, 2018* of Saskatchewan, as amended or replaced from time to time, shall have no application to any action, as defined in that Act, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement as BDC is specifically exempted from the operation of that Act;
- (b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement; and
- (c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Debtor.

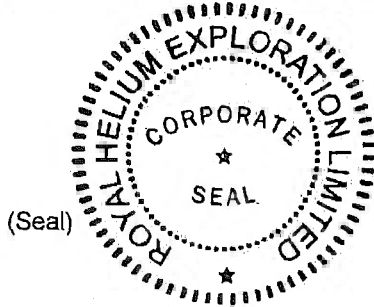
34. PARENTHETICAL COMMENTS

The Debtor acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

35. THE LOAN AGREEMENT

If the Debtor has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with BDC dealing with, or relating to, the loan facilities secured by this Security Agreement, the Debtor acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Debtor has executed this Security Agreement.



ROYAL HELIUM EXPLORATION LIMITED

Per:  _____

SCHEDULE A

Subclause 1.1 (a) (vii):

the following specific items, even though they may be included within the descriptions of Collateral
(insert description by item or kind):

the following serial numbered goods:

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model

Subclause 6.1 (c):

Date of Birth of Debtor (if an individual):

Month

Day

Year

Subclause 6.1 (i):

Location(s) of the Collateral:

Subclause 6.1 (k):

The Debtor's place(s) of business ("POB") and chief executive office ("CEO")

Chief Executive Office:	
Place of Business:	
And:	

THIS IS **EXHIBIT “CC”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



GUARANTEE

GUARANTOR: **ROYAL HELIUM LTD.**
the "Guarantor"

CREDITOR: **BUSINESS DEVELOPMENT BANK OF CANADA**
"BDC"

DEBTOR: **IMPERIAL HELIUM CORP.**
the "Borrower"

DEBT: **\$9,300,000.00**
the "Principal Sum"

LIMIT OF LIABILITY: **UNLIMITED**
the "Limited Amount"

DATED: **DECEMBER _____, 2023**

BDC BUSINESS CENTRE: **SASKATCHEWAN**
the "Governing Jurisdiction"

IN CONSIDERATION of BDC agreeing to make a loan to the Borrower of the Principal Sum, the Guarantor covenants with BDC as follows:

1. DEBT AND SECURITY

In this guarantee, "Loan Security" means all accepted letters of offer, loan agreements, promissory notes, debentures, mortgages, hypothecations, pledges, assignments and security agreements of any kind which BDC may hold at any time as security for the payment of the Principal Sum and all agreements amending, extending or renewing those security instruments. The Guarantor has read all of the Loan Security held by BDC as of the date of this guarantee.

2. GUARANTEE

The Guarantor unconditionally guarantees performance by the Borrower of all promises under the Loan Security and payment by the Borrower of the Principal Sum, protective disbursements, interest and other amounts the Borrower has promised to pay under the Loan Security (the foregoing amounts collectively are called the "Outstanding Balance"). The Guarantor also promises to pay to BDC all legal fees and disbursements, on a solicitor and client basis, incurred by BDC in reference to any suit upon this guarantee. The liability of the Guarantor under this guarantee does not exceed the Limited Amount plus legal expenses plus interest on the Limited Amount at the rate provided under the Loan Security calculated and compounded monthly from the date BDC demands payment under this guarantee.

This guarantee shall be a continuing guarantee and the obligations guaranteed hereunder shall include all present and future indebtedness and liabilities of the Borrower to BDC under the Loan Security, of any nature whatsoever, and whether incurred by the Borrower alone or with others.

3. LIABILITY AS PRINCIPAL DEBTOR

As between BDC and the Guarantor, the Guarantor is liable as principal debtor for all of the Borrower's covenants contained in the Loan Security notwithstanding any act or omission of the Borrower or of BDC which might otherwise operate as a partial or absolute discharge of the Guarantor if the Guarantor were only a surety.

4. LIABILITY NOT DIMINISHED BY ACTS OF THE BANK OR THE BORROWER

Except for payment of all sums due under the Loan Security, payment of the amount due under this guarantee or written discharge, no act or omission of BDC or of the Borrower, before or after default, discharges or diminishes the liability of the Guarantor under this guarantee and without restricting the foregoing, the Guarantor covenants with BDC as follows:

- (a) BDC may grant time and other indulgences to the Borrower, to a Guarantor and to any other person liable for all or any portion of the Principal Sum;
- (b) BDC may modify, extend or renew (in either case, on the then current, or on new, terms), exchange, abstain from perfecting, discharge or abandon the Loan Security or any part of it or anything mortgaged or charged by it;
- (c) BDC may enter into any agreement with the Borrower to vary the terms of any agreement affecting the payment or repayment of Principal Sum, including a change in the rate of interest chargeable on the Principal Sum;
- (d) BDC may enter into any agreement or accept any compromise that has the effect of diminishing or extinguishing the liability of the Borrower to BDC or the value of the Loan Security or the value of anything mortgaged by it;
- (e) BDC need not ascertain or enforce compliance by the Borrower or any other person with any covenant under the Loan Security;
- (f) BDC bears no responsibility for any neglect or omission with respect to anything mortgaged under the Loan Security, either during possession by the Borrower or by any third party or by BDC or by anyone on behalf of BDC;
- (g) BDC is not bound to seek recourse against the Borrower before requiring payment from the Guarantor and BDC may enforce its various remedies under this guarantee and the Loan Security or any part of it at any time, in any manner and in any order as BDC may choose;
- (h) BDC bears no duty to the Guarantor in respect of the liquidation of anything mortgaged under the Loan Security and, without restricting the foregoing, it is under no duty to avoid waste of, to obtain a fair price for or to avoid neglect in the liquidation of anything mortgaged under the Loan Security;
- (i) BDC has no obligation to ensure that any Loan Security, other guarantee or security collateral to a guarantee is executed, perfected or delivered and, if by reason of want of authority or failure of execution and delivery or failure to comply with laws respecting perfection and registration of instruments or any other reason, any intended Loan Security, guarantee or collateral security is not granted, is unenforceable or becomes unenforceable, the liability of the Guarantor under this guarantee remains enforceable and undiminished; and
- (j) The Guarantor confirms and agrees that any modifications of the loan terms or Loan Security may be agreed upon directly between BDC and the Borrower without notice to the Guarantor and without the Guarantor's further concurrence.

5. SUBROGATION

The Guarantor shall not be subrogated in any manner to any right of BDC until all money due to BDC under the Loan Security is paid.

6. RELEASE

If more than one person guarantees any of the obligations of the Borrower to BDC under this guarantee or any other instrument, BDC may release any of those persons on any terms BDC chooses and each person executing this guarantee who has not been released shall remain liable to BDC under this guarantee as if the person so released had never guaranteed any of the obligations of the Borrower.

7. PAYMENT AND REMEDYING DEFAULTS

The Guarantor shall pay the amount guaranteed or rectify any default immediately upon receiving a demand from BDC and shall do so whether or not BDC has exhausted its recourses against the Borrower, other parties, the Loan Security or anything mortgaged under the Loan Security. A demand is effectually made when a letter is posted to the address of the Guarantor last known to BDC.

8. NO COLLATERAL AGREEMENTS OR REPRESENTATIONS

Any agreement between BDC and the Guarantor diminishing the liability of the Guarantor under this guarantee, altering any term of this guarantee or imposing any condition against the operation of any such term is of no further force or effect. Any representation made by BDC having such effect is waived. The Guarantor warrants that there are no agreements, representations or conditions that have been relied upon by the Guarantor that are not expressed in this guarantee.

9. CHANGES MUST BE IN WRITING

This guarantee may only be amended by writing executed by BDC. No agreement has the effect of diminishing or discharging the liability of the Guarantor under this guarantee unless the agreement is in writing and executed by BDC. The Guarantor shall not rely upon any future representation made by BDC in respect of the liability of the Guarantor under this guarantee unless such representation is in writing executed by BDC.

10. JOINT AND SEVERAL LIABILITY

Where this guarantee has been executed by more than one person, the liability of the persons executing this guarantee is joint and several and every reference in this guarantee to the "Guarantor" shall be construed as meaning each person who has executed it as well as all of them. This guarantee is binding on those who have executed it notwithstanding that it may remain unexecuted by any other person.

11. JURISDICTION

The laws of the Governing Jurisdiction shall govern the enforcement of this Guarantee and the Guarantor agrees to submit to the jurisdiction of the Courts of the Governing Jurisdiction.

12. ASSIGNS

This guarantee is binding upon the Guarantor and the Guarantor's heirs, executors, administrators, successors and assigns and shall enure to the benefit of BDC, its successors and assigns. BDC may assign this guarantee.

13. COUNTERPARTS

This guarantee may be executed in any number of counterparts each of which shall be deemed an original with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed counterpart of a signature page of this guarantee by telecopy shall be effective as delivery of a manually executed counterpart of this guarantee.

(Seal)

ROYAL HELIUM LTD.

DocuSigned by:

Andrew Davidson

Per:

A966398E57074CD...

Andrew Davidson

THIS IS **EXHIBIT “DD”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated the 21ST day of April, 2023.

FROM: ROYAL HELIUM LTD.
(the "Debtor")

TO:

BUSINESS DEVELOPMENT BANK OF CANADA, incorporated by Special Act of the Parliament of Canada, and having its head office in Montreal, Quebec, with a business centre at 300-475 2nd Avenue South, Saskatoon, SK S7K 1P4
("BDC")

1. SECURITY INTEREST

(You, as the Debtor, will grant to BDC a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking and real property interests. These charges are the security BDC will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Debtor:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC, and grants to BDC a general and continuing security interest in all of the Debtor's present and after acquired personal property including, without limitation:
 - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not Inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
 - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
 - (iii) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");
 - (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Debtor that is not Equipment, Inventory or Accounts;

- (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Debtor (all of which is hereinafter collectively called the "Intellectual Property");
 - (vi) all the Debtor's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Debtor, and all other intangible property of the Debtor, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;
 - (vii) the personal property described in Schedule A attached to this Security Agreement;
 - (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;
- (b) grants to BDC a general and continuing security interest and charges by way of a floating charge:
- (i) all of the Debtor's right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the "Real Property") and excluding the personal property described in Clause 1.1(a); and
 - (ii) all of the undertaking and assets of the Debtor, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of BDC created pursuant to this Clause 1.1.
- 1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral".
- 1.3 The schedules, including definitions, form part of this Security Agreement.
- 2. EXCEPTIONS**
(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)
- 2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Debtor shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as BDC shall direct.
- 2.2 All the Debtor's consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the *Personal Property Security Act* (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Debtor.
- 3. ATTACHMENT**
(Value or consideration has flowed between you and BDC and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Debtor agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Debtor has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Debtor confirms that there has been no agreement between the Debtor and BDC to postpone the time for attachment of the Security Interests and that it is the Debtor's understanding that BDC intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST

(To the extent that BDC helps you acquire an interest in any personal property, you grant a special security interest to BDC over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Debtor acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by BDC, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED

(The Security Interests and charges you have granted to BDC secure all indebtedness and all obligations to BDC.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by BDC from the Debtor or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Debtor to BDC (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Debtor to BDC, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by BDC and the Debtor's obligation and liability under any contract or guarantee now or in the future in existence whereby the Debtor guarantees payment of the debts, liabilities and/or obligations of a third party to BDC, and for the performance of all obligations of the Debtor to BDC, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. REPRESENTATIONS AND WARRANTIES

(You state that you are able to legally grant this Security Agreement to BDC, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by BDC. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of BDC. BDC will rely on all of the following representations and warranties.)

6.1 The Debtor represents and warrants to BDC that:

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constituting documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constituting documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Debtor has provided a written memorandum to BDC accurately setting forth all prior names under which the Debtor has operated;
- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business

conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;

- (d) if the Debtor is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to BDC or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to BDC is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Debtor, in which a decision adverse to the Debtor would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Debtor; and the Debtor agrees to promptly notify BDC of any such future litigation or governmental proceeding;
- (f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to BDC in writing and which, if known to BDC, might reasonably be expected to deter BDC from extending credit or advancing funds to the Debtor;
- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by BDC, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by BDC;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Debtor has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to BDC;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule A and will not be removed from such location(s) without the prior written consent of BDC;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor, if the Debtor is a corporation, or, if the Debtor is a partnership, of the partners of the Debtor, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations valid and there is no restriction contained in the constating documents of the Debtor or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Debtor to borrow money or give security; and
- (k) the Debtor's place(s) of business and chief executive office are correctly described in Schedule A.

7. COVENANTS OF THE DEBTOR

(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to BDC describing how BDC's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow BDC's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Debtor covenants with BDC that while this Security Agreement remains in effect the Debtor will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;

- (b) defend the title to the Collateral for BDC's benefit, against the claims and demands of all persons;
- (c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;
- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (f) promptly pay and satisfy:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish to BDC such security as BDC may require;
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
 - (iii) all fees from time to time chargeable by BDC arising out of any term of the commitment letter or the Loan Agreement between BDC and the Debtor including, without limitation, inspection, administration and returned cheque handling fees;
- (g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by BDC in connection with granting loans or credit to the Debtor, including for:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Debtor's obligations, whether or not relating to this Security Agreement;
 - (iii) complying with any disclosure requirements under the Act;
 - (iv) investigating title to the Collateral;
 - (v) taking, recovering, keeping possession and disposing of the Collateral;
 - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;
 - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty BDC becomes obligated to pay by reason of any statute, order or direction of competent authority;
 - (viii) any sums BDC pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify BDC and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;
 - (ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by BDC as security for the Obligations,

protect BDC from liability in connection with the Security Interests or assist BDC in its loan and credit granting or realization of the Security Interest, including any actions under the *Bankruptcy and Insolvency Act* (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to the *Bankruptcy and Insolvency Act* (Canada);

- (h) at BDC's request, execute and deliver further documents and instruments and do all acts as BDC in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify BDC promptly of:
 - (i) any change in the information contained in this Security Agreement relating to the Debtor, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
 - (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
 - (iii) any material loss or damage to the Collateral;
 - (iv) any material default by any account debtor in the payment or other performance of its obligations to the Debtor respecting any Accounts;
 - (v) any claims against the Debtor including claims in respect of the Intellectual Property or of any actions taken by the Debtor to defend the registration of or the validity of or any infringement of the Intellectual Property;
 - (vi) the return to or repossession by the Debtor of Collateral that was disposed of by the Debtor; and
 - (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit BDC and its representatives, at all reasonable times, access to the Collateral including all of the Debtor's property, assets and undertakings and to all its books of account and records, whether at your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and the Debtor will render all assistance necessary;
- (m) permit and does consent to BDC contacting and making enquiries of the Debtor's lessors as well as assessors, municipal authorities and any taxing body;
- (n) observe and perform all its obligations under:
 - (i) leases, licences, undertakings, and any other agreements to which it is a party;
 - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (o) deliver to BDC from time to time promptly upon request:

- (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow BDC to inspect, audit or copy them;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (iv) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as BDC may reasonably require;
- (p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;
- (q) with respect to copyright forming part of the Intellectual Property, provide to BDC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (r) receive and hold in trust on behalf of and for the benefit of BDC all proceeds from the sale or other disposition of any Collateral; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.
- 7.2 Any amounts required to be paid to BDC by the Debtor under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.
- 7.3 This Security Agreement shall remain in effect until it has been terminated by BDC by notice of termination to the Debtor and all registrations relating to the Security Agreement have been discharged.
- 8. INSURANCE**
 (It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of BDC. You will follow the specific requirements of the insurance coverage described in this Clause.)
- 8.1 The Debtor covenants that while this Security Agreement is in effect the Debtor shall:
- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
 - (b) cause the insurance policy or policies required by this Security Agreement to be assigned to BDC, including a standard mortgage clause or a mortgage endorsement, as BDC may require;
 - (c) pay all premiums respecting such insurance, and deliver all policies to BDC, if required.
- 8.2 If proceeds of any required insurance becomes payable, BDC may, in its absolute discretion, apply these proceeds to the Obligations as BDC sees fit or release any insurance proceeds to the Debtor to repair, replace or rebuild, but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.
- 8.3 The Debtor will promptly, on the happening of loss or damage to the Collateral, notify BDC and furnish to BDC at the Debtor's expense any necessary proof and do any necessary act to enable BDC to obtain payment of the insurance proceeds, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf.

8.4 The Debtor authorizes and directs the insurer under any required policy of insurance to include the name of BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by BDC to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing.

8.5 If the Debtor fails to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC may wish to maintain.

9. OTHER PROHIBITIONS

(You agree to not encumber your property so as to interfere with the security interests or charges granted to BDC and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of BDC the Debtor will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;
- (c) where the Debtor is a corporation:
 - (i) issue, purchase or redeem its shares;
 - (ii) change its voting control;
 - (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
 - (iv) declare or pay any dividends on any of its shares; or
 - (v) repay or reduce any shareholders loans or other debts due to its shareholders;
- (d) change its name, merge with or amalgamate with any other entity.

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of BDC. Any sales or other disposition will result in you holding the proceeds in trust for BDC. Your responsibilities towards the Collateral and any trust proceeds are important to BDC.)

10.1 Except as provided by this Security Agreement, without BDC's prior written consent the Debtor will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Debtor is not in default under this Security Agreement the Debtor may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Debtor holding the proceeds in trust for and on behalf of BDC and subject to BDC's exclusive direction and control. Nothing restricts BDC's rights to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with BDC's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, BDC may perform those obligations but you will be required to pay for them.)

If the Debtor fails to perform its covenants and agreements under this Security Agreement, BDC may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of BDC, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by BDC shall be immediately payable by the Debtor to BDC with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to BDC. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of BDC.)

Notwithstanding any other provision of this Security Agreement, BDC may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Debtor in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for BDC.

13. APPROPRIATION OF PAYMENTS

(BDC has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as BDC sees fit, and BDC may at any time change any appropriation as BDC sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of BDC. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and BDC will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by BDC, the Debtor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Debtor and BDC in any of the following events:

- (a) the Debtor defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Debtor is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with BDC, or any representation or warranty of the Debtor to BDC is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Debtor or a guarantor of the Debtor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Debtor or a guarantor of the Debtor; or

- (f) the Debtor or a guarantor of the Debtor ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or a part of the Collateral; or
- (h) if the Debtor is a corporation and any member or shareholder:
 - (i) commences an action against the Debtor; or
 - (ii) gives a notice of dissent to the Debtor in accordance with the provisions of any governing legislation; or
- (i) if the Debtor is a corporation and its voting control changes without BDC's prior written consent; or
- (j) the Debtor uses any monies advanced to it by BDC for any purpose other than as agreed upon by BDC; or
- (k) without BDC's prior written consent, the Debtor creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or
- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Debtor enters into an amalgamation, a merger or other similar arrangement with any other person without BDC's prior written consent or, if the Debtor is a corporation, it is continued or registered in a different jurisdiction without BDC's prior written consent; or
- (n) BDC in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or
- (o) the lessor under any lease to the Debtor of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Debtor; or
- (p) the Debtor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Debtor or to be incorporated into any of its assets, or the Debtor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Debtor is cancelled, revoked or reduced, as the case may be, or any order against the Debtor is enforced, preventing the business of the Debtor from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Debtor's business; or
- (r) if an individual, the Debtor dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

- (a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or
- (b) BDC taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;

and for the better securing to BDC repayment of the Obligations the Debtor mortgages to BDC all of the Debtor's estate and interest in the Real Property.

15. ENFORCEMENT

(If a default occurs, BDC has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights, provided by the *Personal Property Security Act* and the common law in your jurisdiction.)

- 15.1 If the Debtor is in default under this Security Agreement BDC may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests BDC may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, BDC may do any of the following:
- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as BDC may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
 - (b) enter upon any of the Debtor's premises at any time and take possession of the Collateral with power to exclude the Debtor, its agents and its servants, without becoming liable as a mortgagee in possession;
 - (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as BDC deems advisable;
 - (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to BDC may seem reasonable, provided that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
 - (e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and
 - (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.
- 15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Debtor and not of BDC and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of BDC under this Security Agreement, and in addition shall have power to:
- (a) carry on the Debtor's business and to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests; and
 - (b) make an assignment for the benefit of the Debtor's creditors or a proposal on behalf of the Debtor under the *Bankruptcy and Insolvency Act* (Canada); and
 - (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Debtor for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral; and
 - (d) make any arrangement or compromise that the Receiver deems expedient.
- 15.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as BDC, in its absolute discretion and to the full extent permitted by law, may direct as follows:
- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by BDC respecting or incidental to:

- (i) the exercise by BDC of the rights and powers granted to it by this Security Agreement; and
- (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to BDC of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to BDC of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING BDC

(You have granted this Security Agreement to BDC in consideration by BDC advancing funds or providing credit or a credit facility to you. BDC will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, BDC will act in good faith and in a commercially reasonable manner.)

- 16.1 To the full extent permitted by law, BDC shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when BDC shall manage the Collateral upon entry or seizure, nor shall BDC be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. BDC shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall BDC, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall BDC be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Debtor waives any provision of law permitted to be waived by it which imposes greater obligations upon BDC than described above.
- 16.2 Neither BDC nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of BDC, the Debtor or any other party respecting the Collateral. BDC shall also not be liable for any misconduct, negligence, misfeasance by BDC, the Receiver or any employee or agent of BDC or the Receiver, or for the exercise of the rights and remedies conferred upon BDC or the Receiver by this Security Agreement.
- 16.3 BDC or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Debtor, co-obligants, guarantors and others and with the Collateral and other securities as BDC may see fit without liability to the Debtor and without prejudice to BDC's rights respecting the Obligations or BDC's right to hold and realize the Collateral. The Debtor shall not be released nor shall its liability be in any way reduced because BDC has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.
- 16.4 Notwithstanding anything to the contrary in any security held by BDC for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. BDC in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.

- 16.5 Any right of BDC and any obligation of the Debtor arising under any other agreements between BDC and the Debtor shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Debtor to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of BDC's commitment letter or Loan Agreement with the Debtor shall survive the signing and registration of this Security Agreement and BDC's advancement of any money to the Debtor and any legal fees, commitment fees, standby fees or administration fees owing by the Debtor shall be secured by the Collateral.
- 16.6 In the event that BDC registers a notice of assignment of Intellectual Property the Debtor shall be responsible for and shall indemnify BDC against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.
- 16.7 Notwithstanding any taking of possession of the Collateral, or any other action which BDC or the Receiver may take, the Debtor now covenants and agrees with BDC that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to BDC at the time of such disposition, the Debtor shall immediately pay to BDC an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Debtor agrees that BDC may bring action against the Debtor for payment of the deficiency, notwithstanding any defects or irregularities of BDC or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY

(You appoint BDC your attorney for specific matters.)

The Debtor irrevocably appoints BDC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Debtor for and in the name of the Debtor to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do everything necessary or incidental to the exercise of all or any of the powers conferred on BDC, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Debtor subsequent to the execution hereof.

18. CONSOLIDATION

(Should you wish to redeem the Security Interest, BDC may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE

(BDC determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by BDC shall bind BDC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Debtor to BDC.

20. WAIVER

(Indulgences granted by BDC should not be taken for granted.)

BDC may permit the Debtor to remedy any default without waiving the default so remedied. BDC may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by BDC. No delay or omission on the part of BDC in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to BDC remain in place regardless of any concerns you may have about the loan facility or BDC's actions.)

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, the Debtor's account debtors, sureties and others and with the Collateral and other security interests as BDC may see fit without prejudice to the Debtor's liability or BDC's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by BDC now or in the future from the Debtor or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Security Agreement describes some rights and remedies of BDC. BDC also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

BDC's rights and remedies set out in this Security Agreement, and in any other security agreement held by BDC from the Debtor or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and BDC that may be in effect from time to time.

25. ASSIGNMENT

(Should BDC assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

BDC may, without notice to the Debtor, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Debtor agrees that the assignee, transferee or secured party, as the case may be, shall have all of BDC's rights and remedies under this Security Agreement and the Debtor will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against BDC in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to BDC may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to BDC shall not be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and, subject to applicable law, payment to BDC of an administrative fee to be

fixed by BDC and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by BDC in connection with the Obligations and such release and discharge. The Debtor shall, subject to applicable law, pay an administrative fee, to be fixed by BDC, for the preparation or execution of any full or partial release or discharge by BDC of any security it holds, of the Debtor, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Debtor represents and agrees that:

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) the Collateral and Real Property are and will remain free of environmental damage or contamination;
- (e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Debtor's business or assets including without limitation the Collateral;
- (f) it will advise BDC immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide BDC with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Debtor and it consents to BDC contacting and making enquiries of environmental officials or assessors;
- (h) it will not install on or under any land mortgaged to BDC storage tanks for petroleum products or any hazardous substance without BDC's prior written consent and only upon full compliance with BDC's requirements and local ordinances or regulations;
- (i) it will from time to time when requested by BDC provide to BDC evidence of its full compliance with the Debtor's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of BDC and its successors and assigns, and shall be binding upon the Debtors and its heirs, executors, administrators, successors and any assigns permitted by BDC, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;
- (b) "the Act" means the Personal Property Security Act of British Columbia, Alberta and/or Saskatchewan, as applicable, and all regulations under the foregoing Personal Property Security Acts, as amended from time to time.

- 29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.
- 29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.
- 29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.
- 29.5 This Security Agreement shall be governed by the laws of the jurisdiction referred to in Subclause 29.1(b). For enforcement purposes, the Debtor hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which BDC enforces its rights and remedies hereunder.

30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor:

- (a) acknowledges receiving a copy of this Security Agreement; and
- (b) if the Act so permits, waives all rights to receive from BDC a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

31. TIME

Time shall in all respects be of the essence.

32. INDEPENDENT ADVICE

The Debtor acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

33. SASKATCHEWAN LAW

If the Debtor is a corporation, the Debtor agrees as follows:

- (a) that the *Land Contracts (Actions) Act, 2018* of Saskatchewan, as amended or replaced from time to time, shall have no application to any action, as defined in that Act, respecting this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement as BDC is specifically exempted from the operation of that Act;
- (b) that the *Limitation of Civil Rights Act* of Saskatchewan shall have no application to this Security Agreement, any mortgage, charge or other security for the payment of money made, given or created by this Security Agreement, any agreement or instrument which renews or extends or is collateral to this Security Agreement, or the rights, powers or remedies of BDC under this Security Agreement or any mortgage or charge created by this Security Agreement; and
- (c) that if it is an agricultural corporation, as defined in the *Saskatchewan Farm Security Act*, it has received independent legal advice prior to the execution of this Security Agreement, and agrees that the provisions of Part IV of the *Saskatchewan Farm Security Act*, other than Section 46, shall not apply to the Debtor.

34. PARENTHETICAL COMMENTS

The Debtor acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

35. THE LOAN AGREEMENT

If the Debtor has entered into a commitment letter or a written loan agreement (the "Loan Agreement") with BDC dealing with, or relating to, the loan facilities secured by this Security Agreement, the Debtor acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the Loan Agreement, the terms of the Loan Agreement shall apply and take precedence over the terms of this Security Agreement.

IN WITNESS WHEREOF the Debtor has executed this Security Agreement.



ROYAL HELIUM LTD.

Per:  _____

SCHEDULE A

Subclause 1.1 (a) (vii):

the following specific items, even though they may be included within the descriptions of Collateral
(insert description by item or kind):

the following serial numbered goods:

Type	Serial No. (re: motor vehicles & trailers) Dept. of Transport No. (re: aircraft)	Year	Make and Model

Subclause 6.1 (c):

Date of Birth of Debtor (if an individual):

Month

Day

Year

Subclause 6.1 (i):

Location(s) of the Collateral:

Subclause 6.1 (k):

The Debtor's place(s) of business ("POB") and chief executive office ("CEO")

Chief Executive Office:	
Place of Business:	
And:	

THIS IS **EXHIBIT “EE”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



ENVIRONMENTAL AGREEMENT AND INDEMNITY

THIS AGREEMENT AND INDEMNITY dated the 21ST day of April, 2023

MADE BY:

IMPERIAL HELIUM CORP. (the "Borrower")

AND:

ROYAL HELIUM LTD. and **ROYAL HELIUM EXPLORATION LIMITED** (collectively, the "Guarantors")

(the Borrower and the Guarantors are, collectively, the "Indemnitors")

FOR THE BENEFIT OF:

BUSINESS DEVELOPMENT BANK OF CANADA, incorporated by Special Act of the Parliament of Canada, and having its head office in Montreal, Quebec, with a business centre at 300-475 2nd Avenue South, Saskatoon, SK S7K 1P4 (the "Lender")

WHEREAS:

A The Borrower has borrowed or may borrow money from the Lender or has incurred or may incur obligations to the Lender either direct, indirect, absolute, contingent, past or future, matured or not (the "Obligations");

B. As security for the Obligations, the Borrower granted to the Lender a leasehold mortgage (and any further amendments, collectively, the "Mortgage") dated of even date herewith, which Mortgage charges its leasehold interest in the lands, premises and leases described in Schedule "A" hereto (the "Leasehold Mortgage Lands");

C. As additional security for the Obligations, the Borrower has granted to the Lender a general security agreement dated of even date herewith (as the same may be amended or supplemented from time to time, collectively, the "GSA"), which GSA mortgages, charges and grants a security interest in, among other things, the Borrower's interest in (a) the "Lands", as such term is defined and more particularly described in Schedule C to the GSA, and (b) the surface of any "Lands" and any lands upon which any of the "Tangibles", as such term is defined in the GSA, are now or hereafter situated, and any lands now or hereafter to be traversed in order to gain access to any of the "Lands" or "Tangibles", including, without limitation, the surface leases and surface occupation agreement described in Part 1 of Schedule D to the GSA (collectively, the "GSA Lands");

D. The Leasehold Mortgage Lands and GSA Lands are collectively referred to herein as the "Lands";

E. The Guarantors have guaranteed to the Lender repayment and performance of the Obligations by the Borrower;

F. Every loan agreement, commitment letter, the Mortgage and all other security and supporting documents now or hereafter entered into with or granted to the Lender in connection with or as security for the Obligations are herein collectively referred to as the "Loan Documents";

G. As one of the conditions of dealing with the Borrower, the Lender requires that the Indemnitors make the representations and warranties and enter into the covenants set out in this Agreement and that they indemnify the Lender against any loss, claim, or expense arising out of the environmental liabilities more fully set out herein;

NOW THEREFORE IN CONSIDERATION of the premises and other good and valuable consideration, the Indemnitors jointly and severally covenant and agree with the Lender as follows:

1. Definitions

The following terms used in this Agreement and Indemnity shall have the following meanings and all singular definitions may be used in the plural to mean more than one of the term defined and vice-versa:

"Environmental Claims" - any and all enforcement, clean-up, removal or other governmental or regulatory actions, orders, directions or proceedings instituted, pending or completed or to the best of the knowledge of the Borrower, threatened or anticipated pursuant to any Environmental Law and all claims made or, to the best of the knowledge of the Borrower, threatened, by any third party against the Borrower, any of the Lands or any party having charge, management or control of any of the Lands relating to damage, contribution, costs recovery, compensation, loss or injury resulting from any violation or alleged violation of Environmental Law.

"Environmental Law" - any applicable federal, provincial, municipal or local laws, statutes, ordinances, codes, by-laws, regulations, rules, orders, directives, decisions, policies, instructions, guidelines or decrees regulating, relating to or imposing liability or standards of conduct concerning any environmental matters, occupational health and safety or the manufacture, processing, distribution, use, treatment, storage, disposal, packaging, transport, handling, containment, clean-up or other remediation or corrective action of any Hazardous Substances including, but not limited to, matters related to air pollution, water pollution, noise control, or hazardous material and any similar, replacement or supplemental Acts and all regulations, orders or decrees, now or hereafter made pursuant to any of the foregoing.

"Environmental Liability" - any claim, demand, obligation, cause of action, accusation, allegation, order, violation, damage, injury, judgment, penalty or fine, cost of enforcement, cost of remedial action, or any other cost or expense whatsoever, including legal fees and disbursements, on a solicitor and own client basis, resulting from the violation or alleged violation of any Environmental Law or from any Environmental Claims including, without limitation, any one or more of the following:

- (a) claims of third parties (including governmental agencies) for damages, penalties, response costs, administrative costs, injunctive, declaratory or other relief;
- (b) expenses, including fees of lawyers and experts, of reporting and/or investigating the existence of Hazardous Substances on or beneath the Lands or any release of Hazardous Substances from the Lands;
- (c) expenses or obligations incurred at, before and after any trial or appeal or administrative proceeding brought under any Environmental Law, including, without limitation, legal fees and disbursements, on a solicitor and own client basis, witness fees (expert and otherwise), deposition costs, consultant costs, costs for the Lender's own employees, copying, telephone charges and other expenses.

"Hazardous Substances" - collectively, any pollutants, contaminants, chemicals, deleterious substances, waste or industrial, toxic or hazardous wastes (including, without limitation, special waste and subject waste) or other substances including, without limitation, petroleum or petroleum products, asbestos, polychlorinated biphenyls, underground storage tanks and the contents thereof, urea formaldehyde foam insulation, explosive materials, flammable materials and radioactive materials.

"Loan Documents" - collectively, every commitment letter, loan agreement, the Mortgage, GSA and all other security and supporting documents now or hereafter entered into with or granted to the Lender in connection with or as security for the Obligations.

2. Representations and Warranties

The Indemnitors hereby represent and warrant to the Lender that:

- (a) to the best of the knowledge of the Indemnitors after due inquiry, the Indemnitors, the Lands, the activities and operations of the Indemnitors and, those of any party having charge, management or control of the Lands, have been and are in compliance with all Environmental Laws;
- (b) to the best of the knowledge of the Indemnitors after due inquiry, none of the Lands or any of the activities or operations of the Indemnitors, or those of any party having charge, management or control of the Lands is subject to any Environmental Claims;
- (c) no Indemnitor has received notice of any judicial or administrative proceeding alleging the violation of any Environmental Laws and no Indemnitor has received notice of or is subject to any Environmental Claims;
- (d) no Indemnitor or, to the best of the knowledge of the Indemnitors after due inquiry, any party having charge, management or control of the Lands has ever caused or permitted any Hazardous Substance to be placed, held, located, stored or disposed of on, in, under, through or at the Lands or any part thereof in contravention of any Environmental Laws;

- (e) no Indemnitor or, to the best of the knowledge of the Indemnitors after due inquiry, any party having charge, management or control of the Lands has caused or permitted, nor has there been, any release, emission, spill or discharge in any manner whatsoever of any Hazardous Substance on, in, around, from or in connection with the Lands or any such release on or from a facility owned or operated by any third party but with respect to which any Indemnitor is or may reasonably be alleged to have liability; and
- (f) the Indemnitors have delivered to the Lender true and complete copies of all environmental audits, evaluations, assessments, studies or tests relating to the Lands in the possession or control of the Indemnitors.

3. Covenants

The Indemnitors hereby covenant and agree with the Lender as follows:

- (a) to comply and cause all tenants of the Lands and all other parties having charge, management or control of the Lands to comply with all Environmental Laws;
- (b) each Indemnitor shall, promptly after it becomes aware of the same, advise the Lender in writing of:
 - (i) any and all Environmental Claims,
 - (ii) any remedial or clean-up action taken by the Indemnitors or any other party in response to:
 - A. Hazardous Substances in, on, under or about the Lands in violation of Environmental Laws, or
 - B. Environmental Claims, and
 - (iii) any release of Hazardous Substances on any real property adjoining or in the vicinity of the Lands in each case to the extent the same could have an adverse effect on the Borrower's business or could impair the value of the Lands;
- (c) to provide the Lender with copies of all communications with any federal, provincial, municipal or local government ministry, department or agency relating to non-compliance or alleged non-compliance with Environmental Laws and all communications with any party relating to Environmental Claims;
- (d) if the Indemnitors have an obligation to give notice or have given notice pursuant to subsection (b) above with respect to the Lands, then, if requested by the Lender, to submit a report, the scope of which is satisfactory to the Lender, prepared by an environmental consultant approved by the Lender, describing the environmental condition of the Lands;

- (e) to take or cause to be taken any and all necessary remedial or clean-up action in response to the presence, storage, use, disposal, transportation, release or discharge of any Hazardous Substance in, on, under or about the Lands:
 - (i) in compliance with all applicable Environmental Laws, and
 - (ii) in accordance with the orders and directions of all applicable federal, provincial, municipal and local authorities;
- (f) to permit, and to cause any party in charge, management or control of the Lands to permit, the Lender and its agents, employees, consultants and contractors to enter on the Lands and perform such tests on the Lands as are necessary to conduct a review and/or investigation of the environmental condition of the Lands;
- (g) not to create or permit to continue in existence any lien (whether or not such lien has priority over the lien created by the Mortgage) on any Lands and imposed pursuant to Environmental Laws; and
- (h) to deliver to the Lender a true and complete copy of all environmental audits, evaluations, assessments, studies or tests relating to the Lands forthwith after the completion thereof.

4. Indemnity

The Indemnitors hereby indemnify the Lender and agree to hold the Lender harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and all claims of any and every kind whatsoever, including, without limitation, any Environmental Liability, paid, incurred or suffered by, or asserted against, the Lender for, with respect to, or as a direct or indirect result of:

- (a) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or release from the Lands, of any Hazardous Substances; or
- (b) the cost of removal or remediation of any Hazardous Substances regardless of whether or not caused by or within the control of the Indemnitors;

provided however, that this indemnity shall not apply to losses, liabilities, damages, injuries, costs, expenses and claims arising from Hazardous Substances brought on to the Lands at any time by the Lender, any agent or employee of the Lender or any receiver, receiver-manager or other person with similar powers appointed by the Lender or brought on to the Lands by any person (other than by any Indemnitor) after any date the Lender acquires title to the Lands.

5. Survival

The obligations of the Indemnitors under this Agreement and Indemnity shall survive any one or more of the following:

- (a) judicial or extra-judicial realization or other proceedings by the Lender including, without limitation, the appointment of a receiver or receiver-manager or foreclosure

under the Mortgage, GSA, or any conveyance of the Lands in lieu of realization or foreclosure; or

- (b) the payment in full of the Obligations and the satisfaction and release of the Loan Documents.

6. Recourse

This Agreement and Indemnity shall not be subject to any nonrecourse or other limitation of liability provisions in the Loan Documents, and the Indemnitors acknowledge that their obligations under this Agreement and Indemnity are not limited by any such non recourse or similar limitation of liability provisions.

7. Payment

The costs, damages, liabilities, losses, claims, expenses (including legal fees and disbursements) for which the Lender is indemnified hereunder shall be reimbursable to the Lender as incurred without any requirement of waiting for the ultimate outcome of any litigation, claim or other proceeding, and the Indemnitors shall pay such costs, damages, liabilities, losses, claims, expenses (including legal fees and disbursements) to the Lender as incurred within 10 days after notice from the Lender itemizing the amounts incurred to the date of such notice. In addition to any remedy available for failure to periodically pay such amounts, such amounts shall thereafter bear interest at the highest rate of interest payable pursuant to the Loan Documents. Payment by the Lender shall not be a condition precedent to the obligations of the Indemnitors under this Agreement and Indemnity.

8. Notices

Any notice or communication permitted or required hereunder shall be in writing and shall be given to the Indemnitors at the address of the Borrower set forth in the Loan Documents and shall be given to the Lender at its address set forth in the Loan Documents.

9. Indemnitors' Acknowledgment

The Indemnitors acknowledge that this Agreement and Indemnity has been delivered in connection with a fully negotiated commercial business transaction in which the Indemnitors were represented by a solicitor and the Indemnitors further acknowledge having read this Agreement and Indemnity and having had the contents explained to them by their own solicitor. The only defence to this Agreement and Indemnity shall be the payment in full, after demand by the Lender, without set-off, deduction, compensation or abatement of the amounts from time to time notified by the Lender to be due pursuant to paragraph 7 hereof. The Indemnitors waive each and every other defence to any claim on this Agreement and Indemnity. There are no implied conditions, terms or agreements relating to this Agreement and Indemnity. This Agreement and Indemnity cannot be amended and no collateral agreement can be created which relates to this Agreement and Indemnity unless it is in writing, signed by the Lender and expressly refers to this Agreement and Indemnity and specifically provides that it is a modification hereof. This Agreement and Indemnity covers all agreements between the parties hereto relative to the subject matter hereof and none of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein. The Indemnitors acknowledge that the Lender in deciding to deal with or

continue to deal with the Borrower has relied on the fact that this Agreement and Indemnity shall be enforceable in accordance with its express written terms.

10. Governing Law

This Agreement and Indemnity shall in all respects be governed by and construed in accordance with the laws of Alberta and the laws of Canada applicable therein.

11. Non-Waiver

The failure of any party to enforce any right or remedy hereunder, or to promptly enforce any such right or remedy shall not constitute a waiver thereof nor give rise to any estoppel against such party, nor excuse any of the parties from their obligations hereunder. Any waiver of such right or remedy must be in writing and signed by the party to be bound. This Agreement and Indemnity is subject to enforcement at law and/or equity, including actions for damages and/or specific performance. Time is of the essence hereof.

12. Enurement

This Agreement and Indemnity shall be binding on the Indemnitors and each of the heirs, executors, administrators, successors and assigns and it shall enure to the benefit of the Lender and its successors and assigns. The obligations of the Indemnitors hereunder are joint as well as several.

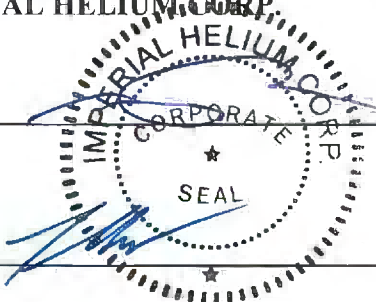
13. Counterparts

This Agreement and Indemnity may be executed in counterparts with the same effect as if the parties hereto had signed the same document. All counterparts and adopting instrument shall be construed together and shall constitute one and the same agreement.

IN WITNESS WHEREOF the Indemnitors have executed this Agreement and Indemnity.

IMPERIAL HELIUM CORP.

Per: _____
Per: _____ c/s



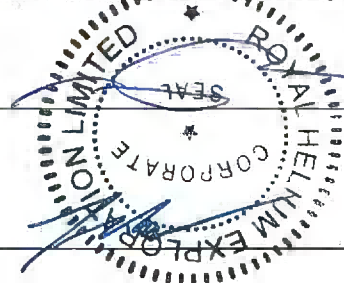
ROYAL HELIUM LTD.

Per: _____
Per: _____ c/s



ROYAL HELIUM EXPLORATION LIMITED

Per: _____
Per: _____ c/s



SCHEDULE "A"
Legal Description

The Borrower's leasehold interest in:

MERIDIAN 4 RANGE 12 TOWNSHIP 20
SECTION 12
QUARTER NORTH WEST
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
ALL THAT PORTION OF LEGAL SUBDIVISION 13 IN THE SAID
QUARTER
SECTION WHICH IS SHOWN ON A PLAN FILED AS 8341FB AND
THEREIN
OUTLINED IN YELLOW
CONTAINING 5 ACRES MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

And any other legal description by which the Borrower's interest in the
above lands may be described whether by subdivision,
condominiumization or otherwise

Pursuant to the below Alberta Surface Lease

1. Alberta Surface Lease Agreement dated March 10, 2022, between
Canadian Natural Resources Limited as lessor, and Imperial
Helium Corp., as lessee.

THIS IS **EXHIBIT “FF”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

SECOND INTERLENDER AGREEMENT

THIS Second Interlender Agreement (this “**Agreement**”) dated the 20th day of December, 2023

AMONG:

BUSINESS DEVELOPMENT BANK OF CANADA (“BDC”)

-and-

CANADIAN WESTERN BANK (“CWB”)

-and-

IMPERIAL HELIUM CORP. (the “Borrower”)

-and-

ROYAL HELIUM LTD. (“Royal Helium”)

-and-

ROYAL HELIUM EXPLORATION LIMITED
(“Royal Exploration”, and together with Royal Helium, collectively, the “Guarantors”)

WHEREAS:

A. The Borrower and the Guarantors (collectively, the “**Loan Parties**”) granted to BDC mortgages, charges and security interests in all of the Loan Parties’ present and after-acquired property to secure the Loan Parties’ obligations to BDC in connection with the letter of offer dated January 19, 2023 among BDC, the Borrower and the Guarantors, as amended, supplemented, restated, or otherwise modified from time to time (the “**Original BDC LOO**”);

B. The Loan Parties granted to CWB mortgages, charges and security interests in all of the Loan Parties’ present and after-acquired property to secure the Loan Parties’ obligations to CWB in connection with the commitment letter dated February 1, 2023, as amended, supplemented, restated or otherwise modified from time to time (the “**CWB Commitment Letter**”);

C. BDC, CWB and the Loan Parties entered into an interlender agreement dated April 10, 2023 (the “**Original Interlender Agreement**”) in connection with obligations of and agreements and security interests delivered by the Loan Parties in connection with the Original BDC LOO and the CWB Commitment Letter;

D. The Loan Parties and BDC have entered into the New BDC LOO which supersedes and replaces the Original BDC LOO and the Loan Parties have granted or agreed to grant to BDC mortgages, charges and security interests in all the Loan Parties’ present and after-acquired property to secure the BDC Obligations (collectively, the “**BDC Security**”);

E. The Loan Parties and CWB are parties to the Amended Commitment Letter and the Loan Parties have granted or agreed to grant to CWB mortgages, charges and security interests in all the Loan Parties’



present and after-acquired property to secure the CWB Obligations (collectively, the “**CWB Security**”); and

F. BDC, CWB and the Loan Parties wish to amend, supersede, and replace the Original Intercreditor Agreement on the terms and conditions herein.

NOW THIS AGREEMENT WITNESSES that in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lenders covenant and agree as follows, and the parties hereto agree that the Original Intercreditor Agreement is hereby amended, superseded, and replaced on the terms and conditions of this Agreement.

ARTICLE 1 DEFINITIONS

1.1 Definitions

In this Agreement, including the recitals hereto, the following terms have the meanings set out below:

- (a) “**Accounts Receivable**” means all debts, accounts, claims, demands, monies and choses in action which are now or which may at any time hereafter be due, owing to or accruing due to or owned by a Loan Party, together with all books, records, documents, papers and electronically recorded data and any other documents or information of any kind which in any way evidences or relates to any or all of the said debts, accounts, claims, demands, monies and choses in action, provided that the term “Accounts Receivable” herein shall not include any proceeds from the sale, disposition or realization of the personal or real property of the Loan Parties other than Inventory.
- (b) “**Amended CWB Commitment Letter**” means the commitment letter among CWB, as lender, the Borrower, as borrower, and the Guarantors, as guarantors, dated February 1, 2023, as amended, supplemented, restated or otherwise modified from time to time, including, without limitation, as amended by the Fourth Amendment Letter dated December 7, 2023 between CWB and the Loan Parties.
- (c) “**BDC Obligations**” means all present and future indebtedness, liabilities and obligations of the Loan Parties to BDC, direct or indirect, absolute or contingent, matured or unmatured, joint or several including without limitation, all accrued interest thereon and all costs, charges and expenses incurred by BDC in connection therewith, including legal fees on a solicitor and his own client basis, in connection with the New BDC LOO.
- (d) “**BDC’s Share**” means the percentage that the BDC Obligations constitute of the Non-Operating Loan Obligations outstanding from time to time.
- (e) “**CWB Obligations**” means all present and future indebtedness, liabilities and obligations of the Loan Parties to CWB, direct or indirect, absolute or contingent, matured or unmatured, joint or several including, without limitation, all accrued interest thereon and all costs, charges and expenses incurred by CWB in connection therewith, including legal fees on a solicitor and his own client in connection with the Amended CWB Commitment Letter.
- (f) “**CWB Operating Loan**” means the “Operating Loan”, as defined in the Amended CWB Commitment Letter.
- (g) “**CWB’s Share**” means the percentage that the CWB Obligations (other than the CWB Operating Loan) constitute of the Non-Operating Loan Obligations outstanding from time to time.
- (h) “**Current Assets**” means all Accounts Receivable and Inventory.



- (i) **"Inventory"** means all inventory, finished goods, raw materials, work in progress, packaging, office and other supplies, spares, replacement and component parts and other inventories, whether located at, stored on behalf of or in transit to a Loan Party.
- (j) **"Lenders"** means, collectively, CWB and BDC, and each of their respective permitted successors and assigns hereunder, and **"Lender"** means any of them.
- (k) **"Lien"** means any mortgage, lien, pledge, adverse claim, charge, assignment, security interest or other encumbrance of any nature or kind.
- (l) **"Loan Documents"** means all agreements, security interests, certificates, instruments and documents delivered by or on behalf of any Loan Party in connection with the Obligations.
- (m) **"New BDC LOO"** means the letter of offer among BDC, as lender, the Borrower, as borrower, and Guarantors, as guarantors, dated November 27, 2023, as amended, supplemented, restated, or otherwise modified from time to time.
- (n) **"Non-Operating Loan Obligations"** means, collectively, the (i) the BDC Obligations, and (ii) the CWB Obligations other than in respect of, arising under or pursuant to, the CWB Operating Loan.
- (o) **"Obligations"** means, collectively, the BDC Obligations and the CWB Obligations, and any one of them as the context requires.
- (p) **"Security"** means, collectively, the BDC Security and the CWB Security, and any one of them as the context requires.
- (q) **"Share"** means BDC's Share or CWB's Share, as applicable.

ARTICLE 2 COVENANTS OF THE LENDERS TO EACH OTHER

2.1 Representations

- (a) BDC represents that the BDC Obligations constitute a non-revolving loan which, when fully advanced, will be in the sum of \$9,300,000.00 only and, accordingly will not include any re-advances of principal.
- (b) CWB represents that the CWB Obligations (other than the CWB Operating Loan) constitute a non-revolving Loan which, when fully advanced, will be in the sum of \$9,300,000.00 only and, accordingly will not include any re-advances of principal.
- (c) Each of the Lenders represents that it shall not make any re-advance of principal on the Non-Operating Loan Obligations without the prior written consent of the other.
- (d) CWB represents that it shall not amend the Amended CWB Commitment Letter to increase the amount of the CWB Operating Loan without the prior written consent of BDC.

2.2 Priorities

The Security shall have the following priorities:

- (a) firstly, in payment of all costs, charges and expenses of and incidental to and that may be properly deducted in connection with such realization procedures as may be taken;



- (b) secondly, in payment of any disbursement made by either BDC or CWB pursuant to Section 2.12 hereof;
- (c) third, CWB shall have priority to the Security with respect to all Current Assets of the Loan Parties to the extent of the CWB Obligations in respect of, arising under or pursuant to, the CWB Operating Loan;
- (d) fourth, the Security, other than with respect to Current Assets of the Loan Parties as contemplated in Section 2.2(c), shall rank in favour of each of the Lenders on a pari passu pro rata basis in accordance with each Lender's Share, until such time as the BDC Obligations and the CWB Obligations (other than in respect of the CWB Obligations in respect of, arising under or pursuant to, the CWB Operating Loan) have been paid and satisfied in full;
- (e) fifth, the Security with respect to all Current Assets of the Loan Parties (to the extent remaining following the application of Section 2.2(c)), shall rank in favour of each of the Lenders on a pari passu pro rata basis in accordance with each Lender's Share, until such time as the BDC Obligations and the CWB Obligations have been paid and satisfied in full; and
- (f) sixth, the Security (to the extent remaining following the application of Sections 2.2(d) and 2.2(e)), shall rank in favour of CWB until such time as the CWB Obligations in respect of, arising under or pursuant to, the CWB Operating Loan have been paid and satisfied in full.

2.3 Priority Agreement

The subordinations, postponements and priorities herein shall apply in all events and circumstances notwithstanding:

- (a) the time or sequence in which any of the Security, or any other security, is executed or delivered;
- (b) the registration, filing, recording, notification or perfection of any financing statement, mortgage or trust deed relating to or contained in any of the Security, or any other security, or the provisions of any applicable law or decision;
- (c) the time or sequence in which any Lien constituted by the Security, or any other security, attaches;
- (d) the time or sequence in which any amount is advanced or any of the Obligations become due (whether at their stated maturity, by acceleration or otherwise) or are incurred;
- (e) the time or sequence of commencement or completion of any proceedings to enforce or collect any of the Obligations, to crystallize, enforce or realize on any of the Security or the time or sequence in which any order or judgment in respect thereof is made or entered or any execution is obtained or registered or any other proceeding is commenced or completed;
- (f) the manner in which any of the Security is created or whether any security or Lien constituted thereby is a fixed or floating charge;
- (g) the time or sequence in which any Lender or any receiver takes possession or realizes upon any property and assets pursuant to the Security or the nature of the remedies available or exercised pursuant to the Security; or
- (h) any other factor of legal relevance, whether similar or dissimilar to any of the foregoing,



other than the terms of this Agreement, establishing the priority or ranking or relative rights of repayment or enforcement among the Lenders.

2.4 Proceeds

Any proceeds, including, without limitation, any insurance proceeds received by the Loan Parties or by any Lender in respect of the collateral charged by the Security shall be dealt with according to the preceding provisions hereof as though such proceeds were paid or payable as proceeds of realization of the collateral for which they compensate.

2.5 Unenforceable, Invalid, Unregistered or Unperfected Interests

If any of the BDC Security or the CWB Security is claimed or found by a trustee in bankruptcy or a court of competent jurisdiction to be unenforceable, invalid, unregistered or unperfected, then the foregoing provisions of this Article 2 shall not apply to such Security to the extent that such Security is so found to be unenforceable, invalid, unregistered or unperfected as against a third party unless the Lender shall be diligently contesting such a claim and has provided the other party with a satisfactory indemnity.

2.6 CWB Accounts

Notwithstanding the priorities set out in this Agreement, the parties acknowledge that the Loan Parties, or any one of them, will establish an operating bank account with CWB into which proceeds of the property subject to the BDC Security may be deposited. With the exception of any monies deposited in any accounts designated as trust accounts by the applicable Loan Party for the benefit of BDC ("**BDC Trust Account**"), prior to a notice of default (the "**Default Notice**") under the BDC Security being provided in writing by BDC to CWB, CWB shall have no obligation to BDC with respect to any monies in any other account of the Loan Parties maintained with CWB, nor to any monies that may be deposited in or disbursed from any such other accounts. For the purposes herein, any funds held by CWB in any account which is not the operating bank account shall not be considered part of the Current Assets, although if such funds are specifically charged to CWB (or any other financial institution) to secure loan obligations, such priority shall be respected. Furthermore, any funds which are transferred into the operating bank account by the Loan Parties prior to the receipt by CWB of the Default Notice from another account of the Loan Parties held at CWB, except for any BDC Trust Account, shall be considered part of such operating bank account. Upon receipt of the Default Notice from BDC, CWB shall hold all monies deposited thereafter in the operating bank account by the Borrower for the benefit of BDC and CWB pending resolution of the Borrower's default. In addition, if upon receipt of the Default Notice by CWB such operating bank account is in a credit position, such funds will be held by CWB for the benefit of BDC and CWB and no longer be considered part of Current Assets. In the event the Borrower is unable to remedy the notified default within any applicable cure period, all monies of the Borrower held in the operating bank account by CWB shall be dealt with in accordance with the following:

- a) if such monies so deposited are proceeds from Current Assets, such monies shall be dealt with in accordance with Section 2.2.(c)
- b) if such monies so deposited are proceeds from assets other than Current Assets, such monies shall be dealt with in accordance with Section 2.2(d); and
- c) if it cannot be determined whether monies so deposited are proceeds from Current Assets or from assets other than Current Assets, such monies shall be deemed to be proceeds of Current Assets and dealt with in accordance with Section 2.2(c).

2.7 Default and Demand



- (a) The Loan Parties, BDC and CWB acknowledge and agree that a default under the BDC Security shall constitute a default under the CWB Security and a default under the CWB Security shall constitute a default under the BDC Security.
- (b) Either BDC or CWB may in its absolute discretion, but only after prior written notice to the other, make demand upon the Loan Parties and may proceed to realize upon its Security as it sees fit.



- (c) CWB shall demand full payment of the CWB Obligations if there is an unremedied default thereunder and BDC shall have so requested in writing and BDC shall demand full repayment of the BDC Obligations if there is an unremedied default thereunder and CWB shall have so requested in writing.

2.8 Appointment of Receiver

- (a) If payment in full of the Obligations or either of them is demanded and BDC or CWB desires to appoint a receiver or receiver-manager (hereinafter called the "Receiver"), the party desiring to appoint the Receiver shall attempt to consult the other by telephone, but shall not be barred from appointing a Receiver by the failure to contact the other, or by the failure to agree on the appointment of a Receiver provided always that the Receiver will be a licensed trustee in bankruptcy and the party appointing the Receiver shall provide written notice of the appointment to the other.
- (b) If any matter arises which requires a direction to be given to the Receiver or approval of any step taken or any act to be done in and about the management of the receivership, then the matter shall be decided jointly by BDC and CWB. If BDC and CWB are unable to agree on the direction to be given, then a trustee licensed under the *Bankruptcy and Insolvency Act* of Canada independent of the Receiver and selected by the Receiver shall decide on the direction to be given.

2.9 Bankruptcy

In the event of the dissolution, liquidation, bankruptcy or winding up of any of the Loan Parties or distribution of property of any of the Loan Parties among its creditors not involving a Receiver appointed by BDC or CWB, the monies received by either BDC or CWB upon such dissolution, liquidation, bankruptcy, winding up or distribution of property shall be adjusted and allocated between BDC and CWB in the manner set out in Section 2.2. If the dissolution, liquidation, bankruptcy, winding up or distribution of property of any of the Loan Parties occurs prior to BDC or CWB having issued demand for payment in full, then the pro rata distribution to be made shall be determined with reference to the amounts outstanding under the BDC Obligations and the CWB Obligations at the earlier of the date of dissolution, liquidation, bankruptcy, winding up or distribution of property of the Loan Parties as the case may be.

2.10 Prepayment

Except as to insurance proceeds, neither BDC nor CWB shall accept any prepayment without the prior written consent of the other. Any prepayment received by either BDC or CWB shall be distributed between BDC and CWB pro rata according to the principal balances of the BDC Obligations and the CWB Obligations (other than the CWB Operating Loan) then outstanding. Either Lender may choose to decline acceptance of its portion of the prepayment if the other Lender is willing to receive that prepayment.

2.11 Payment Before and After Demand

Any payment received by either BDC or CWB after either party has made demand for payment of the Obligations or any portion thereof shall be deemed to be the proceeds of realization and such payment shall be applied in accordance with Section 2.2

2.12 Payment of Insurance Premiums

If any of the Loan Parties fail to pay premiums to maintain insurance on the property charged under the BDC Security and the CWB Security then:



- (a) BDC and CWB covenant each with the other to pay the required premium pro rata on the basis of the amounts outstanding under the BDC Obligations and under the CWB Obligations, respectively, at the time the payment is required to be made;
- (b) if either BDC or CWB fails to pay its share of the premium stated in the preceding subsection, then the other may pay the full amount of the required premium;
- (c) in addition to the rights set out in Subsection 2.12(b), the party paying the premium specified in Subsection 2.12(b) shall be entitled to a charge on the entire proceeds payable from such insurance in priority to the party not paying the premium up to the full amount of its payment unless the party not paying the premium reimburses the other within 14 days of receipt of a notice from the other party demanding such reimbursement.

2.13 Expenditures

- (a) Subject to the provisions below regarding expenditures in realization and to any payment of insurance proceeds by either of the Lenders, if either of BDC or CWB wish to expend monies with respect to inspection or repairs or to incur any other costs contemplated by its respective Security, and BDC and CWB are in agreement that the proposed expenditure be made, then BDC and CWB shall share the cost of each such expenditure pro rata on the basis of the amounts outstanding under the BDC Obligations and under the CWB Obligations (other than the CWB Operating Loan), respectively, at the time of such expenditure. BDC and CWB shall, forthwith, following such expenditure, make all adjustments or reimbursements between BDC and CWB as are necessary to result in the pro rata sharing provided in Subsection 2.13(a).
- (b) Responsibility for payment of all costs, charges and expenses, properly incurred, of and incidental to such realization procedures as may be taken by either BDC or CWB including legal fees and disbursements and Receiver's fees, disbursements, borrowings and Receiver's legal costs as may be properly included under this Agreement shall be adjusted, allocated and shared by BDC and CWB in the manner provided for the division of proceeds of realization as set out in Section 2.2.
- (c) BDC and CWB shall forthwith after making such expenditure make all adjustments or reimbursements between BDC and CWB as are necessary to result in the pro rata sharing of such costs required under this Section 2.13. BDC and CWB will share any costs, charges and expenses of realization including Receiver's costs as aforesaid not recoverable from the assets of the Loan Parties pro rata on the basis of the formula set out in Section 2.2.

2.14 Discharge or Amendment of Security

Neither BDC nor CWB shall discharge, surrender or amend, in whole or in part, its Security without the prior written consent of the other, save and except that either BDC or CWB may discharge its Security in the event of payment in full of the Obligations owed to that Lender.

ARTICLE 3 COVENANTS OF THE LOAN PARTIES

3.1 Covenants of the Loan Parties

As long as any of the Obligations remain outstanding, the Loan Parties will stand possessed of its assets so charged for the Lenders in accordance with their respective interests and priorities as herein set out.



The Loan Parties consent to the Lenders advising each other of the particulars of the Obligations to each and exchanging any other financial information they deem relevant. Neither Lender will have or incur any liability to any Loan Party for providing such information, nor for any direct or indirect consequences resulting from doing so.

ARTICLE 4 MISCELLANEOUS

4.1 Default under the Obligations

Each Lender agrees to exercise reasonable efforts to notify the other Lender promptly upon becoming aware of the occurrence of any default or event of default under the Obligations or any Loan Documents, provided that no Lender shall be liable for any accidental failure to give such notice.

4.2 Benefit to Lenders

The terms of this Agreement are solely for the benefit of the Lenders, and shall not be relied upon by any Loan Party or increase the rights of the Loan Parties or the obligations of any Lender to any Loan Party.

4.3 Transfer of Interest in the Security

No Lender shall sell, assign or otherwise dispose of its Security, unless the person to whom a transfer has been made shall have entered into an agreement with the other Lender consenting to the terms hereof and agreeing to assume all of the obligations of the transferor and be bound by the terms of this Agreement, in form acceptable to the other Lender, acting reasonably.

4.4 Applicable Law

This Agreement shall be construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein.

4.5 Notice

Any notice required to be given hereunder, pursuant to this Agreement, will be valid and effective if delivered to the Lenders at the addresses set forth below:

If to BDC:

Business Development Bank of Canada
The Edson, Suite 1310
150 – 9th Avenue S.W.
Calgary, Alberta T2P 3H9
Attention: Mark Sawatzki
Email: mark.sawatzki@bdc.ca

If to CWB:

Canadian Western Bank
Suite 300, 600 – 4th Street S.W.
Calgary, Alberta T2P 1T1
Attention: Credit Support, Prairies Regional Centre
Email: cspr.collsec@cwbank.com



If to the Loan Parties:

c/o Imperial Helium Corp.
602, 224 – 4th Avenue S.W.
Saskatoon, Saskatchewan S7K 5M5
Attention: Andrew Davidson
Email: davidson@royalheliumltd.com

4.6 Severability

In case any one or more of the provisions of this Agreement, or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein, and any other application thereof shall not be in any way affected or impaired thereby and if any part of this Agreement shall be held to be void or unenforceable by a court of competent jurisdiction, such part may be severed or replaced by the widest term that would not be held to be void or unenforceable in respect thereof.

4.7 Further Assurances

Each of the Loan Parties, BDC and CWB shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to the interests of this Agreement; provided however, that no consent of the Loan Parties shall be necessary to any amendment of the terms hereof by BDC and CWB unless the interests of the Loan Parties, or any of them, are directly affected thereby.

4.8 Excluded Loans and Assets

Each of the Loan Parties, BDC and CWB hereby acknowledge that upon written notice being provided to the other Loan Party, each of CWB and BDC may enter into separate loan facilities with the Loan Parties (or any one or more of them) wherein the security granted to such Lender would constitute either separate cash security or government guarantees to secure letters of credit or charges on specific equipment, the loan proceeds of which are utilized to fund such equipment purchase. For example, CWB has issued letters of credit at the request of Imperial Helium Corp., and as security for such letters of credit has taken guarantees from Export Development Canada. Each of the Loan Parties, BDC and CWB hereby acknowledge such loan facilities and the cash security, government guarantees or specific equipment security securing such loans, are not part of the subject matter of this Agreement.

4.9 Amended, Superseded and Replaced

The Original Intercreditor Agreement is amended, superseded, and replaced in its entirety on the terms and conditions of this Agreement.

4.10 Counterparts

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof. The execution and delivery of counterparts of this Agreement by electronic means and through electronic transmission (including PDF format) by any party shall be binding on all parties.

[remainder of page left intentionally blank]



IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first above written.

BUSINESS DEVELOPMENT BANK OF CANADA

Per: _____
Name: Mark Sawatzki
Title: Director, Corporate Financing

I/We have authority to bind the corporation

Per: _____
Name: Cole Godin
Title: Associate Manager, Corporate Financing

I/We have authority to bind the corporation

CANADIAN WESTERN BANK

Per: _____
Name: Nancy Matheos
Title: AVP and Deputy Manager

I/We have authority to bind the corporation

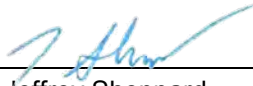
Per: _____
Name: Raymond Pai
Title: AVP, Business Development

I/We have authority to bind the corporation

IMPERIAL HELIUM CORP

Per:  _____
Name: Andrew Davidson
Title: President & CEO

I/We have authority to bind the corporation

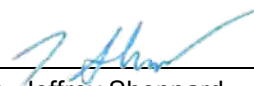
Per:  _____
Name: Jeffrey Sheppard
Title: CFO

I/We have authority to bind the corporation

ROYAL HELIUM LTD.

Per:  _____
Name: Andrew Davidson
Title: President & CEO

I/We have authority to bind the corporation

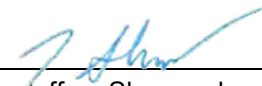
Per:  _____
Name: Jeffrey Sheppard
Title: CFO

I/We have authority to bind the corporation

ROYAL HELIUM EXPLORATION LIMITED

Per:  _____
Name: Andrew Davidson
Title: President & CEO

I/We have authority to bind the corporation

Per:  _____
Name: Jeffrey Sheppard
Title: CFO

I/We have authority to bind the corporation

[signature page to Second Interlender Agreement]

THIS IS **EXHIBIT “GG”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

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Business Debtor Enquiry

File Currency: **02JAN 2025****Search Criteria: ROYAL HELIUM LTD.****No Match.****No registered financing statement or registered claim for lien was found for this enquiry.**[New Enquiry](#)

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[ServiceOntario Contact Centre](#)Web Page ID: **WNoMatch001**System Date: **03JAN2025**

Last Modified: December 08, 2024

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Search ID #: Z18236548

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881
Phone #: 780 429 5969
Reference #:

Search ID #: Z18236548

Date of Search: 2025-Jan-07

Time of Search: 07:28:57

Business Debtor Search For:

ROYAL HELIUM LTD.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z18236548

Business Debtor Search For:

ROYAL HELIUM LTD.

Search ID #: Z18236548

Date of Search: 2025-Jan-07

Time of Search: 07:28:57

Registration Number: 23020728082

Registration Type: SECURITY AGREEMENT

Registration Date: 2023-Feb-07

Registration Status: Current

Expiry Date: 2034-Feb-07 23:59:59

Exact Match on: Debtor No: 3

Exact Match on: Debtor No: 4

Amendments to Registration

23070545883

Amendment

2023-Jul-05

Debtor(s)

Block

Status

1 IMPERIAL HELIUM CORP.
2500 PARK PLACE, 666 BURRARD STREET
VANCOUVER, BC V6C 2X8

Current

Block

Status

2 IMPERIAL HELIUM CORP.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Current

Block

Status

3 ROYAL HELIUM LTD.
602, 224 - 4 AVENUE SOUTH
SASKATOON, SK S7K 5M5

Current

Block

Status

4 ROYAL HELIUM LTD.
800, 230 - 22 STREET
SASKATOON, SK S7K 0E9

Current

Search ID #: Z18236548

Block

5 ROYAL HELIUM EXPLORATION LTD.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Status

Current

Secured Party / Parties

Block

1 BUSINESS DEVELOPMENT BANK OF CANADA
BOX 6,505 BURRARD ST
VANCOUVER, BC V7X 1M3
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Deleted by
23070545883

Block

2 BUSINESS DEVELOPMENT BANK OF CANADA
1500 - 1133 MELVILLE STREET
VANCOUVER, BC V6E 4E5
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Current by
23070545883

Collateral: General

Block

Description

1 All present and after-acquired personal property of the Debtors plus proceeds: goods, chattel paper, investment property, documents of title, instruments, money and intangibles.

Status

Current

Search ID #: Z18236548

Business Debtor Search For:

ROYAL HELIUM LTD.

Search ID #: Z18236548

Date of Search: 2025-Jan-07

Time of Search: 07:28:57

Registration Number: 23032429607

Registration Date: 2023-Mar-24

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 3

Exact Match on: Debtor No: 4

Amendments to Registration

23032922953

Amendment

2023-Mar-29

23070645039

Amendment

2023-Jul-06

Debtor(s)

Block

1 IMPERIAL HELIUM CORP.
2500 PARK PLACE, 666 BURRARD STREET
VANCOUVER, BC V6C 2X8

Status

Current

Block

2 IMPERIAL HELIUM CORP.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Status

Current by
23032922953

Block

3 ROYAL HELIUM LTD.
602, 224 - 4 AVENUE SOUTH
SASKATOON, SK S7K 5M5

Status

Current by
23032922953

Block

4 ROYAL HELIUM LTD.
800, 230 - 22 STREET
SASKATOON, SK S7K 0E9

Status

Current by
23032922953

Search ID #: Z18236548

Block

5 ROYAL HELIUM EXPLORATION LTD.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Status

Current by
23032922953

Secured Party / Parties

Block

1 BUSINESS DEVELOPMENT BANK OF CANADA
BOX 6,505 BURRARD ST
VANCOUVER, BC V7X 1M3
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Deleted by
23070645039

Block

2 BUSINESS DEVELOPMENT BANK OF CANADA
1500 - 1133 MELVILLE STREET
VANCOUVER, BC V6E 4E5
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Current by
23070645039

Search ID #: Z18236548

Business Debtor Search For:

ROYAL HELIUM LTD.

Search ID #: Z18236548

Date of Search: 2025-Jan-07

Time of Search: 07:28:57

Registration Number: 23033010224

Registration Type: LAND CHARGE

Registration Date: 2023-Mar-30

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 3

Debtor(s)

Block

Status

1 IMPERIAL HELIUM CORP.
602, 224 - 4TH AVE S
SASKATOON, SK S7K 5M5

Current

Block

Status

2 ROYAL HELIUM EXPLORATION LIMITED
602, 224 - 4TH AVE S
SASKATOON, SK S7K 5M5

Current

Block

Status

3 ROYAL HELIUM LTD.
602, 224 - 4TH AVE S
SASKATOON, SK S7K 5M5

Current

Secured Party / Parties

Block

Status

1 CANADIAN WESTERN BANK
SUITE 300, 606 - 4TH STREET S.W.
CALGARY, AB T2P 1T1
Email: CSPR.CollSec@cwbank.com

Current

Search ID #: Z18236548

Business Debtor Search For:

ROYAL HELIUM LTD.

Search ID #: Z18236548

Date of Search: 2025-Jan-07

Time of Search: 07:28:57

Registration Number: 24091102404

Registration Type: LAND CHARGE

Registration Date: 2024-Sep-11

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 2

Debtor(s)

Block

Status

1 IMPERIAL HELIUM CORP.
602, 224 - 4TH AVENUE SOUTH
SASKATOON, SK S7K 5M5

Current

Block

Status

2 ROYAL HELIUM LTD.
602, 224 - 4TH AVENUE SOUTH
SASKATOON, SK S7K 5M5

Current

Secured Party / Parties

Block

Status

1 REMOTE POWER CORP.
214, 908 - 17 AVENUE SW
CALGARY, AB T2T 0A3
Email: alex@remotepowercorp.com

Current

Search ID #: Z18236548

Business Debtor Search For:

ROYAL HELIUM LTD.

Search ID #: Z18236548

Date of Search: 2025-Jan-07

Time of Search: 07:28:57

Registration Number: 24091107657

Registration Type: SECURITY AGREEMENT

Registration Date: 2024-Sep-11

Registration Status: Current

Expiry Date: 2029-Sep-11 23:59:59

Exact Match on:

Debtor

No: 2

Amendments to Registration

24100930727

Amendment

2024-Oct-09

Debtor(s)

Block

1 IMPERIAL HELIUM CORP.
602, 224 - 4TH AVENUE SOUTH
SASKATOON, SK S7K 5M5

Status

Deleted by
24100930727

Block

2 ROYAL HELIUM LTD.
602, 224 - 4TH AVENUE SOUTH
SASKATOON, SK S7K 5M5

Status

Current

Block

3 IMPERIAL HELIUM CORP.
SUITE 2500 PARK PLACE, 666 BURRARD ST
VANCOUVER, BC V6C 2X8

Status

Current by
24100930727

Secured Party / Parties

Block

1 REMOTE POWER CORP.
214, 908 - 17 AVENUE SW
CALGARY, AB T2T 0A3
Email: alex@remotepowercorp.com

Status

Current

Collateral: Serial Number Goods

Block

Serial Number

Year

Make and Model

Category

Status

1	7KNP31684LM000028	2020	TEMCO FLBTR	TR - Trailer	Current
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Search ID #: Z18236548

2	7KNP31684PM000052	2023	TEMCO FLBTR	TR - Trailer	Current
3	7KNP31683NM000430	2022	TEMCO FLBTR	TR - Trailer	Deleted By 24100930727
4	7KNP31686PM000022	2023	TEMCO FLBTR	TR - Trailer	Deleted By 24100930727
5	7KNP31689PM000032	2023	TEMCO FLBTR	TR - Trailer	Deleted By 24100930727
6	7KNP31689NM000366	2022	TEMCO FLBTR	TR - Trailer	Deleted By 24100930727
7	7KNP3105XPM000071	2023	TEMCO FLBTR	TR - Trailer	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	AS PER LEASE AGREEMENT DATED APRIL 27, 2023 TOGETHER WITH ALL INVENTORY AND EQUIPMENT NOW OR HEREAFTER ACQUIRED BY THE DEBTOR AND FINANCED BY THE SECURED PARTY TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.	Deleted By 24100930727
2	ONE 2020 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-20-057 DESCRIPTION 350KW 480V/208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END TRAILER VIN: 7KNP31684LM000028 ENGINE SN: EZYOF904290 BUILD DATE: 01/23/2020.	Deleted By 24100930727
3	ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-23-006 DESCRIPTION 350KW 480V/208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END VIN: 7KNP31684PM000052 ENGINE SN: EZYOF105033 BUILD DATE: 2/10/2023.	Deleted By 24100930727
4	ONE 2022 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-23-032 DESCRIPTION 350KW 480V/208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL: N21D157934 VIN: 7KNP31683NM000430 ENGINE SN: EZYOF205540 BUILD DATE: 6/16/2023.	Deleted By 24100930727
5	ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-23-033 DESCRIPTION 350KW 480V/208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL: N21D157647 VIN: 7KNP31686PM000022 ENGINE SN: EZYOF025555 BUILD DATE: 6/16/2023.	Deleted By 24100930727

Search ID #: Z18236548

- | | | |
|---|---|---------------------------|
| 6 | ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT
NUMBER 22-23-034 DESCRIPTION 350KW 480V/208V, NATURAL GAS-PROPANE
GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE
ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL:
N22A052662 VIN: 7KNP31689PM000032 ENGINE SN: EZYOF305607 BUILD DATE:
6/5/2023. | Deleted By
24100930727 |
| 7 | ONE 2022 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT
NUMBER 22-23-040 DESCRIPTION 350KW 480V/208V NATURAL GAS-PROPANE
GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE
ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL:
N22I351277 VIN: 7KNP31689NM000366 ENGINE SN: EZYOF305614 BUILD DATE:
6/19/2023. | Deleted By
24100930727 |
| 8 | ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT
NUMBER CB6-600-041 DESCRIPTION CIRCUIT BREAKER PANEL TRAILER MESA
NATURAL GAS SOLUTIONS TRAILER MOUNTED COMMON BUS WITH BREAKER
DISCONNECTS SERIAL NUMBER 7KNP3105XPM000071. | Deleted By
24100930727 |
| 9 | ALL INVENTORY AND EQUIPMENT NOW AND HEREAFTER RENTED, LEASED OR
ACQUIRED BY THE DEBTOR FROM THE SECURED PARTY, INCLUDING, WITHOUT
LIMITATION, ALL TRAILERS, GENERATORS, BREAKER PANELS, AND ENGINES,
TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS,
REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO,
AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM
ANY DEALING WITH THE COLLATERAL, INCLUDING ALL MONEY, CHEQUES,
DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE,
RENTS OR OTHER PAYMENTS ARISING FROM THE USE OF THE COLLATERAL,
CHATTTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE,
SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS
AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL. | Current By
24100930727 |

Search ID #: Z18236548

Business Debtor Search For:

ROYAL HELIUM LTD.

Search ID #: Z18236548

Date of Search: 2025-Jan-07

Time of Search: 07:28:57

Registration Number: 24112111390

Registration Type: SECURITY AGREEMENT

Registration Date: 2024-Nov-21

Registration Status: Current

Expiry Date: 2029-Nov-21 23:59:59

Exact Match on: Debtor No: 3

Debtor(s)

<u>Block</u>		<u>Status</u>
1	IMPERIAL HELIUM CORP. 602, 224 - 4TH AVE S SASKATOON, SK S7K 5M5	Current
<u>Block</u>		<u>Status</u>
2	ROYAL HELIUM EXPLORATION LIMITED 602, 224 - 4TH AVE S SASKATOON, SK S7K 5M5	Current
<u>Block</u>		<u>Status</u>
3	ROYAL HELIUM LTD. 602, 224 - 4TH AVE S SASKATOON, SK S7K 5M5	Current

Secured Party / Parties

<u>Block</u>		<u>Status</u>
1	CANADIAN WESTERN BANK SUITE 300, 606 - 4TH STREET SW CALGARY, AB T2P 1T1 Email: CSPR.COLLSEC@CWBANK.COM	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	ALL PRESENT AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) OF WHATSOEVER NATURE AND KIND AND WHERESOEVER SITUATE. PROCEEDS: ALL PRESENTLY OWNED AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) RELATING TO THE FOREGOING.	Current

Search ID #: Z18236548

- | | | |
|---|--|---------|
| 2 | THE SUM OF FIVE HUNDRED SIXTY SEVEN THOUSAND DOLLARS (\$567,000) NOW OR HEREAFTER STANDING TO THE CREDIT OF THE DEBTORS (OR ANY ONE OF MORE OF THEM) AND ALL INTEREST ACCRUED OR EARNED THEREON IN AN ACCOUNT(S) AT THE SECURED PARTY. | Current |
|---|--|---------|

Result Complete



Saskatchewan Personal Property Registry Search Result

Searching Party: Centro Legal Works Inc.
Search Date: 03-Jan-2025 11:06:44
Search Type: Standard

Search #: 204627599
Client Reference:
Control #:

Search Criteria

Search By: Business Debtor Name

Business Name

ROYAL HELIUM LTD.

The following list displays all matches & indicates the ones that were selected.

4 Registration(s) Found: Exacts (4) - Similar (0)

Selected	Match	Reg #	Registration Type	Debtor Name	City	Enforcement Instruction Reg #
Yes	Exact	302337444	Personal Property Security Agreement	ROYAL HELIUM LTD.	Saskatoon	N/A
Yes	Exact	302384642	Personal Property Security Agreement	Royal Helium Ltd.	Saskatoon	N/A
Yes	Exact	302402488	Personal Property Security Agreement	ROYAL HELIUM LTD.	SASKATOON	N/A
Yes	Exact	302597241	Personal Property Security Agreement	ROYAL HELIUM LTD.	SASKATOON	N/A



Saskatchewan Personal Property Registry Search Result

Current - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 13-Sep-2022 16:32:53

Registration #: 302337444
Expiry Date: 13-Sep-2027

Event Type: Setup
Transaction Reason: Regular

Notations

Trust Indenture: NO

Registrant

Party ID:	150000519-1	Address:	4126 Norland Avenue
Entity Type:	Business		Burnaby, British Columbia
Name:	Canadian Securities Registration Systems		V5G3S8
			Canada

Secured Party

Item #:	1	Address:	170 2ND AVE SOUTH
Party ID:	150278768-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K1K5
Name:	THE TORONTO-DOMINION BANK - 00308		Canada

Debtor Party

* Item #:	1	Address:	224 4TH AVE S SUITE 602
Party ID:	153993711-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	ROYAL HELIUM LTD.		Canada

General Property

All present and after acquired accounts, monies, deposits from time to time on deposit in the name of the debtor or owed to the debtor by the secured party or TD Mortgage Corporation or TD Pacific Mortgage Corporation, or The Canada Trust Company or other subsidiary or affiliate of the secured party and in the debtors rights in and to those accounts, monies, deposits and proceeds thereof.



Saskatchewan Personal Property Registry Search Result

Current - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 03-Feb-2023 08:29:41

Registration #: 302384642
Expiry Date: 28-Jun-2034

Event Type: Amendment
Transaction Reason: Regular

Transaction Description: Global Change

Notations

Trust Indenture: No

Registrant

Party ID:	154161893-1	Address:	1500 - 1133 Melville Street
Entity Type:	Business		Vancouver, British Columbia
Name:	Business Development Bank of Canada		V6E4E5 Canada

Secured Party

Item #:	1	Address:	1500 - 1133 Melville Street
Party ID:	154161893-1		Vancouver, British Columbia
Entity Type:	Business		V6E4E5
Name:	Business Development Bank of Canada		Canada

Debtor Party

Item #:	1	Address:	Suite 2500 Park Place, 666 Burrard Street
Party ID:	154076775-1		Vancouver, British Columbia
Entity Type:	Business		V6C2X8
Name:	Imperial Helium Corp.		Canada
* Item #:	2	Address:	602-224 4th Avenue South
Party ID:	154076776-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Ltd.		Canada
Item #:	3	Address:	602-224 4th Avenue South
Party ID:	154076777-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Exploration Limited		Canada

General Property

All present and after-acquired personal property of the debtor.

History - Setup

Registration Type: Personal Property Security Agreement
Registration Date: 03-Feb-2023 08:29:41

Registration #: 302384642
Transaction #: 1
Expiry Date: 28-Jun-2034

Event Type: Setup
Transaction Reason: Regular



Saskatchewan Personal Property Registry Search Result

Transaction Description: Registration of General Security Agreement

Notations

Trust Indenture: No

Registrant

Party ID:	152754244-1	Address:	336 - 6th Avenue North
Entity Type:	Business		Saskatoon, Saskatchewan
Name:	Leland Kimpinski LLP		S7K2S5 Canada

Secured Party

Item #:	1	Address:	135 - 21 Street East
Party ID:	150029358-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K0B4
Name:	Business Development Bank of Canada		Canada

Debtor Party

Item #:	1	Address:	Suite 2500 Park Place, 666 Burrard Street
Party ID:	154076775-1		Vancouver, British Columbia
Entity Type:	Business		V6C2X8
Name:	Imperial Helium Corp.		Canada
Item #:	2	Address:	602-224 4th Avenue South
Party ID:	154076776-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Ltd.		Canada
Item #:	3	Address:	602-224 4th Avenue South
Party ID:	154076777-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Exploration Limited		Canada

General Property

All present and after-acquired personal property of the debtor.

History - Amendment

Amendment Date: 20-Jun-2023 01:06:26

Registration #: 302384642

Transaction #: 2

Event Type: Amendment

Transaction Reason: Regular

Transaction Description: Global Change



Saskatchewan Personal Property Registry Search Result

Registrant

Party ID:	154161893-1	Address:	1500 - 1133 Melville Street
Entity Type:	Business		Vancouver, British Columbia
Name:	Business Development Bank of Canada		V6E4E5
			Canada

Secured Party

Action:	Update	Address:	1500 - 1133 Melville Street
Item #:	1		Vancouver, British Columbia
Party ID:	154161893-1		V6E4E5
Entity Type:	Business		Canada
Name:	Business Development Bank of Canada		



Saskatchewan Personal Property Registry Search Result

Current - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 31-Mar-2023 10:54:28

Registration #: 302402488
Expiry Date: 31-Mar-2028

Event Type: Setup
Transaction Reason: Regular

Notations

Trust Indenture: No

Registrant

Party ID:	153171375-1	Address:	1200, 10123 99 St NW
Entity Type:	Business		Edmonton, Alberta
Name:	ELDOR-WAL REGISTRATION (1987) LTD.		T5J3H1 Canada

Secured Party

Item #:	1	Address:	SUITE 300, 606 - 4TH STREET S.W.
Party ID:	154109420-1		CALGARY, Alberta
Entity Type:	Business		T2P1T1
Name:	CANADIAN WESTERN BANK		Canada

Debtor Party

Item #:	1	Address:	602-224 4TH AVE S
Party ID:	154109421-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	IMPERIAL HELIUM CORP.		Canada
Item #:	2	Address:	602-224 4TH AVE S
Party ID:	154109422-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	ROYAL HELIUM EXPLORATION LIMITED		Canada
* Item #:	3	Address:	602-224 4TH AVE S
Party ID:	154109423-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	ROYAL HELIUM LTD.		Canada

General Property

ALL PRESENT AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) OF WHATSOEVER NATURE AND KIND AND WHERESOEVER SITUATE. AN UNCRYSTALLIZED FLOATING CHARGE ON LAND.
PROCEEDS: ALL PRESENTLY OWNED AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) RELATING TO THE FOREGOING.



Saskatchewan Personal Property Registry Search Result

Current - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 11-Sep-2024 08:29:52

Registration #: 302597241
Expiry Date: 11-Sep-2029

Event Type: Amendment
Transaction Reason: Regular

Notations

Trust Indenture: NO

Registrant

Party ID:	153171375-1	Address:	1200, 10123 99 St NW
Entity Type:	Business		Edmonton, Alberta
Name:	ELDOR-WAL REGISTRATION (1987) LTD.		T5J3H1 Canada

Secured Party

Item #:	1	Address:	214, 908 - 17 AVENUE SW
Party ID:	154448232-1		CALGARY, Alberta
Entity Type:	Business		T2T0A3
Name:	REMOTE POWER CORP.		Canada

Debtor Party

* Item #:	2	Address:	602, 224 - 4TH AVENUE SOUTH
Party ID:	154448231-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	ROYAL HELIUM LTD.		Canada

Serial Property

Item #:	1	Year:	2020
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31684LM000028	Model:	FLBTR
Override:	No	Color:	
Item #:	2	Year:	2023
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31684PM000052	Model:	FLBTR
Override:	No	Color:	
Item #:	7	Year:	2023
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP3105XPM000071	Model:	FLBTR
Override:	No	Color:	

General Property

ALL INVENTORY AND EQUIPMENT NOW AND HEREAFTER RENTED, LEASED OR ACQUIRED BY THE DEBTOR FROM THE SECURED PARTY, INCLUDING, WITHOUT LIMITATION, ALL TRAILERS, GENERATORS, BREAKER PANELS, AND ENGINES, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL, INCLUDING ALL MONEY, CHEQUES, DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE USE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO



Saskatchewan Personal Property Registry Search Result

THE COLLATERAL.

History - Setup

Registration Type: Personal Property Security Agreement
Registration Date: 11-Sep-2024 08:29:52

Registration #: 302597241
Transaction #: 1
Expiry Date: 11-Sep-2029

Event Type: Setup
Transaction Reason: Regular

Notations

Trust Indenture: NO

Registrant

Party ID:	154448229-1	Address:	1 First Canadian Place, Box 50
Entity Type:	Business		Toronto, Ontario
Name:	Osler, Hoskin & Harcourt LLP (R. Van de Mosselaer, J. Harvey, 1260776)		M5X1B8
			Canada

Secured Party

Item #:	1	Address:	214, 908 - 17 AVENUE SW
Party ID:	154448232-1		CALGARY, Alberta
Entity Type:	Business		T2T0A3
Name:	REMOTE POWER CORP.		Canada

Debtor Party

Item #:	1	Address:	602, 224 - 4TH AVENUE SOUTH
Party ID:	154448230-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	IMPERIAL HELIUM CORP.		Canada
Item #:	2	Address:	602, 224 - 4TH AVENUE SOUTH
Party ID:	154448231-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	ROYAL HELIUM LTD.		Canada

Serial Property

Item #:	1	Year:	2020
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31684LM000028	Model:	FLBTR
Override:	No	Color:	
Item #:	2	Year:	2023
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31684PM000052	Model:	FLBTR
Override:	No	Color:	



Saskatchewan Personal Property Registry Search Result

Item #:	3	Year:	2022
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31683NM000430	Model:	FLBTR
Override:	No	Color:	
Item #:	4	Year:	2023
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31686PM000022	Model:	FLBTR
Override:	No	Color:	
Item #:	5	Year:	2023
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31689PM000032	Model:	FLBTR
Override:	No	Color:	
Item #:	6	Year:	2022
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31689NM000366	Model:	FLBTR
Override:	No	Color:	
Item #:	7	Year:	2023
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP3105XPM000071	Model:	FLBTR
Override:	No	Color:	

General Property

AS PER LEASE AGREEMENT DATED APRIL 27, 2023 TOGETHER WITH ALL INVENTORY AND EQUIPMENT NOW OR HEREAFTER ACQUIRED BY THE DEBTOR AND FINANCED BY THE SECURED PARTY TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.

ONE 2020 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-20-057 DESCRIPTION 350KW 480V 208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END TRAILER VIN: 7KNP31684LM000028 ENGINE SN: EYZOF904290 BUILD DATE: 01 23 2020.

ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-23-006 DESCRIPTION 350KW 480V 208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END VIN: 7KNP31684PM000052 ENGINE SN: EYZOF105033 BUILD DATE: 2 10 2023.

ONE 2022 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-23-032 DESCRIPTION 350KW 480V 208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL: N21D157934 VIN: 7KNP31683NM000430 ENGINE SN: EYZOF205540 BUILD DATE: 6 16 2023.

ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-23-033 DESCRIPTION 350KW 480V 208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL: N21D157647 VIN: 7KNP31686PM000022 ENGINE SN: EYZOF025555 BUILD DATE: 6 16 2023.

ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-23-034 DESCRIPTION 350KW 480V 208V, NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL: N22A052662 VIN: 7KNP31689PM000032 ENGINE SN: EYZOF305607 BUILD DATE: 6 5 2023.

ONE 2022 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-23-040 DESCRIPTION 350KW 480V 208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL: N22I351277 VIN: 7KNP31689NM000366 ENGINE SN: EYZOF305614 BUILD DATE: 6 19 2023.

ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER CB6-600-041 DESCRIPTION CIRCUIT BREAKER PANEL TRAILER MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED COMMON BUS WITH BREAKER DISCONNECTS SERIAL NUMBER 7KNP3105XPM000071.



Saskatchewan Personal Property Registry Search Result

History - Amendment

Amendment Date: 09-Oct-2024 15:54:35

Registration #: 302597241

Transaction #: 2

Event Type: Amendment
Transaction Reason: Regular

Registrant

Party ID:	153171375-1	Address:	1200, 10123 99 St NW
Entity Type:	Business		Edmonton, Alberta
Name:	ELDOR-WAL REGISTRATION (1987) LTD.		T5J3H1 Canada

Debtor Party

Action:	Delete		
Item #:	1	Address:	602, 224 - 4TH AVENUE SOUTH
Party ID:	154448230-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	IMPERIAL HELIUM CORP.		Canada

Serial Property

Action:	Delete		
Item #:	3	Year:	2022
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31683NM000430	Model:	FLBTR
Override:	No	Color:	
Action:	Delete		
Item #:	4	Year:	2023
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31686PM000022	Model:	FLBTR
Override:	No	Color:	
Action:	Delete		
Item #:	5	Year:	2023
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31689PM000032	Model:	FLBTR
Override:	No	Color:	
Action:	Delete		
Item #:	6	Year:	2022
Serial Type:	Trailer	Make/Desc:	TEMCO
Serial #:	7KNP31689NM000366	Model:	FLBTR
Override:	No	Color:	

General Property

ALL INVENTORY AND EQUIPMENT NOW AND HEREAFTER RENTED, LEASED OR ACQUIRED BY THE DEBTOR FROM THE SECURED PARTY, INCLUDING, WITHOUT LIMITATION, ALL TRAILERS, GENERATORS, BREAKER PANELS, AND ENGINES, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL, INCLUDING ALL



Saskatchewan Personal Property Registry Search Result

MONEY, CHEQUES, DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE USE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL.

End of Search Result

THIS IS **EXHIBIT “HH”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

ServiceOntario[Login](#) [New Enquiry](#) [Rate Our Service](#)

Business Debtor Enquiry

File Currency: **06JAN 2025****Search Criteria: ROYAL HELIUM EXPLORATION LIMITED****No Match.****No registered financing statement or registered claim for lien was found for this enquiry.**[New Enquiry](#)

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[ServiceOntario Contact Centre](#)Web Page ID: **WNoMatch001**System Date: **07JAN2025**

Last Modified: December 08, 2024

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Search ID #: Z18236549

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #:

Search ID #: Z18236549

Date of Search: 2025-Jan-07

Time of Search: 07:29:54

Business Debtor Search For:

ROYAL HELIUM EXPLORATION LIMITED

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z18236549

Business Debtor Search For:

ROYAL HELIUM EXPLORATION LIMITED

Search ID #: Z18236549

Date of Search: 2025-Jan-07

Time of Search: 07:29:54

Registration Number: 23020728082

Registration Type: SECURITY AGREEMENT

Registration Date: 2023-Feb-07

Registration Status: Current

Expiry Date: 2034-Feb-07 23:59:59

Exact Match on:

Debtor

No: 5

Amendments to Registration

23070545883

Amendment

2023-Jul-05

Debtor(s)

Block

Status

Current

1 IMPERIAL HELIUM CORP.
2500 PARK PLACE, 666 BURRARD STREET
VANCOUVER, BC V6C 2X8

Block

Status

Current

2 IMPERIAL HELIUM CORP.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Block

Status

Current

3 ROYAL HELIUM LTD.
602, 224 - 4 AVENUE SOUTH
SASKATOON, SK S7K 5M5

Block

Status

Current

4 ROYAL HELIUM LTD.
800, 230 - 22 STREET
SASKATOON, SK S7K 0E9

Block

Status

Current

5 ROYAL HELIUM EXPLORATION LTD.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Search ID #: Z18236549

Secured Party / Parties

Block

1 BUSINESS DEVELOPMENT BANK OF CANADA
BOX 6,505 BURRARD ST
VANCOUVER, BC V7X 1M3
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Deleted by
23070545883

Block

2 BUSINESS DEVELOPMENT BANK OF CANADA
1500 - 1133 MELVILLE STREET
VANCOUVER, BC V6E 4E5
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Current by
23070545883

Collateral: General

Block

Description

1 All present and after-acquired personal property of the Debtors plus proceeds: goods, chattel paper, investment property, documents of title, instruments, money and intangibles.

Status

Current

Search ID #: Z18236549

Business Debtor Search For:

ROYAL HELIUM EXPLORATION LIMITED

Search ID #: Z18236549

Date of Search: 2025-Jan-07

Time of Search: 07:29:54

Registration Number: 23032429607

Registration Type: LAND CHARGE

Registration Date: 2023-Mar-24

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 5

Amendments to Registration

23032922953

Amendment

2023-Mar-29

23070645039

Amendment

2023-Jul-06

Debtor(s)

Block

Status

1 IMPERIAL HELIUM CORP.
2500 PARK PLACE, 666 BURRARD STREET
VANCOUVER, BC V6C 2X8

Current

Block

Status

2 IMPERIAL HELIUM CORP.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Current by
23032922953

Block

Status

3 ROYAL HELIUM LTD.
602, 224 - 4 AVENUE SOUTH
SASKATOON, SK S7K 5M5

Current by
23032922953

Block

Status

4 ROYAL HELIUM LTD.
800, 230 - 22 STREET
SASKATOON, SK S7K 0E9

Current by
23032922953

Search ID #: Z18236549

Block

5 ROYAL HELIUM EXPLORATION LTD.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Status

Current by
23032922953

Secured Party / Parties

Block

1 BUSINESS DEVELOPMENT BANK OF CANADA
BOX 6,505 BURRARD ST
VANCOUVER, BC V7X 1M3
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Deleted by
23070645039

Block

2 BUSINESS DEVELOPMENT BANK OF CANADA
1500 - 1133 MELVILLE STREET
VANCOUVER, BC V6E 4E5
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Current by
23070645039

Search ID #: Z18236549

Business Debtor Search For:

ROYAL HELIUM EXPLORATION LIMITED

Search ID #: Z18236549

Date of Search: 2025-Jan-07

Time of Search: 07:29:54

Registration Number: 23033010224

Registration Type: LAND CHARGE

Registration Date: 2023-Mar-30

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 2

Debtor(s)

Block

Status

Current

1 IMPERIAL HELIUM CORP.
602, 224 - 4TH AVE S
SASKATOON, SK S7K 5M5

Block

Status

Current

2 ROYAL HELIUM EXPLORATION LIMITED
602, 224 - 4TH AVE S
SASKATOON, SK S7K 5M5

Block

Status

Current

3 ROYAL HELIUM LTD.
602, 224 - 4TH AVE S
SASKATOON, SK S7K 5M5

Secured Party / Parties

Block

Status

Current

1 CANADIAN WESTERN BANK
SUITE 300, 606 - 4TH STREET S.W.
CALGARY, AB T2P 1T1
Email: CSPR.CollSec@cwbank.com

Search ID #: Z18236549

Business Debtor Search For:

ROYAL HELIUM EXPLORATION LIMITED

Search ID #: Z18236549

Date of Search: 2025-Jan-07

Time of Search: 07:29:54

Registration Number: 24112111390

Registration Type: SECURITY AGREEMENT

Registration Date: 2024-Nov-21

Registration Status: Current

Expiry Date: 2029-Nov-21 23:59:59

Exact Match on: Debtor No: 2

Debtor(s)

<u>Block</u>		<u>Status</u>
1	IMPERIAL HELIUM CORP. 602, 224 - 4TH AVE S SASKATOON, SK S7K 5M5	Current
<u>Block</u>		<u>Status</u>
2	ROYAL HELIUM EXPLORATION LIMITED 602, 224 - 4TH AVE S SASKATOON, SK S7K 5M5	Current
<u>Block</u>		<u>Status</u>
3	ROYAL HELIUM LTD. 602, 224 - 4TH AVE S SASKATOON, SK S7K 5M5	Current

Secured Party / Parties

<u>Block</u>		<u>Status</u>
1	CANADIAN WESTERN BANK SUITE 300, 606 - 4TH STREET SW CALGARY, AB T2P 1T1 Email: CSPR.COLLSEC@CWBANK.COM	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	ALL PRESENT AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) OF WHATSOEVER NATURE AND KIND AND WHERESOEVER SITUATE. PROCEEDS: ALL PRESENTLY OWNED AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) RELATING TO THE FOREGOING.	Current

Search ID #: Z18236549

- | | | |
|---|--|---------|
| 2 | THE SUM OF FIVE HUNDRED SIXTY SEVEN THOUSAND DOLLARS (\$567,000) NOW OR HEREAFTER STANDING TO THE CREDIT OF THE DEBTORS (OR ANY ONE OF MORE OF THEM) AND ALL INTEREST ACCRUED OR EARNED THEREON IN AN ACCOUNT(S) AT THE SECURED PARTY. | Current |
|---|--|---------|

Result Complete



Saskatchewan Personal Property Registry Search Result

Searching Party: Centro Legal Works Inc.
Search Date: 07-Jan-2025 08:29:55
Search Type: Standard

Search #: 204629441
Client Reference:
Control #:

Search Criteria

Search By: Business Debtor Name

Business Name

Royal Helium Exploration Limited

The following list displays all matches & indicates the ones that were selected.

2 Registration(s) Found: Exacts (2) - Similar (0)

Selected	Match	Reg #	Registration Type	Debtor Name	City	Enforcement Instruction Reg #
Yes	Exact	302384642	Personal Property Security Agreement	Royal Helium Exploration Limited	Saskatoon	N/A
Yes	Exact	302402488	Personal Property Security Agreement	ROYAL HELIUM EXPLORATION LIMITED	SASKATOON	N/A



Saskatchewan Personal Property Registry Search Result

Current - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 03-Feb-2023 08:29:41

Registration #: 302384642
Expiry Date: 28-Jun-2034

Event Type: Amendment
Transaction Reason: Regular

Transaction Description: Global Change

Notations

Trust Indenture: No

Registrant

Party ID:	154161893-1	Address:	1500 - 1133 Melville Street
Entity Type:	Business		Vancouver, British Columbia
Name:	Business Development Bank of Canada		V6E4E5 Canada

Secured Party

Item #:	1	Address:	1500 - 1133 Melville Street
Party ID:	154161893-1		Vancouver, British Columbia
Entity Type:	Business		V6E4E5
Name:	Business Development Bank of Canada		Canada

Debtor Party

Item #:	1	Address:	Suite 2500 Park Place, 666 Burrard Street
Party ID:	154076775-1		Vancouver, British Columbia
Entity Type:	Business		V6C2X8
Name:	Imperial Helium Corp.		Canada
Item #:	2	Address:	602-224 4th Avenue South
Party ID:	154076776-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Ltd.		Canada
* Item #:	3	Address:	602-224 4th Avenue South
Party ID:	154076777-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Exploration Limited		Canada

General Property

All present and after-acquired personal property of the debtor.

History - Setup

Registration Type: Personal Property Security Agreement
Registration Date: 03-Feb-2023 08:29:41

Registration #: 302384642
Transaction #: 1
Expiry Date: 28-Jun-2034

Event Type: Setup
Transaction Reason: Regular



Saskatchewan Personal Property Registry Search Result

Transaction Description: Registration of General Security Agreement

Notations

Trust Indenture: No

Registrant

Party ID:	152754244-1	Address:	336 - 6th Avenue North
Entity Type:	Business		Saskatoon, Saskatchewan
Name:	Leland Kimpinski LLP		S7K2S5 Canada

Secured Party

Item #:	1	Address:	135 - 21 Street East
Party ID:	150029358-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K0B4
Name:	Business Development Bank of Canada		Canada

Debtor Party

Item #:	1	Address:	Suite 2500 Park Place, 666 Burrard Street
Party ID:	154076775-1		Vancouver, British Columbia
Entity Type:	Business		V6C2X8
Name:	Imperial Helium Corp.		Canada
Item #:	2	Address:	602-224 4th Avenue South
Party ID:	154076776-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Ltd.		Canada
Item #:	3	Address:	602-224 4th Avenue South
Party ID:	154076777-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Exploration Limited		Canada

General Property

All present and after-acquired personal property of the debtor.

History - Amendment

Amendment Date: 20-Jun-2023 01:06:26

Registration #: 302384642

Transaction #: 2

Event Type: Amendment

Transaction Reason: Regular

Transaction Description: Global Change



Saskatchewan Personal Property Registry Search Result

Registrant

Party ID:	154161893-1	Address:	1500 - 1133 Melville Street
Entity Type:	Business		Vancouver, British Columbia
Name:	Business Development Bank of Canada		V6E4E5
			Canada

Secured Party

Action:	Update	Address:	1500 - 1133 Melville Street
Item #:	1		Vancouver, British Columbia
Party ID:	154161893-1		V6E4E5
Entity Type:	Business		Canada
Name:	Business Development Bank of Canada		



Saskatchewan Personal Property Registry Search Result

Current - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 31-Mar-2023 10:54:28

Registration #: 302402488
Expiry Date: 31-Mar-2028

Event Type: Setup
Transaction Reason: Regular

Notations

Trust Indenture: No

Registrant

Party ID:	153171375-1	Address:	1200, 10123 99 St NW
Entity Type:	Business		Edmonton, Alberta
Name:	ELDOR-WAL REGISTRATION (1987) LTD.		T5J3H1 Canada

Secured Party

Item #:	1	Address:	SUITE 300, 606 - 4TH STREET S.W.
Party ID:	154109420-1		CALGARY, Alberta
Entity Type:	Business		T2P1T1
Name:	CANADIAN WESTERN BANK		Canada

Debtor Party

Item #:	1	Address:	602-224 4TH AVE S
Party ID:	154109421-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	IMPERIAL HELIUM CORP.		Canada
* Item #:	2	Address:	602-224 4TH AVE S
Party ID:	154109422-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	ROYAL HELIUM EXPLORATION LIMITED		Canada
Item #:	3	Address:	602-224 4TH AVE S
Party ID:	154109423-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	ROYAL HELIUM LTD.		Canada

General Property

ALL PRESENT AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) OF WHATSOEVER NATURE AND KIND AND WHERESOEVER SITUATE. AN UNCRYSTALLIZED FLOATING CHARGE ON LAND.
PROCEEDS: ALL PRESENTLY OWNED AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) RELATING TO THE FOREGOING.

End of Search Result

THIS IS **EXHIBIT "II"** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

ServiceOntario[Login](#) [New Enquiry](#) [Rate Our Service](#)

Business Debtor Enquiry

File Currency: **06JAN 2025****Search Criteria: IMPERIAL HELIUM CORP.****No Match.****No registered financing statement or registered claim for lien was found for this enquiry.**[New Enquiry](#)

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Last Modified: December 08, 2024

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Search ID #: Z18236550

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881
Phone #: 780 429 5969
Reference #:

Search ID #: Z18236550

Date of Search: 2025-Jan-07

Time of Search: 07:30:51

Business Debtor Search For:

IMPERIAL HELIUM CORP.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z18236550

Business Debtor Search For:

IMPERIAL HELIUM CORP.

Search ID #: Z18236550

Date of Search: 2025-Jan-07

Time of Search: 07:30:51

Registration Number: 23020728082

Registration Type: SECURITY AGREEMENT

Registration Date: 2023-Feb-07

Registration Status: Current

Expiry Date: 2034-Feb-07 23:59:59

Exact Match on: Debtor No: 1

Exact Match on: Debtor No: 2

Amendments to Registration

23070545883

Amendment

2023-Jul-05

Debtor(s)

Block

Status

1 IMPERIAL HELIUM CORP.
2500 PARK PLACE, 666 BURRARD STREET
VANCOUVER, BC V6C 2X8

Current

Block

Status

2 IMPERIAL HELIUM CORP.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Current

Block

Status

3 ROYAL HELIUM LTD.
602, 224 - 4 AVENUE SOUTH
SASKATOON, SK S7K 5M5

Current

Block

Status

4 ROYAL HELIUM LTD.
800, 230 - 22 STREET
SASKATOON, SK S7K 0E9

Current

Search ID #: Z18236550

Block

5 ROYAL HELIUM EXPLORATION LTD.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Status

Current

Secured Party / Parties

Block

1 BUSINESS DEVELOPMENT BANK OF CANADA
BOX 6,505 BURRARD ST
VANCOUVER, BC V7X 1M3
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Deleted by
23070545883

Block

2 BUSINESS DEVELOPMENT BANK OF CANADA
1500 - 1133 MELVILLE STREET
VANCOUVER, BC V6E 4E5
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Current by
23070545883

Collateral: General

Block

Description

1 All present and after-acquired personal property of the Debtors plus proceeds: goods, chattel paper, investment property, documents of title, instruments, money and intangibles.

Status

Current

Search ID #: Z18236550

Business Debtor Search For:

IMPERIAL HELIUM CORP.

Search ID #: Z18236550

Date of Search: 2025-Jan-07

Time of Search: 07:30:51

Registration Number: 23032429607

Registration Date: 2023-Mar-24

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 1

Exact Match on: Debtor No: 2

Amendments to Registration

23032922953	Amendment	2023-Mar-29
23070645039	Amendment	2023-Jul-06

Debtor(s)

Block

Status

1 IMPERIAL HELIUM CORP.
2500 PARK PLACE, 666 BURRARD STREET
VANCOUVER, BC V6C 2X8

Current

Block

Status

2 IMPERIAL HELIUM CORP.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Current by
23032922953

Block

Status

3 ROYAL HELIUM LTD.
602, 224 - 4 AVENUE SOUTH
SASKATOON, SK S7K 5M5

Current by
23032922953

Block

Status

4 ROYAL HELIUM LTD.
800, 230 - 22 STREET
SASKATOON, SK S7K 0E9

Current by
23032922953

Search ID #: Z18236550

Block

5 ROYAL HELIUM EXPLORATION LTD.
C/O 501, 304 - 8 AVENUE SW
CALGARY, AB T2P 1C2

Status

Current by
23032922953

Secured Party / Parties

Block

1 BUSINESS DEVELOPMENT BANK OF CANADA
BOX 6,505 BURRARD ST
VANCOUVER, BC V7X 1M3
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Deleted by
23070645039

Block

2 BUSINESS DEVELOPMENT BANK OF CANADA
1500 - 1133 MELVILLE STREET
VANCOUVER, BC V6E 4E5
Phone #: 604 666 1916 Fax #: 604 666 1573
Email: legalwfsc@bdc.ca

Status

Current by
23070645039

Search ID #: Z18236550

Business Debtor Search For:

IMPERIAL HELIUM CORP.

Search ID #: Z18236550

Date of Search: 2025-Jan-07

Time of Search: 07:30:51

Registration Number: 23033010224

Registration Date: 2023-Mar-30

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 1

Debtor(s)

Block

Status

1 IMPERIAL HELIUM CORP.
602, 224 - 4TH AVE S
SASKATOON, SK S7K 5M5

Current

Block

Status

2 ROYAL HELIUM EXPLORATION LIMITED
602, 224 - 4TH AVE S
SASKATOON, SK S7K 5M5

Current

Block

Status

3 ROYAL HELIUM LTD.
602, 224 - 4TH AVE S
SASKATOON, SK S7K 5M5

Current

Secured Party / Parties

Block

Status

1 CANADIAN WESTERN BANK
SUITE 300, 606 - 4TH STREET S.W.
CALGARY, AB T2P 1T1
Email: CSPR.CollSec@cwbank.com

Current

Search ID #: Z18236550

Business Debtor Search For:

IMPERIAL HELIUM CORP.

Search ID #: Z18236550

Date of Search: 2025-Jan-07

Time of Search: 07:30:51

Registration Number: 23080108668

Registration Date: 2023-Aug-01

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2033-Aug-01 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block

Status

Current

1 IMPERIAL HELIUM CORP.
350 7 AVENUE SW #1000
CALGARY, AB T2P 3N9

Secured Party / Parties

Block

Status

Current

1 CERTARUS LTD.
3400, 308 - 4TH AVENUE S.W.
CALGARY, AB T2P 0H7
Email: nlinn@certarus.com

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	2C9HSU2R1PM183870	2023	CROSS COUNTRY C442-TANDEM	TR - Trailer	Current
2	2C9HSU2R1PM183884	2023	CROSS COUNTRY C442-TANDEM	TR - Trailer	Current
3	2C9HSU2R5PM183886	2023	CROSS COUNTRY C442-TANDEM	TR - Trailer	Current

Search ID #: Z18236550

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	<p>ONE (1) 2023 CROSS COUNTRY C442 - TANDEM S/N 2C9HSU2R1PM183870 AFFIXING ONE (1) 2023 HEXAGON TITAN T4 40' WITH LCIU NUMBER: 565513, ONE (1) 2023 CROSS COUNTRY C442 - TANDEM S/N 2C9HSU2R1PM183884 AFFIXING ONE (1) 2023 HEXAGON TITAN T4 40' WITH LCIU NUMBER: 573393, AND ONE (1) 2023 CROSS COUNTRY C442 - TANDEM S/N 2C9HSU2R5PM183886 AFFIXING ONE (1) 2023 HEXAGON TITAN T4 40' WITH LCIU NUMBER: 573391 TOGETHER WITH ALL PRESENT AND FUTURE ATTACHMENTS, ACCESSORIES, ADDITIONS, EXCHANGES, REPLACEMENT PARTS, REPAIRS AND ALL PROCEEDS THEREOF.</p> <p>PROCEEDS: GOODS, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.</p>	Current

Search ID #: Z18236550

Business Debtor Search For:

IMPERIAL HELIUM CORP.

Search ID #: Z18236550

Date of Search: 2025-Jan-07

Time of Search: 07:30:51

Registration Number: 23082417109

Registration Type: SECURITY AGREEMENT

Registration Date: 2023-Aug-24

Registration Status: Current

Expiry Date: 2028-Aug-24 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 IMPERIAL HELIUM CORP.
602, 224 - 4TH AVE S
SASKATOON, SK S7K 5M5

Current

Secured Party / Parties

Block

Status

1 CANADIAN WESTERN BANK
SUITE 300, 606 - 4TH STREET S.W.
CALGARY, AB T2P 1T1
Email: CSPR.CollSec@cwbank.com

Current

Collateral: General

Block

Description

Status

1 THE ENTIRE RIGHT, TITLE, CLAIM AND INTEREST OF THE DEBTOR IN AND TO ALL MONIES OWING AND PAYABLE OR HEREAFTER OWING AND PAYABLE TO THE DEBTOR PURSUANT TO THE TERMS OF THE INSTRUMENT, OR INSTRUMENTS, INCLUDING ALL RENEWALS, REPLACEMENTS AND SUBSTITUTIONS DESCRIBED AS ASSIGNMENT OF BANK INSTRUMENT IN THE AMOUNT OF \$170000 COVERING CERTIFICATE # 101017643216 AND ALL PROCEEDS THEREOF.

Current

Search ID #: Z18236550

Business Debtor Search For:

IMPERIAL HELIUM CORP.

Search ID #: Z18236550

Date of Search: 2025-Jan-07

Time of Search: 07:30:51

Registration Number: 24022225032

Registration Date: 2024-Feb-22

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2034-Feb-22 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block

Status

Current

1 IMPERIAL HELIUM CORP.
350 7 AVENUE SW #1000
CALGARY, AB T2P 3N9

Secured Party / Parties

Block

Status

Current

1 CERTARUS LTD.
3400, 308 - 4TH AVENUE S.W.
CALGARY, AB T2P 0H7
Email: nlinn@certarus.com

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	2C9HGU2R3RM183289	2023	CROSS COUNTRY C442-TANDEM	TR - Trailer	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	ONE (1) 2023 CROSS COUNTRY C442 - TANDEM S/N 2C9HGU2R3RM183289 AFFIXING ONE (1) 2023 HEXAGON TITAN T4 40' WITH LCIU NUMBER: 596895 TOGETHER WITH ALL PRESENT AND FUTURE ATTACHMENTS, ACCESSORIES, ADDITIONS, EXCHANGES, REPLACEMENT PARTS, REPAIRS AND ALL PROCEEDS THEREOF. PROCEEDS: GOODS, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.	Current

Search ID #: Z18236550

Business Debtor Search For:

IMPERIAL HELIUM CORP.

Search ID #: Z18236550

Date of Search: 2025-Jan-07

Time of Search: 07:30:51

Registration Number: 24091102404

Registration Type: LAND CHARGE

Registration Date: 2024-Sep-11

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 IMPERIAL HELIUM CORP.
602, 224 - 4TH AVENUE SOUTH
SASKATOON, SK S7K 5M5

Current

Block

Status

2 ROYAL HELIUM LTD.
602, 224 - 4TH AVENUE SOUTH
SASKATOON, SK S7K 5M5

Current

Secured Party / Parties

Block

Status

1 REMOTE POWER CORP.
214, 908 - 17 AVENUE SW
CALGARY, AB T2T 0A3
Email: alex@remotepowercorp.com

Current

Search ID #: Z18236550

Business Debtor Search For:

IMPERIAL HELIUM CORP.

Search ID #: Z18236550

Date of Search: 2025-Jan-07

Time of Search: 07:30:51

Registration Number: 24091107657

Registration Date: 2024-Sep-11

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2029-Sep-11 23:59:59

Exact Match on:

Debtor

No: 3

Amendments to Registration

24100930727

Amendment

2024-Oct-09

Debtor(s)

Block

1 IMPERIAL HELIUM CORP.
602, 224 - 4TH AVENUE SOUTH
SASKATOON, SK S7K 5M5

Status

Deleted by
24100930727

Block

2 ROYAL HELIUM LTD.
602, 224 - 4TH AVENUE SOUTH
SASKATOON, SK S7K 5M5

Status

Current

Block

3 IMPERIAL HELIUM CORP.
SUITE 2500 PARK PLACE, 666 BURRARD ST
VANCOUVER, BC V6C 2X8

Status

Current by
24100930727

Secured Party / Parties

Block

1 REMOTE POWER CORP.
214, 908 - 17 AVENUE SW
CALGARY, AB T2T 0A3
Email: alex@remotepowercorp.com

Status

Current

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	7KNP31684LM000028	2020	TEMCO FLBTR	TR - Trailer	Current

Search ID #: Z18236550

2	7KNP31684PM000052	2023	TEMCO FLBTR	TR - Trailer	Current
3	7KNP31683NM000430	2022	TEMCO FLBTR	TR - Trailer	Deleted By 24100930727
4	7KNP31686PM000022	2023	TEMCO FLBTR	TR - Trailer	Deleted By 24100930727
5	7KNP31689PM000032	2023	TEMCO FLBTR	TR - Trailer	Deleted By 24100930727
6	7KNP31689NM000366	2022	TEMCO FLBTR	TR - Trailer	Deleted By 24100930727
7	7KNP3105XPM000071	2023	TEMCO FLBTR	TR - Trailer	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	AS PER LEASE AGREEMENT DATED APRIL 27, 2023 TOGETHER WITH ALL INVENTORY AND EQUIPMENT NOW OR HEREAFTER ACQUIRED BY THE DEBTOR AND FINANCED BY THE SECURED PARTY TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THE COLLATERAL OR PROCEEDS THEREOF, AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, CHATTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE, SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.	Deleted By 24100930727
2	ONE 2020 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-20-057 DESCRIPTION 350KW 480V/208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END TRAILER VIN: 7KNP31684LM000028 ENGINE SN: EZYOF904290 BUILD DATE: 01/23/2020.	Deleted By 24100930727
3	ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-23-006 DESCRIPTION 350KW 480V/208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END VIN: 7KNP31684PM000052 ENGINE SN: EZYOF105033 BUILD DATE: 2/10/2023.	Deleted By 24100930727
4	ONE 2022 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-23-032 DESCRIPTION 350KW 480V/208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL: N21D157934 VIN: 7KNP31683NM000430 ENGINE SN: EZYOF205540 BUILD DATE: 6/16/2023.	Deleted By 24100930727
5	ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT NUMBER 22-23-033 DESCRIPTION 350KW 480V/208V NATURAL GAS-PROPANE GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL: N21D157647 VIN: 7KNP31686PM000022 ENGINE SN: EZYOF025555 BUILD DATE: 6/16/2023.	Deleted By 24100930727

Search ID #: Z18236550

- | | | |
|---|---|---------------------------|
| 6 | ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT
NUMBER 22-23-034 DESCRIPTION 350KW 480V/208V, NATURAL GAS-PROPANE
GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE
ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL:
N22A052662 VIN: 7KNP31689PM000032 ENGINE SN: EZYOF305607 BUILD DATE:
6/5/2023. | Deleted By
24100930727 |
| 7 | ONE 2022 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT
NUMBER 22-23-040 DESCRIPTION 350KW 480V/208V NATURAL GAS-PROPANE
GENERATOR MESA NATURAL GAS SOLUTIONS TRAILER MOUNTED WHITE
ENCLOSURE DOOSAN-PSI ENGINE STAMFORD GENERATOR END GEN SERIAL:
N22I351277 VIN: 7KNP31689NM000366 ENGINE SN: EZYOF305614 BUILD DATE:
6/19/2023. | Deleted By
24100930727 |
| 8 | ONE 2023 TEMCO FLBTR CIRCUIT BREAKER PANEL TRAILER BEARING UNIT
NUMBER CB6-600-041 DESCRIPTION CIRCUIT BREAKER PANEL TRAILER MESA
NATURAL GAS SOLUTIONS TRAILER MOUNTED COMMON BUS WITH BREAKER
DISCONNECTS SERIAL NUMBER 7KNP3105XPM000071. | Deleted By
24100930727 |
| 9 | ALL INVENTORY AND EQUIPMENT NOW AND HEREAFTER RENTED, LEASED OR
ACQUIRED BY THE DEBTOR FROM THE SECURED PARTY, INCLUDING, WITHOUT
LIMITATION, ALL TRAILERS, GENERATORS, BREAKER PANELS, AND ENGINES,
TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, ACCESSIONS,
REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO,
AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM
ANY DEALING WITH THE COLLATERAL, INCLUDING ALL MONEY, CHEQUES,
DEPOSITS IN DEPOSIT-TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE,
RENTS OR OTHER PAYMENTS ARISING FROM THE USE OF THE COLLATERAL,
CHATTTEL PAPER, INSTRUMENTS, INTANGIBLES, DOCUMENTS OF TITLE,
SECURITIES, AND RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENTS
AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL. | Current By
24100930727 |

Search ID #: Z18236550

Business Debtor Search For:

IMPERIAL HELIUM CORP.

Search ID #: Z18236550

Date of Search: 2025-Jan-07

Time of Search: 07:30:51

Registration Number: 24112111390

Registration Date: 2024-Nov-21

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2029-Nov-21 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

<u>Block</u>		<u>Status</u>
1	IMPERIAL HELIUM CORP. 602, 224 - 4TH AVE S SASKATOON, SK S7K 5M5	Current

<u>Block</u>		<u>Status</u>
2	ROYAL HELIUM EXPLORATION LIMITED 602, 224 - 4TH AVE S SASKATOON, SK S7K 5M5	Current

<u>Block</u>		<u>Status</u>
3	ROYAL HELIUM LTD. 602, 224 - 4TH AVE S SASKATOON, SK S7K 5M5	Current

Secured Party / Parties

<u>Block</u>		<u>Status</u>
1	CANADIAN WESTERN BANK SUITE 300, 606 - 4TH STREET SW CALGARY, AB T2P 1T1 Email: CSPR.COLLSEC@CWBANK.COM	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	ALL PRESENT AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) OF WHATSOEVER NATURE AND KIND AND WHERESOEVER SITUATE. PROCEEDS: ALL PRESENTLY OWNED AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) RELATING TO THE FOREGOING.	Current

Search ID #: Z18236550

2	THE SUM OF FIVE HUNDRED SIXTY SEVEN THOUSAND DOLLARS (\$567,000) NOW OR HEREAFTER STANDING TO THE CREDIT OF THE DEBTORS (OR ANY ONE OF MORE OF THEM) AND ALL INTEREST ACCRUED OR EARNED THEREON IN AN ACCOUNT(S) AT THE SECURED PARTY.	Current
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Result Complete



Saskatchewan Personal Property Registry Search Result

Searching Party: Centro Legal Works Inc.
Search Date: 07-Jan-2025 08:30:25
Search Type: Standard

Search #: 204629443
Client Reference:
Control #:

Search Criteria

Search By: Business Debtor Name

Business Name

Imperial Helium Corp.

The following list displays all matches & indicates the ones that were selected.

4 Registration(s) Found: Exacts (4) - Similar (0)

Selected	Match	Reg #	Registration Type	Debtor Name	City	Enforcement Instruction Reg #
Yes	Exact	302384642	Personal Property Security Agreement	Imperial Helium Corp.	Vancouver	N/A
Yes	Exact	302402488	Personal Property Security Agreement	IMPERIAL HELIUM CORP.	SASKATOON	N/A
Yes	Exact	302449197	Personal Property Security Agreement	IMPERIAL HELIUM CORP.	CALGARY	N/A
Yes	Exact	302518948	Personal Property Security Agreement	IMPERIAL HELIUM CORP.	CALGARY	N/A



Saskatchewan Personal Property Registry Search Result

Current - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 03-Feb-2023 08:29:41

Registration #: 302384642
Expiry Date: 28-Jun-2034

Event Type: Amendment
Transaction Reason: Regular

Transaction Description: Global Change

Notations

Trust Indenture: No

Registrant

Party ID:	154161893-1	Address:	1500 - 1133 Melville Street
Entity Type:	Business		Vancouver, British Columbia
Name:	Business Development Bank of Canada		V6E4E5 Canada

Secured Party

Item #:	1	Address:	1500 - 1133 Melville Street
Party ID:	154161893-1		Vancouver, British Columbia
Entity Type:	Business		V6E4E5
Name:	Business Development Bank of Canada		Canada

Debtor Party

* Item #:	1	Address:	Suite 2500 Park Place, 666 Burrard Street
Party ID:	154076775-1		Vancouver, British Columbia
Entity Type:	Business		V6C2X8
Name:	Imperial Helium Corp.		Canada
Item #:	2	Address:	602-224 4th Avenue South
Party ID:	154076776-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Ltd.		Canada
Item #:	3	Address:	602-224 4th Avenue South
Party ID:	154076777-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Exploration Limited		Canada

General Property

All present and after-acquired personal property of the debtor.

History - Setup

Registration Type: Personal Property Security Agreement
Registration Date: 03-Feb-2023 08:29:41

Registration #: 302384642
Transaction #: 1
Expiry Date: 28-Jun-2034

Event Type: Setup
Transaction Reason: Regular



Saskatchewan Personal Property Registry Search Result

Transaction Description: Registration of General Security Agreement

Notations

Trust Indenture: No

Registrant

Party ID:	152754244-1	Address:	336 - 6th Avenue North
Entity Type:	Business		Saskatoon, Saskatchewan
Name:	Leland Kimpinski LLP		S7K2S5 Canada

Secured Party

Item #:	1	Address:	135 - 21 Street East
Party ID:	150029358-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K0B4
Name:	Business Development Bank of Canada		Canada

Debtor Party

Item #:	1	Address:	Suite 2500 Park Place, 666 Burrard Street
Party ID:	154076775-1		Vancouver, British Columbia
Entity Type:	Business		V6C2X8
Name:	Imperial Helium Corp.		Canada
Item #:	2	Address:	602-224 4th Avenue South
Party ID:	154076776-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Ltd.		Canada
Item #:	3	Address:	602-224 4th Avenue South
Party ID:	154076777-1		Saskatoon, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	Royal Helium Exploration Limited		Canada

General Property

All present and after-acquired personal property of the debtor.

History - Amendment

Amendment Date: 20-Jun-2023 01:06:26

Registration #: 302384642

Transaction #: 2

Event Type: Amendment

Transaction Reason: Regular

Transaction Description: Global Change



Saskatchewan Personal Property Registry Search Result

Registrant

Party ID:	154161893-1	Address:	1500 - 1133 Melville Street
Entity Type:	Business		Vancouver, British Columbia
Name:	Business Development Bank of Canada		V6E4E5
			Canada

Secured Party

Action:	Update	Address:	1500 - 1133 Melville Street
Item #:	1		Vancouver, British Columbia
Party ID:	154161893-1		V6E4E5
Entity Type:	Business		Canada
Name:	Business Development Bank of Canada		



Saskatchewan Personal Property Registry Search Result

Current - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 31-Mar-2023 10:54:28

Registration #: 302402488
Expiry Date: 31-Mar-2028

Event Type: Setup
Transaction Reason: Regular

Notations

Trust Indenture: No

Registrant

Party ID:	153171375-1	Address:	1200, 10123 99 St NW
Entity Type:	Business		Edmonton, Alberta
Name:	ELDOR-WAL REGISTRATION (1987) LTD.		T5J3H1 Canada

Secured Party

Item #:	1	Address:	SUITE 300, 606 - 4TH STREET S.W.
Party ID:	154109420-1		CALGARY, Alberta
Entity Type:	Business		T2P1T1
Name:	CANADIAN WESTERN BANK		Canada

Debtor Party

* Item #:	1	Address:	602-224 4TH AVE S
Party ID:	154109421-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	IMPERIAL HELIUM CORP.		Canada
Item #:	2	Address:	602-224 4TH AVE S
Party ID:	154109422-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	ROYAL HELIUM EXPLORATION LIMITED		Canada
Item #:	3	Address:	602-224 4TH AVE S
Party ID:	154109423-1		SASKATOON, Saskatchewan
Entity Type:	Business		S7K5M5
Name:	ROYAL HELIUM LTD.		Canada

General Property

ALL PRESENT AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) OF WHATSOEVER NATURE AND KIND AND WHERESOEVER SITUATE. AN UNCRYSTALLIZED FLOATING CHARGE ON LAND.
PROCEEDS: ALL PRESENTLY OWNED AND HEREAFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTORS (OR ANY ONE OR MORE OF THEM) RELATING TO THE FOREGOING.



Saskatchewan Personal Property Registry Search Result

Current - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 01-Aug-2023 08:28:42

Registration #: 302449197
Expiry Date: 01-Aug-2033

Event Type: Setup
Transaction Reason: Regular

Notations

Trust Indenture: No

Registrant

Party ID:	153171375-1	Address:	1200, 10123 99 St NW
Entity Type:	Business		Edmonton, Alberta
Name:	ELDOR-WAL REGISTRATION (1987) LTD.		T5J3H1 Canada

Secured Party

Item #:	1	Address:	3400, 308 - 4TH AVENUE S.W.
Party ID:	154037633-1		CALGARY, Alberta
Entity Type:	Business		T2P0H7
Name:	CERTARUS LTD.		Canada

Debtor Party

* Item #:	1	Address:	350 7 AVENUE SW #1000
Party ID:	154190775-1		CALGARY, Alberta
Entity Type:	Business		T2P3N9
Name:	IMPERIAL HELIUM CORP.		Canada

Serial Property

Item #:	1	Year:	2023
Serial Type:	Trailer	Make/Desc:	CROSS COUNTRY C442-TANDEM
Serial #:	2C9HSU2R1PM183870	Model:	
Override:	No	Color:	
Item #:	2	Year:	2023
Serial Type:	Trailer	Make/Desc:	CROSS COUNTRY C442-TANDEM
Serial #:	2C9HSU2R1PM183884	Model:	
Override:	No	Color:	
Item #:	3	Year:	2023
Serial Type:	Trailer	Make/Desc:	CROSS COUNTRY C442-TANDEM
Serial #:	2C9HSU2R5PM183886	Model:	
Override:	No	Color:	

General Property

ONE (1) 2023 CROSS COUNTRY C442 – TANDEM S/N 2C9HSU2R1PM183870 AFFIXING ONE (1) 2023 HEXAGON TITAN T4 40' WITH LCIU NUMBER: 565513, ONE (1) 2023 CROSS COUNTRY C442 - TANDEM S/N 2C9HSU2R1PM183884 AFFIXING ONE (1) 2023 HEXAGON TITAN T4 40' WITH LCIU NUMBER: 573393, AND ONE (1) 2023 CROSS COUNTRY C442 - TANDEM S/N 2C9HSU2R5PM183886 AFFIXING ONE (1) 2023 HEXAGON TITAN T4 40' WITH LCIU NUMBER: 573391 TOGETHER WITH ALL PRESENT AND FUTURE ATTACHMENTS, ACCESSORIES, ADDITIONS, EXCHANGES, REPLACEMENT PARTS, REPAIRS AND ALL PROCEEDS THEREOF.

PROCEEDS: GOODS, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.



**Saskatchewan
Personal Property Registry
Search Result**





Saskatchewan Personal Property Registry Search Result

Current - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 22-Feb-2024 15:45:37

Registration #: 302518948
Expiry Date: 20-Feb-2034

Event Type: Setup
Transaction Reason: Regular

Notations

Trust Indenture: No

Registrant

Party ID:	153171375-1	Address:	1200, 10123 99 St NW
Entity Type:	Business		Edmonton, Alberta
Name:	ELDOR-WAL REGISTRATION (1987) LTD.		T5J3H1 Canada

Secured Party

Item #:	1	Address:	3400, 308 - 4TH AVENUE S.W.
Party ID:	154037633-1		CALGARY, Alberta
Entity Type:	Business		T2P0H7
Name:	CERTARUS LTD.		Canada

Debtor Party

* Item #:	1	Address:	350 7 AVENUE SW #1000
Party ID:	154190775-1		CALGARY, Alberta
Entity Type:	Business		T2P3N9
Name:	IMPERIAL HELIUM CORP.		Canada

Serial Property

Item #:	1	Year:	2023
Serial Type:	Trailer	Make/Desc:	CROSS COUNTRY
Serial #:	2C9HGU2R3RM183289	Model:	C442-TANDEM
Override:	No	Color:	

General Property

ONE (1) 2023 CROSS COUNTRY C442 – TANDEM S/N 2C9HGU2R3RM183289 AFFIXING ONE (1) 2023 HEXAGON TITAN T4 40' WITH LCIU NUMBER: 596895 TOGETHER WITH ALL PRESENT AND FUTURE ATTACHMENTS, ACCESSORIES, ADDITIONS, EXCHANGES, REPLACEMENT PARTS, REPAIRS AND ALL PROCEEDS THEREOF.

PROCEEDS: GOODS, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS, MONEY AND INTANGIBLES.

End of Search Result

THIS IS **EXHIBIT “JJ”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

MEMO

To: Imperial Helium Corp. AND Royal Helium Ltd. (CC: Obsidian Engineering Corp.)

From: Alexander McEwen – Remote Power Corp.

Date: 26 April 2023

Re: Lease to Own Agreement – Contract: 2023-LTO-001

- Please sign and initial where indicated on the Documents.
- Forward a down payment of CAD\$420,630.00 to Remote Power Corp. as per the attached invoice, using one of the payment options provided (electronic funds transfer). Payment to be made by or before June 1, 2023.
- Your monthly pre-authorized payments will commence on July 1, 2023, as per the attached payment schedule. A pre-authorized debt (PAD Agreement) to be established by or before June 1, 2023.
- Review your account information on the PAD Agreement.
- Contact your insurance agent directly to add Remote Power Corp. as the Loss Payee and Additional Insured for the financial equipment.

REMOTEPOWER

LEASE AGREEMENT (LEASE TO OWN AGREEMENT STRUCTURE)

THIS AGREEMENT ("Lease") between **REMOTE POWER CORP** ("Lessor") registered at 626 Riverdale Avenue SW, Calgary, Alberta, T2S 0Y3, with a corporate head office at 214, 908 – 17th Avenue SW, Calgary, Alberta, Canada T2T 0A3 (Telephone: 1-403-540-8812, GST No. 747077477 RT0001) and the Customer ("Lessee"):

CUSTOMER INFORMATION

Customer's Full Legal Name Imperial Helium Corp. AND Royal Helium Ltd.	Contact Name/Title Jeff Sheppard, Chief Financial Officer
Customer's Address (Head Office) 602, 224 – 4th Avenue South	Telephone Number 1-306-653-2695
City/Province Saskatoon, Saskatchewan, Canada S7K 5M5	Email sheppard@royalheliumltd.com

LEASE TO OWN DETAILS (Contract No: 2023-LTO-001)




Vendor's Full Legal Name Imperial Helium Corp. AND Royal Helium Ltd.	Contact Name Jeff Sheppard, Chief Financial Officer
Vendor's Address 602, 224 – 4th Avenue South, Saskatoon S7K 5M5	Telephone Number 1-306-653-2695
Equipment Location Steveville Helium Recovery Facility 14-12-020-012 W4M (Estimated Delivery Date of Equipment: July 1, 2023)	
Quantity Six (6) Mesa 350kW 480V 60Hz Gaseous Generators; and, One (1) Circuit Breaker Panel Trailer.	Equipment Description (include make, model and serial number where available, attach and refer to Addendum if necessary) See Page Two (2). Serial Numbers to be Populated.

TERM NO. OF MONTHS	PAYMENTS MADE IN	NO OF PAYMENTS	NET LEASE PAYMENT	GST	PST	TOTAL LEASE PAYMENT
37	ADVANCE	1	\$400,600.00	\$20,030.00	\$0.00	\$420,630.00
	MONTHLY (See Attached Payment Schedule)	36	\$78,877.00	\$3,943.85	\$0.00	\$82,820.85

UPFRONT DOWN PAYMENT	CAD\$420,630.00 (Paid no later than June 1, 2023)
PRICING CONDITIONS	Lease costs are subject to United States Dollar and Canadian Dollar (USD – CAD) exchange rates as well as the Bank of Canada Prime Benchmark Interest Rate at which the generators were quoted at in March 2023. Lease cost adjustments as a result of fluctuating USD-CAD exchange rates and the Bank of Canada Prime Benchmark Interest Rate may occur prior to delivery of the Equipment presented in this Lease.
END OF TERM PURCHASE	There is no End of Term Buyout Amount.
PAYMENT FORM	I accept pre-authorized payments: <u>\$82,820.85</u>

LESSOR

CUSTOMER

This Lease shall not become binding upon Lessor until accepted as follows:	Date of Lessors' Acceptance 27 April 2023	THE UNDERSIGNED ACKNOWLEDGES HAVING READ THE ENTIRE LEASE AND ACCEPTS THE TERMS AND CONDITIONS HEREOF	
LESSOR REMOTE POWER CORP.	Customer's Full Legal Names Imperial Helium Corp. AND Royal Helium Ltd.	Date April 26, 2023	
 Authorized Signatory	Each of the undersigned affirms that they are duly authorized to execute this Lease on behalf of the Customer.		
	By: 	Jeff Sheppard, CFO Name/Title	
	By: 	Shayne Neigum, COO Name/Title	

Any changes must be initialed on by Lease Signatories

Description of Leased Equipment and Additional Billable Items: Contained in the table below are the line items for the Leased Equipment as well as additional services and components that are not included in the Lease. The additional services and components that shall be noted in independent purchase orders provided by the Customer include: Transporting of the Equipment (generators and the circuit breaker panel trailer) to the project site, 4/0 cables, and the shore power cables. Additional cabling, installation, commissioning, and routine maintenance are additional costs. Certain service and hardware costs are noted To Be Determined ("TBD"). These costs will be quantified, and purchase orders will be provided by the Customer to Remote Power Corp. in advance of June 1, 2023.

Description of Equipment, Hardware, and Services	Pricing (CAD\$)
Six (6) Mesa 350kW 480V Gaseous Generators and One (1) Circuit Breaker Panel Trailer Lease-to-Own Over 36-Months Payments Made First of Every Month *Costs noted for the Lease are subject to fluctuating USD-CAD exchange rates as well as the Bank of Canada Prime Benchmark Interest Rate at which the generators were quoted at in March 2023. If these variables change before or at the time of issuance of the Down Payment (the start of the Lease), pricing will be adjusted.	Down Payment: \$400,600.00 + Tax Paid No Later than June 1, 2023 Monthly Lease Payments: \$78,877.00 + Tax (36-Month Lease Term) Starting July 1, 2023 Payments Made by PAD Agreement on the First of Every Month. PAD Agreement to be established between the Customer and Remote Power Corp. no later than June 1, 2023.
Equipment Import Charges from Cole International Upfront Cost to Be Paid on Net 30 Terms – Not Included in the Lease	\$1,080.00 + Tax
Estimated Transportation of the Leased Equipment to the Project Site Upfront Cost to Be Paid on Net 30 Terms – Not Included in the Lease	\$40,750.00 + Tax
4/0 Cables that Run from Each Generator Cables to be Cut to Size on Site by Install and Commissioning Technicians. Lugs to be Installed by the Install and Commissioning Technicians. Commissioning services to be provided by a contractor. Upfront Cost to Be Paid on Net 30 Terms – Not Included in the Lease	\$26,633.00 + Tax <i>*This cost may vary by Equipment orientation determined by the Customer.</i>
Shore Power Cables that Run Amongst the Generators Upfront Cost to Be Paid on Net 30 Terms – Not Included in the Lease	\$3,770.00 + Tax
Remote Power Corp Site Representation (Two (2) Days on Site) Upfront Cost to Be Paid on Net 30 Terms – Not Included in the Lease	<i>TBD (Projected Costs of \$2,500 + Tax)</i>
Cables Running from the Circuit Breaker Panel Trailer to Each Generator – Lengths Determined by Equipment Orientation which is Dictated by the Customer. Upfront Cost to Be Paid on Net 30 Terms – Not Included in the Lease	<i>TBD Costs to Be Added to a Purchase Order provided by the Customer no later than June 1, 2023</i>
Installation of the Equipment (the generators, the circuit breaker panel trailer, the ground cables, the 4/0 cables, the communication cables) as well as Commissioning of the Power System Upfront Cost to Be Paid on Net 30 Terms – Not Included in the Lease	<i>TBD – Purchase Order to be Issued by the Customer</i>
Routine Maintenance of the Equipment Upfront Cost to Be Paid on Net 30 Terms – Not Included in the Lease	<i>TBD – Purchase Order to be Issued by the Customer</i>

* Imperial Helium Corp. AND Royal Helium Ltd. to provide payment guarantees to Remote Power Corp. to support the purchase of this Equipment.

STANDARD TERMS AND CONDITIONS

1. LEASE: Lessor hereby leases to Customer, and Customer hereby leases from Lessor, the equipment described in the Lease Details, together with any parts, accessories, replacements, additions and accessions, tangible or intangible, now and hereafter relating thereto or affixed thereon (collectively the "Equipment") THIS LEASE CANNOT BE CANCELLED OR TERMINATED BY CUSTOMER. This particular arrangement is a Lease to Own Agreement where Remote Power Corp. will transfer ownership of the generator to Imperial Helium Corp. AND Royal Helium Ltd. once the Down Payment and the 36 lease payments have been received – paid. Please see the attached Lease To Own Agreement – Payment Schedule outlines payment due dates.

2. PURCHASE DOCUMENTS: If the Customer has not issued a purchase order or entered into an agreement with the Vendor to purchase the Equipment (a "Purchase Document"), the Customer hereby agrees that Lessor may do so on Lessor's own behalf. If Customer has entered into a Purchase Document, Customer represents and warrants that title to the Equipment has not passed to Customer and, at Lessor's option, Customer shall assign to Lessor its rights under the Purchase Document to purchase the Equipment and to acquire any related license of software, information and documentation (a "License"). Except for the obligation to pay Vendor for the Equipment if (and only if) this Lease commences and is accepted by Lessor, Customer shall perform, satisfy and discharge all of the purchaser's obligations under any Purchase Document and License and any assignment by Customer to Lessor pursuant to this Section shall not include such obligations. The provisions of any Purchase Document or License do not modify Customer's obligations to Lessor hereunder.

3. TERMS: This lease is for an original term (the "Term") commencing on the earlier of the Lease Commencement Date set out in a Delivery and Acceptance Certificate or, if Lessor waives a Delivery and Acceptance Certificate pursuant to Section 4, the Date of the Lessor's Acceptance set forth above and ending at the expiry of the number of complete calendar months indicated under the heading "Term" in the Lease Details.

4. ACCEPTANCE: Upon delivery and acceptance of the Equipment, Customer shall forthwith execute and deliver to Lessor a Delivery and Acceptance Certificate in a form prescribed by Lessor, unless Lessor, in its sole discretion waives such execution and delivery by executing this Lease prior to the receipt of such certificate and after the delivery of the Equipment.

5. EQUIPMENT SELECTION: Customer has personally selected the Equipment and Lessor has acquired the Equipment at Customer's specific request for the purpose of leasing it hereunder AND ALL OF CUSTOMER'S OBLIGATIONS HEREUNDER ARE ABSOLUTE AND UNCONDITIONAL. Customer acknowledges that the suitability of the Equipment and its installation and delivery is Customer's responsibility. The failure of the Equipment to be delivered and installed, to operate or to conform to Customer's requirements shall not lessen Customer's obligations hereunder.

6. RENTALS: Customer shall, without notice from or request by Lessor, pay to Lessor during the Term of this Lease the total number of rental payments set forth in the Lease Details. Such rental payments shall be payable in advance to Lessor at the address indicated above (or other address notified by Lessor to Customer) as follows: first rental payment upon Customer's execution hereof and commencing after the calendar period covered by such first rental payment, subsequent rental payments throughout the term on: (A) in the case of monthly payments, the first, fifth, tenth, fifteenth, twentieth or twenty-fifth day of each month, whichever day is closer to the date the Lease commenced, or (B) in the case of payments based on any other calendar period, on the first day of each such calendar period. Any amount paid by Customer to Lessor prior to this Lease commencing which is in excess of such first rental payment shall be credited towards Customer's final rental payment(s) in reverse order of occurrence, without interest. RENTAL PAYMENTS AND ANY OTHER AMOUNTS DUE UNDER THIS LEASE ARE PAYABLE WITHOUT SET-OFF, COMPENSATION OR ABATEMENT AND IN NO EVENT SHALL THE FIRST RENTAL PAYMENT BE REFUNDED TO CUSTOMER.

7. ADJUSTMENTS: The rental payment set forth above is based upon the purchase price for the Equipment and Lessor's cost of funds. If (but only if) an Estimated Purchase Price has been specified in a Financing Terms Addendum attached hereto and the final invoice from Vendor specifies a purchase price (including taxes, delivery, installation and other charges) (the "Purchase Price") that is greater or less than the Estimated Purchase Price, Customer authorizes Lessor to adjust the above rental payments to reflect the Purchase Price provided Customer receives notice of such adjustment; however, if the Purchase Price exceeds the Estimated Purchase Price by more than 10%, Lessor will notify Customer and obtain Customer's prior written approval to such adjustment (such approval not to be unreasonably withheld) and the Lease will not commence until such approval is obtained. If (but only if) a Latest Start Date is specified in a Financing Terms Addendum attached hereto and this Lease for any reason commences after such Latest Start Date, this Lease shall nevertheless be binding and Customer authorizes Lessor in Lessor's sole discretion to adjust the above rental payment to reflect its cost of funds on the date this Lease commences and Lessor shall upon Customer's request, provide Customer with a copy of the completed description. If this Lease is signed by Customer prior to Lessor having a complete description of the Equipment Customer hereby authorizes Lessor to complete such description provided Customer receives notice of such description. Any adjustment to rental payments or completion of an Equipment description made pursuant to this Section shall be deemed to have effect from the date Customer executes this Lease; if a Financing Terms Addendum is not executed and attached hereto, Lessor may not adjust the Net Rental Payments set forth above without Customer's prior written consent.

8. INTEREST ON OVERDUE PAYMENTS: Customer shall without notice pay interest at the rate of twenty-four percent (24%) per annum, calculated and compounded monthly and not in advance, on: (A) any past due rental payments (B) any amounts which bear interest according to this Lease and (C) any other amounts due to Lessor hereunder which are not paid on their due dates; in each case from the date any such amount becomes due to interest bearing, before and after maturity, default and judgment, until such arrears or other amounts are paid in full.

9. PRE-AUTHORIZED PAYMENTS: Customer agrees that it will authorize Lessor to automatically draw Lease payments on Customer's appointed financial institution via Lessor's Pre-authorized Payment Plan. Payment by other means must receive the Lessor's prior approval and nevertheless will be subject to a service fee at Lessor's sole discretion.

10. INSTALLATION, MAINTENANCE AND REPAIR: Customer shall, at its expense, be responsible for: (A) the delivery, installation, de-installation and re-delivery of the Equipment and (B) the maintenance, upkeep, care, servicing and repair (including necessary replacements of parts ("Maintenance")) of the Equipment; in both cases by competent, duly qualified and licensed personnel acceptable to Lessor and Customer shall maintain all records, logs and other materials, in compliance with all manufacturer and vendor requirements to maintain all applicable warranties and insurance in effect and all applicable laws and regulations. Customer shall at its expense keep the Equipment in good repair, condition and working order in compliance with manufacturer's recommendations and requirements. Customer shall not, without the prior written consent of Lessor, make any alterations, additions or improvement to the Equipment. All such alterations, additions or improvements shall be at Customer's expense and shall belong to, and become property of, Lessor immediately upon being made. [On Lessor's request], Customer shall enter into a Maintenance agreement respecting the Equipment with the manufacturer thereof or other Maintenance supplier acceptable to Lessor.

11. USE: Customer shall use the Equipment in a careful and prudent manner for the purpose for which it was designed and in accordance with manufacturer's guideline, the applicable operator's manual and not for any unlawful purpose and shall at Customer's expense comply with and conform to all applicable laws, ordinances and regulations (including laws, ordinances and regulations concerning environmental matters) relating to the possession, use or Maintenance of the Equipment. Customer shall only use the Equipment in connection with its business or in the carrying on of an enterprise and only for commercial, industrial, professional or handicraft purposes and shall not use the Equipment for any personal, family household or farming purposes.

12. LOSS AND DAMAGE: Customer shall, until this Lease is terminated, and Customer's obligations hereunder are discharged in full (including the return of the Equipment), bear the entire risk of loss, damage, destruction, theft, seizure or governmental taking of the Equipment or any part thereof (any such case being a "Loss"), regardless of whether it is caused by any default or neglect of Customer. No Loss shall relieve Customer of its obligations hereunder.

13. TITLE AND IDENTIFICATION: The Equipment is and shall at all times be and remain the sole personal and moveable property of Lessor, shall not be affixed or attached to or otherwise become a fixture or accession to any lands, buildings or chattels and Customer shall have no right, title, or interest in or to the Equipment except as expressly set forth herein. Customer shall not allow the Equipment to become subject to any claim, privilege, lien, charge, encumbrance, levy, security interest, mortgage, pledge, hypothecation, seizure, trust, attachment, judicial process, ownership interest, license, sublease, or other right in favour of any person (in any such case an "Encumbrance") unless such Encumbrance is caused by Lessor. At Lessor's request, Customer shall at Customer's expense affix and maintain on the Equipment, in a manner and in places satisfactory to Lessor, labels, plates or other marks supplied by Lessor to identify the Equipment as the property of Lessor.

14. LOCATION AND INSPECTION: Customer shall maintain the Equipment at the Equipment Locations specified in the Lease Details and shall not move the Equipment from such locations without the prior written consent of Lessor. Lessor shall have the right to inspect the Equipment and Customer's maintenance, and insurance records upon reasonable notice.

15. NET LEASE: ALL COSTS AND EXPENSES RELATING TO THE EQUIPMENT OR ITS USE, MAINTENANCE OR POSSESSION SHALL BE BORNE BY CUSTOMER, INCLUDING ALL TAXES AND ALL FEES, CHARGES, CLAIMS AND FINES INCURRED OR ARISING IN CONNECTION WITH THE REGISTRATION, LICENSING OR OPERATION OF THE EQUIPMENT. The rental payments and other amounts payable hereunder shall be absolutely net to Lessor, free of all expenses or outgoings of any kind or nature. If Customer fails to perform any of its obligations hereunder, Lessor may do so on Customer's behalf and shall be entitled to immediate reimbursement from Customer; without prejudice to any other of Lessor's rights or remedies, and Customer appoints Lessor its lawful attorney for such purposes.

16. TAXES: Customer shall pay all Taxes and file all returns in respect of Taxes immediately upon such Taxes or returns becoming due. "Taxes" includes all taxes, imposts, levies, fees, duties, and charges now or hereafter imposed by any federal, provincial, municipal or other taxation authority on Customer, The Equipment or the purchase, sale, ownership, delivery, possession, use, maintenance, transfer, goods and services and value added taxes and including penalties or interest based on late payment of taxes) but excluding taxes on or measured by Lessor's overall net income. Lessor shall be entitled to claim any applicable capital cost allowance, investment tax credit or similar benefit under applicable tax legislation from time to time pertaining to the Equipment and/or the Lease and Customer shall not make any such claim in respect thereof.

17. **INSURANCE:** Customer shall, at its own expense, place and maintain with insurers acceptable to Lessor: (a) Comprehensive all risks insurance on the Equipment for its full replacement value, such insurance to include: (i) Lessor as additional insured, (ii) a loss payable clause in favour of Lessor as first payee, and (iii) a waiver of subrogation in favour of Lessor; and (b) General public liability and property damage insurance with limits of liability equal to at least \$1,000,000 per occurrence (or such greater amount as Lessor may require from time to time), and such insurance shall: (i) extend to all liabilities of Customer arising out of its use or possession of Equipment, (ii) include Lessor as additional insured, and (iii) include a cross-liability provision which insures each person insured thereunder in the same manner and to the same extent as if a separate policy had been issued to each. All insurance policies shall contain endorsements providing that: (A) thirty days written notice shall be given to Lessor before a policy lapse or is materially altered or cancelled; (B) coverage shall be primary and not contributory; (C) Lessor's interest as additional insured shall not be invalidated or otherwise affected by any act or omission, deliberate, negligent or otherwise of Customer or its agents, servants or employees (such as a "standard mortgagee clause"); (D) Lessor shall not be responsible for payment of any premium; and (E) Lessor may elect to have all proceeds of loss payable only to itself. Customer shall, on request, supply Lessor with certified copies of all insurance policies or other evidence satisfactory to Lessor of satisfaction of these insurance covenants. In the event of damage amounting to actual or constructive total loss of the Equipment, Lessor shall be entitled to retain from all insurance proceeds an amount equal to the total amount payable to Lessor by Customer hereunder as Liquidated Damages.

18. **FAILURE TO INSURE:** If Customer fails to fulfill its insurance obligations hereunder, then, without prejudice to Lessor's other rights and remedies, Lessor shall have the right, but not the obligation, to procure insurance covering Lessor's interest (but not Customer's interest) in the Equipment, in such form and amount and with such insurers (including an insurer affiliated with the Lessor) as Lessor shall determine from time to time, all at Customer's expense. Such expense (the "Insurance Expense") shall include the cost of acquiring such insurance and any charges or fees for services associated with the placement, maintenance, or service of such insurance, plus interest accruing on such expense at the interest rate provided herein for overdue amounts until such expense is reimbursed by Customer to Lessor. Customer shall pay the Insurance Expense to Lessor in equal installments at the same time and in the same manner as the remaining rental payments. Customer shall cooperate with Lessor's insurance agent in connection with the placement of such insurance and the processing of any claims. Nothing herein shall be deemed to obligate or entitle Lessor to act as an insurer hereunder or to arrange any insurance for the benefit of Customer. Nothing hereunder shall require Lessor to secure, maintain in force or renew any insurance, in any amounts or upon any specific terms and conditions. Lessor reserves the right to terminate any insurance coverage which Lessor may arrange, or allow same to lapse, without incurring any liability to Customer.

19. **REPRESENTATIONS:** Customer represents, warrants and covenants throughout the Term that: (A) if Customer is a body corporate, it is and will continue to be validly incorporated (or otherwise established), organized and existing and in good standing; (B) it has all necessary power and authority to execute, deliver and perform this Lease, each such action (i) having been duly authorized by all necessary action of Customer, (ii) not being in conflict with any applicable law, the constating documents, resolutions or by-laws of Customer or any indenture, instrument, agreement or undertaking to which it is a party or by which it or any of its assets are or may become bound, and (iii) not resulting in the creations of any Encumbrance in the Equipment; (C) this Lease is and will continue to be the legal, valid and binding obligation of Customer enforceable against it and effective against its creditors in accordance with its terms; (D) there are not pending or threatened actions or proceedings before any court, administrative agency or other tribunal that could have a material adverse effect on Customer; (E) financial statements and other related information furnished by Customer to Lessor are prepared in accordance with generally accepted accounting principles and fairly present Customer's financial position on their respective dates; and (F) to evidence the foregoing Customer shall provide legal opinions, resolutions and such other documents as Lessor may reasonably request.

20. **SUBLEASING ETC.:** Customer shall not sublet or part with possession or control of the Equipment or permit its use by any person other than Customer or employees of Customer who are qualified and competent to operate same. Neither this Lease nor Customer's rights hereunder shall be assigned by Customer without Lessor's prior written consent and no assignment shall release Customer from its obligations hereunder.

21. **SURRENDER:** At the end of the Term or any renewal thereof, if Customer has not purchased the Equipment pursuant to a Section 29 Purchase Option, Customer, at Customer's expense, shall surrender control of the Equipment to Lessor and shall: (A) after giving Lessor thirty days' prior written notice, return the Equipment to Lessor at Lessor's nearest office or other place specified by Lessor or (B) if requested by Lessor, dispose of the Equipment as Lessor reasonably directs, including disposition in a manner which will avoid any dangerous use thereof or damage or injury to any person or property therefrom. Whenever Customer is required to return the Equipment to Lessor the Equipment shall be in good repair, condition and working order and Customer shall pay all costs of Maintenance and restoration of Equipment returned to Lessor necessary to restore it to the condition on the date this Lease commenced, normal wear and tear excepted. Customer shall, if Lessor so requests, store the Equipment at Customer's risk and expense and as Lessor's bailee for a period of up to 90 days after the end of the Term; Customer shall not use the Equipment or pay rental payments for the Equipment during such period but shall otherwise be bound by all of the terms of this Lease during such period.

22. **RENEWAL:** If Customer fails to surrender the Equipment at the end of the Term or any renewal thereof, or to purchase the same pursuant to a Section 29 Purchase Option, Customer shall be deemed to have requested a renewal of this Lease for a period of three (3) calendar months and Lessor may, in its sole discretion: (A) demand the surrender of the Equipment in compliance with Section 21 and exercise its rights and remedies for such non-compliance or (B) accept Customer's request to renew this Lease for a three (3) month period commencing on the end of the Term or the last renewal thereof. Such acceptance may be evidenced in writing signed by Lessor or by Lessor continuing to invoice Customer, withdrawing rental payments pursuant to a pre-authorized payment plan or otherwise accepting rental payments in respect of such renewal period. Customer shall continue to have all of its obligations under this Lease during any such renewal period, including the obligation to pay Lessor rental payments, as it had during the Term and all provisions of this Lease shall apply to any such renewal term.

23. **ENTRY:** If Customer fails to surrender the Equipment to Lessor as required under this lease, Lessor may, without notice to Customer or resort to legal process, but subject to any applicable law, enter any premises where the Equipment is located and take possession of and remove or disable such Equipment, provided that the Lessor take all reasonable steps to conduct itself in a safe and prudent manner and limit the interruption to the Customer's operations.

24. **INDEMNITY:** Customer hereby indemnifies Lessor and agrees to save Lessor harmless from and against all loss, costs, liabilities, claims, legal proceedings and expenses (including legal fees and costs) caused by the Customer's failure to comply with the terms of this Lease, the Purchase Documents, any License, the Equipment, the manufacture, selection, purchase, ownership, delivery, possession, use, Maintenance, operation, Loss or return of the Equipment, Taxes, the recovery of claims under any insurance policy relating the Equipment, any use or operation of Equipment which infringes any patent or other industrial or intellectual property right of any person, any Default by Customer, the exercise by Lessor of any rights or remedies hereunder or any entry or taking of possession, removal or disabling of Equipment pursuant to Section 23, except to the extent caused by the Lessor's gross negligence or wilful misconduct.

25. **DEFAULTS:** Each of the following, if not remedied within 30 days of receiving written notice from Lessor, is a default by the Customer:

- (a) Customer fails to make any rental payment or pay any other amounts due under this Lease when the same is due and payable; or
- (b) Customer fails to perform, observe, or comply with any other obligation, term, or condition on its part to be performed, observed or complied with hereunder; or
- (c) any event of default occurs under any other lease or contract between Lessor and Customer; or
- (d) Customer sells or attempts to sell or grant an Encumbrance on any part of the Equipment or the value of Lessor's interest in the Equipment is materially impaired due to Loss; or
- (f) any proceeding in bankruptcy, receivership, winding-up, dissolution, liquidation or insolvency is commenced by or against Customer or its property; or
- (g) if the Customer (the Lessee) sells all or substantially all of its assets and property to a third party or if there is a change of control of the Customer or the Customer amalgamates with a third party and the Customer is not the surviving entity; or
- (h) Lessor in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance by Customer under this Lease is or is about to be impaired or the Equipment is or is about to be placed in jeopardy; or
- (i) any guarantor of Customer's obligations hereunder disputes its obligations under its guarantee or seeks to determine its obligations hereunder or to terminate its guarantee of Customer's future obligations or becomes subject to any of the events in clauses (b), (c), (d), (e), or (g) of this Section.

26. **EFFECT OF DEFAULT; DAMAGES:** Upon any Default and in addition to Lessor's other rights and remedies under this Lease and otherwise available at law or in equity:

- (a) Customer shall pay forthwith (without notice) to Lessor as liquidated damages, and not as a penalty, an amount (the "Liquidated Damages") equal to the aggregate of: (i) unpaid rental payments and other amounts payable hereunder unpaid as of the date of the Default, and (ii) the present value (calculated on the basis of an interest rate of two percent (2) per annum calculated and compounded monthly) of: (A) the remaining rental payments payable from the date of Default to the end of the Term or, if applicable, any renewal thereof, and (B) amounts otherwise payable under the Lease to the end of the Term, or if applicable, any renewal thereof, and (C) the greater of the purchase price for the Equipment pursuant to any end of the Term fair market value or fixed price purchase option and the amount of any residual interest which Lessor may have in Equipment, and (iii) any Enforcement Costs incurred by Lessor, and (iv) interest thereon from the date of Default until payment in full; to the extent that the Liquidated Damages are deemed to include any Taxes which Lessor is required to remit to any taxation authority the Liquidated Damages shall be increased by the amount necessary to ensure that the net amount of the Liquidated Damages retained by Lessor after remitting all applicable Taxes will be equal to the amount calculated above;
- (b) upon Lessor's demand, Customer at Customer's expense shall forthwith surrender control of the Equipment to Lessor pursuant to Section 21 as though the Term had expired;
- (c) Lessor may, immediately and without notice to Customer or resort to legal process, take possession of and remove or disable the Equipment pursuant to Section 23 as though Customer had failed to surrender such Equipment when required to do so;
- (d) the rights of Customer hereunder in respect of the Equipment, including the right to use and possess the Equipment, shall cease and terminate absolutely without limiting Customer's liability or obligations hereunder; and
- (e) Lessor may by notice in writing terminate this Lease or any other agreement Lessor may have with Customer. All rights and remedies of Lessor, either under this Lease or at law or in equity or otherwise afforded to

Lessor, are cumulative and not alternative. Lessor's costs and expenses incurred as a result of a Default ("Enforcement Costs") (including all costs and expenses in respect of collection, legal fees, repossession, repair of Equipment, enforcement of Lessor's rights or remedies, sale or re-lease costs or other realizations costs) shall be paid by Customer to Lessor forthwith upon demand, with interest accruing thereon from the date such costs and expenses were incurred until payment in full.

27. SALE ON DEFAULT: Lessor may after a Default sell, re-lease or otherwise dispose of Equipment at public or private sale upon notice to Customer and upon such terms and in such manner as Lessor may determine. Customer shall thereafter continue to be liable to Lessor for the amount of any deficiency between the proceeds to Lessor from such disposition and the Liquidated Damages. If at any time after a Default and prior to Lessor obtaining possession of the Equipment Customer pays to Lessor the Liquidated Damages and all applicable Taxes, title to the Equipment shall vest in Customer on an "as is, where is" basis without any condition, representation, or warranty of Lessor whatsoever.

28. EFFECT OF WAIVER: No delay in exercising, or failure to exercise, any right or remedy accruing to Lessor under this Lease will impair or waive such right or remedy, nor will a waiver of any single Default be deemed a waiver of any other prior, subsequent or concurrent Default. Any waiver, permit, consent, or approval on the part of Lessor in respect of this Lease must be in writing and shall have effect only to the extent specifically set forth in such writing.

29. PURCHASE OPTION: In this section: "Default" means any existing Default and any event or circumstance which, with the giving of notice or the lapse of time or both, would constitute a material Default which has not been remedied. Provided no Default currently exists, the Purchase Option set forth in the Lease Details is a mandatory Buyout. As such, this Buyout must be exercised by the Customer by paying the Lessor the Buyout Price of CAD\$1,000.00, plus Taxes, at least thirty (30) days before the end of the term (payment to be made to Remote Power Corp on or before April 1, 2026). After making this payment, provided no Default currently exists, the Customer shall acquire all Lessor's interest in the Equipment at the end of the term (which will be April 1, 2026) on an "as is, where is" basis without any condition, representation, or warranty by Lessor of any kind whatsoever except that the Customer acquires such interest from Lessor free of Encumbrances caused by Lessor. (End of Term June 1, 2026 - Not April 1, 2026. See Payment Schedule.)

30. CUSTOMER'S WAIVER: TO THE EXTENT NOT PROHIBITED BY LAW OR STATUTE, CUSTOMER HEREBY WAIVES THE BENEFIT OF ALL PROVISIONS OF ALL APPLICABLE SALE OF GOODS, CONDITIONAL SALES, REGULATORY, CREDIT AND OTHER STATUTES AND ALL REGULATIONS MADE THEREUNDER IN ANY APPLICABLE JURISDICTION WHICH WOULD IN ANY MANNER AFFECT, RESTRICT OR LIMIT THE RIGHTS AND REMEDIES OF LESSOR HEREUNDER, including, without limitation the generality of the foregoing, all of Customer's rights, benefits and protections given or afforded by the provisions of Section 49 of the Law of Property Act (Alberta) and The Limitation of Civil Rights Act of Saskatchewan, as amended. Customer also waives and assigns to Lessor the right of any statutory exemption from execution or otherwise and further waives any right to demand security for costs in the event of litigation.

31. LESSOR WARRANTIES: Lessor warrants that on the date this Lease commences it is the owner of the Equipment, free and clear of any Encumbrance caused by Lessor, save for Customer's rights hereunder. The Equipment shall be new and in good working order, and the Lessor shall, at no additional cost, extend the benefit of the Customer all warranties and service plans applicable to the Equipment (standard warranty provided by the Equipment manufacturer). Except as otherwise explicitly set forth herein, but without affecting Lessor's warranties set forth in any other agreement (all of which Customer acknowledges do not affect or form part of this Lease), Lessor makes no warranty or representation whatsoever as to the durability, quality or condition of the Equipment or its suitability for Customer's purposes or as to any other matter whatsoever (including status of the Lease for tax or accounting classification purposes). No representation to Customer as to the Equipment or any other matter by the Vendor or any supplier or manufacturer of the Equipment shall in any way affect Customer's obligations under this Lease. At the request and expense of Customer and while there is no Default, Lessor will (A) assign to Customer for the Term any and all warranties, guarantees, service contracts, Licenses and representations given to Lessor by the Vendor or a manufacturer or supplier of the Equipment with respect to the Equipment ("Equipment Rights") which are assignable at law; and (B) assist Customer in receiving the benefit of such Equipment Rights. If Lessor obtains possession or control of the Equipment or if there is a Default, Customer shall be deemed to have immediately reassigned such Equipment Rights to Lessor without any further action. If Equipment is located in the Province of Quebec, Lessor hereby conveys to Customer any warranty which the Vendor or manufacturer or supplier of such Equipment gave to Lessor. LESSOR SHALL NOT BE LIABLE FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE, WHETHER DIRECT, INDIRECT OR CONSEQUENTIAL, CAUSED BY THE EQUIPMENT OR THE USE, MAINTENANCE OR POSSESSION THEREOF, BY THE INADEQUACY OF THE EQUIPMENT RIGHTS OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE OF THE EQUIPMENT OR FOR ANY LOSS OF BUSINESS OR DAMAGE WHATSOEVER AND HOWSOEVER CAUSED.

32. ASSIGNMENT: This Lease and all the rights, remedies and benefits of Lessor hereunder may be assigned by Lessor without notice to or the consent of Customer and/or the Lessor may grant to a third party a security interest in the Lease and Equipment and Customer hereby accepts such assignments or granting of security interest and waives signification of the act of assignment and the delivery of a copy of any assignment document. Upon such assignment or security interest: (A) the assignee (the "Assignee") shall be entitled to enforce the rights and remedies and to receive all benefits which would otherwise accrue to the original Lessor under this Lease; (B) the Assignee shall be deemed to be Lessor for the purpose of all such rights, remedies, and benefits, (C) the Assignee shall have no obligations to Customer to perform any of the obligations of the original Lessor hereunder or otherwise in respect of the Equipment, all of which are retained by the original Lessor, and (D) Customer's rights hereunder as against the original Lessor shall be unaffected except as herein specifically provided. Customer agrees not to assert against the Assignee any claim by way of abatement, defense, set-off, compensation, counterclaim or the like which Customer may have against the original Lessor. Upon notice of any assignment Customer shall unconditionally pay to such Assignee all rental payments and other amounts due hereunder and shall not assert any defense against such Assignee in any action for rental payments or other amounts due and payable hereunder, except the defense of payment to the Assignee. If requested by the Lessor, the Customer shall deliver to the Assignee a confirmation as to certain matters which the Lessor may request, which confirmation shall include but not be limited to: (A) the remaining term of the Lease and payment due thereunder, (B) the nature and location of the Equipment, (C) the status of the Lease and that no event of default has occurred there under.

33. CREDIT INVESTIGATION: Subject to applicable legislation, Customer hereby consents to Lessor conducting a credit investigation of Customer and to Lessor making inquiries with financial institutions or other persons in a business relationship with Customer in connection therewith; Customer hereby authorizes and directs such persons to answer Lessor's inquiries. Customer agrees to furnish to Lessor: (A) a copy of its interim financial statements and other related information, as Lessor may request from time to time; and (B) its annual financial statements, audited if applicable, within ninety days of the end of each financial year.

34. SECURITY INTERESTS: To secure Customer's performance of its obligations hereunder Customer grants Lessor a continuing security interest in any interest Customer has in the Equipment, in all proceeds thereof (including proceeds of insurance); Customer agrees that Lessor has all rights of a secured party under any applicable personal property security legislation and at law and in equity.

35. FEES: Lessor shall be entitled to charge Customer such fees and other charges as it may establish from time to time for the administration of any ancillary matters to this Lease, including the reimbursement of any fees payable by Lessor for each security registration required in connection with this Lease and such fees for invoices as Lessor may from time to time establish and any Costs (including internal administration costs) incurred by the Lessor for insufficient funds).

36. NAME CHANGE, ETC.: Customer shall notify Lessor in writing within 10 days of the following event occurring; (A) any change in Customer's name or (B) any change in the location of Customer's Head Office specified above.

37. INFORMATION: Customer agrees that Lessor may provide copies of this Lease and/or information concerning Customer and its obligations hereunder to any person.

38. ADDITIONAL EQUIPMENT: Lessor and Customer may from time to time agree to lease additional equipment pursuant to these Terms & Conditions and the above Customer Information and each such agreement shall be evidenced by a written schedule referencing this initial Lease (a "Transaction Schedule"), signed by Customer and Lessor and setting forth the particulars of such equipment lease transaction including the matters addressed by the above Lease Details and including any amendments to the Customer Information or Terms & Conditions which are applicable to that transaction. The particulars of the initial transaction set forth in the above Lease Details shall not apply to subsequent transactions but the Terms & Conditions and Customer Information of this Lease are incorporated by reference into each Transaction Schedule and shall apply, mutatis mutandis, to the transaction specified in such Transaction Schedule; such Customer Information, Terms & Conditions and each Transaction Schedule shall constitute a separate lease and the entire agreement with respect to that transaction, shall be deemed to be a "Lease" to which these Terms & Conditions refer and shall not terminate as a result of the terminations or expiry of any other Lease made pursuant to these Terms & Conditions. The terms of any Transaction Schedule evidencing a specific transaction shall prevail over these Terms & Conditions and the above Customer Information to the extent of any conflict or inconsistency but only in respect of that transaction.

39. ENTIRE AGREEMENT: This Lease (including [A] all details set forth above in the Customer Information, Lease Details, Invoice Option, and in these Terms & Conditions and [B] any schedule, addendum or amendment to this Lease, which is in writing, references this Lease and is signed by Customer and Lessor at any time) constitutes the entire agreement between Lessor and Customer with respect to its subject matter.

40. APPLICABLE LAW: This Lease shall be construed according to the laws of the Province where the Equipment is located as set forth in the Lease Details.

41. ENUREMENT: Subject to the terms hereof, this Lease shall ensure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, permitted assigns and legal representatives.

42. INTERPRETATION: Whenever the context of this Lease so requires, the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders. Time is of the essence of this Lease and each of its provisions. Headings are for convenience of reference only and do not affect interpretation. Terms used in the Customer Information or Lease Details have, when used in these Terms & Conditions, unless the context otherwise requires, the meaning ascribed thereto by such use. The word "including" means "including without limitation".

43. NOTICES: Any notice required or permitted to be given hereunder must be in writing and will conclusively be deemed to have been received by its recipient on the business day it is delivered or sent by facsimile transmission to a party at the address indicated on the first page hereof (or at such other address as such party specifies to the other party in writing) or, if sent by registered mail, provided there is no interruption in postal services, on the fifth business day after the day of mailing, addressed to such party at such address.

44. SEVERABILITY: Any provision of this Lease prohibited by or unlawful or unenforceable under any applicable law shall, at the sole option of Lessor, be ineffective without invalidating the remaining provisions of this Lease; provided, however, that to the extent that the provisions of any such applicable law can be waived, they are hereby waived by Customer.

45. FURTHER ASSURANCES: Customer agrees to do all things and execute or obtain all documents as may be required by Lessor in order to give effect to or better evidence this Lease including the execution of financing statements or other documents to effect security registrations to protect Lessor's interest, any acknowledgments required by an Assignee and any waivers or subordinations from Customer's landlord or creditors.

46. LANGUAGE: The parties hereby acknowledge that they have required this contract, and all other agreements and notices required or permitted to be entered into or given pursuant hereto, to be drawn up in the English language only. Les parties reconnaissent avoir demandé que le présent contrat ainsi que toute autre entente ou avis requis ou permis à être conclu ou donné en vertu des dispositions du présent contrat, soient rédigés en langue anglaise seulement.

47. SURVIVAL: Notwithstanding any other sections hereof, all obligations of Customer under sections 2, 8, 10, 12, 13, 15, 16, 19, 21, 22, 23, 24, 25, 26, 27, 30, 31, 32, 34 and 35 hereof and the rights and remedies of Lessor hereunder shall survive the termination of this Lease and the receipt of all rental payments and other amounts payable by Customer hereunder.

48. JOINT AND SEVERAL LIABILITY: If more than one person executes this Lease, their obligations hereunder shall be joint and several and, in the Province of Quebec, solidary without benefit of division or discussion.

49. RECEIPT OF COPY, ETC.: Customer acknowledges receipt of a true copy of this Lease and waives, to the extent permitted by applicable law, all rights to receive copies of financing statements, financing change statements, verification statements or copies of other notices or filings made by Lessor at any time in connection with this Lease, any schedule thereto, any amendment thereof or any Transaction Schedule.

50. PERSONAL INFORMATION: Customer hereby authorizes Lessor and any of its representatives or partners to collect, use and disclose Customer's personal information for the purposes of investigating and providing financial services. Customer has been informed by Lessor or its partners or representatives, that Customer's personal information is collected, used and disclosed for the following purposes: (A) to collect credit and related financial information from Customer, from credit agencies, and from any parties listed herein, and (B) to use the information collected to determine Customer's financial situation, to provide financial services Customer has requested and to offer additional products and services of Lessor that may be of benefit to Customer, and (C) to share the information with assignees, bankers or funding partners of Lessor, and (D) to share the information collected and any information on Customer's commercial dealings with Lessor with credit agencies or other financial institutions.

51. COUNTERPARTS: This Lease may be executed in any number of counterparts, each of which will be deemed to be an original and all of which when taken together will be deemed to constitute one and the same instrument.

52. ELECTRONIC EXECUTION: Any party may deliver an executed signature page to this Lease by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Lease by such party.

DELIVERY AND ACCEPTANCE CERTIFICATE

To: Remote Power Corp.

Re: Lease to Own Agreement – Contract No: 2023-LTO-001 – The “Lease” between the Undersigned (“Customer”) and the Lessor.

1. The Equipment described in the Lease will be received by the Customer not more than five (5) days prior to the date of estimated delivery noted in the Lease.
2. The Equipment will be received and accepted by us and is satisfactory in all material respects for the project requirements of the Steeville Helium Recovery Facility 14-12-020-012 W4M.
3. We authorize the Lessor or its assignee to pay for such Equipment and to commence the Lease on the date of this Certificate (the “Lease Commencement”) or if the Lessor waives this Certificate, on such other date as is provided for in the Lease.

Dated: April 26, 2023

Customer Name(s): Imperial Helium Corp. AND Royal Helium Ltd.

By (Signature Required): 
Jeff Sheppard, Chief Financial Officer

CONFIRMATION OF PAYABLE STATUS

Borrower(s) Name(s): Imperial Helium Corp. AND Royal Helium Ltd.

Date: 26 April 2023

The undersigned certifies Remote Power Corp. that the information provided in this statement and on any accompanying reports is complete and accurate in all respects as at the date specified above. Furthermore, the undersigned certifies that all sums owed to privileged and preferred creditors, including government agencies, have been paid and any amounts owing are current in accordance with the permitted time frame for payment set by the particular creditor/agency. The undersigned agrees to maintain such payables in a current status while indebted to Remote Power Corp. and to provide Remote Power Corp. with confirmations of the status of such outstanding payables from time to time upon request.

In addition to providing the information specified above, the Borrower hereby authorizes Remote Power Corp. to make inquiries of government departments including Revenue Canada, the Provincial Treasurer, the Worker's Compensation Board, and applicable municipal government departments, and the Borrower hereby directs such departments to provide Remote Power Corp. information respecting the Borrower's status of payments due to such government departments and/or agencies.

This statement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Any party may deliver an executed signature page to this statement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the statement by such party.

Dated: April 26, 2023

Customer Name(s): Imperial Helium Corp. AND Royal Helium Ltd.

By (Signature Required): 
Jeff Sheppard, Chief Financial Officer

REMOTEPOWER

214, 908 – 17th Avenue SW, Calgary, Alberta, Canada T2T 0A3

www.remotepowercorp.com

1-403-540-8812

PAD AGREEMENT

Definitions:

Pre-Authorized Debit ("PAD") means a pre-authorized is an electronic form drawn pursuant to a PAD Agreement on an account of my choosing as Payor held by my Financial Institution ("FI").

In this Agreement, "I", "We", "Our", "My", "Payor", "Me" refers to the person signing this Agreement.

Operation:

I understand and undertake that:

- (a) This authorization is for the benefit of Remote Power Corp (the "Company") and my FI. My FI agrees to process debits against my account in accordance with the rules of the Canadian Payment Association;
- (b) Giving this authorization to the Company is the same as giving it to my FI;
- (c) My FI is not required to verify that the PAD confirms with my authorization;
- (d) My FI is not required to verify that the purpose of payment to which this PAD relates has been fulfilled;
- (e) Revoking this authorization does not terminate any contract between the Company and me. My authorization applies only to the method of payment and has no bearing otherwise on any contract;
- (f) I waive all notification rights knowing that I am entitled to receive notice from the Company no less than 10 calendar days in advance:
 - I. In the case of a fixed amount PAD, before the due date of the first PAD and every time there is a change; or
 - II. In the case of a variable amount PAD, before every PAD.
- (g) The Company shall be entitled to charge Payor such payments and fees, including without limitation NSF charges and past due interest, and such other charges, as it may establish from time to time for the administration of and ancillary matter to the contract. Authorization for such payments and fees will be obtained from the Payor by telephone or email;
- (h) The Payor may instruct the Company to change the amount of a PAD and/or the date of a PAD by telephone or email;
- (i) This agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument;
- (j) Any party may deliver an executed signature page to this agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the agreement by such party;

The Amount:

I confirm that:

- (a) All persons required to sign on this document have signed this Agreement;
- (b) I certify that all of the personal and account information recorded in this agreement is correct. I will inform the Company in writing of any change to such information at least ten (10) business days prior to the next due date of the PAD.

Cancellation:

I/We may revoke my/our authorization at any time, subject to providing notice of at least ten (1) days prior to the next PAD due date. I/We must advise the Company in writing or by signing the cancellation area below. To obtain a sample cancellation form, or for more information on my right to cancel a PAD Agreement, I/We may contact my FI or visit www.cdnpay.ca

Dispute and Reimbursement:

I/We have certain recourse rights if any debit does not comply with this agreement. For example, I/We have the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD agreement. To obtain information on my/our recourse rights, I/We may contact my/our FI or visit www.cdnpay.ca

I understand that:

- (a) I may dispute a PAD and claim for reimbursement if:
 - I. The PAD was not drawn in accordance with this authorization; or
 - II. The authorization was revoked; or
 - III. No agreement exists between me and the purported Company.
- (b) If I am claiming reimbursement, I must, within ten (10) calendar days of the date of posting of a Business PAD (90 days in the case of a consumer PAD), complete a declaration to my FI that I have a claim for one of the reasons given in the preceding paragraph;

- (c) Any claim relating to a PAD that is advanced after the expiry of the time in the preceding paragraph is strictly a matter between the Company and me.
- (d) In the case where the dispute is a result of paragraph (a) III. above, I may claim reimbursement within ninety (90) calendar days after the posting date on my account statement which shows the improperly processed debit.

I authorize the processing of a Pre-Authorized Debit ("PAD") through my account as detailed below:

Payors Name: Imperial Helium Corp (Company Name(s))

Name of Financial Institution: Canadian Western Bank

Address of Financial Institution: 5110-324 58 Avenue SE, Calgary, AB T2H 0P1 **Phone:** 403-252-2299

MICR Field Information – Please Attach a VOID Cheque:

Transit Number				
0	3	1	2	9

Route Number		
0	3	0

Account Number											
1	0	1	0	1	6	3	7	5	0	6	4

Frequency: Monthly (First Day of Every Month)

Amount (if fixed): \$82,820.85

Payments to Commence: July 1, 2023

PAD if for Contract: Contract No: 2023-LTO-001, the related Lease Agreement

Type of Contract: ☐ Consumer ☒ Business PAD

I agree to the terms and conditions of this Agreement.

Dated: April 26, 2023

Authorized Signatory Printed Name: Jeff Sheppard

Title: CFO

Signature: 

Authorization of Cancel PAD

Date: _____

Signature: _____

REMOTEPOWER

214, 908 – 17th Avenue SW, Calgary, Alberta, Canada T2T 0A3
www.remotepowercorp.com
1-403-540-8812

INVOICE

To: Imperial Helium Corp. AND Royal Helium Ltd.
602, 224 – 4th Avenue South
Saskatoon, Saskatchewan, Canada S7K 5M5

Date: 24 March 2023

Re: Down Payment of Six (6) Mesa 350kW 480V Generators
AND One (1) Circuit Breaker Panel Trailer

Invoice: 2023-026

Upfront Down Payment for Gaseous Power System
Six (6) Mesa 350kW 480V Gaseous Generators
One (1) Circuit Breaker Panel Trailer

Subtotal \$400,600.00

GST \$20,030.00

Total \$420,630.00

Invoice Payment Options:

Domestic Electronic Payment to Remote Power Corp:

Transfer Funds To:	Royal Bank of Canada 339 8 Avenue SW Calgary, Alberta T2P 1C4 1-403-292-3311
Beneficiary Name:	Remote Power Corp.
Beneficiary Address:	Remote Power Corp. 626 Riverdale Avenue SW Calgary, Albert T2S 0Y3 1-403-540-8812
Beneficiary Account:	1011758
Transit Number:	00009
Institution Number:	003

Financing Terms Addendum

Re: Foreign Exchange Provision to Lease and associated Contract No. 2023-LTO-001 (the "Lease") between the Undersigned ("Customer") and the Lessor.

It is understood between the Lessor and the Customer that if the Equipment on the noted Lease has or will be purchased by the Lessor in any currency other than Canadian Dollars, the rental payments as set out in the Lease are based upon the Equipment having being purchased at a rate of 1.37 to one (1) USD Dollar.

The Rentals and Option Price will each be adjusted upwards, as the case may be, and in the same proportion, to any increase in such rate of exchange as at the date on which the Lessor pays for such Equipment and the Lessor is hereby authorized to make such adjustments as may be necessary upon receipt thereof. The Lessor will notify the Customer via mail or email of any change resulting from the foreign exchange adjustment.

It is further understood and agreed that all costs associated with the import of the Equipment on the above noted Lease is the responsibility of the Customer and the Lessor shall be reimbursed for the sum of such costs. The Lessor will bill the Customer for costs associated with the import of the Equipment.

It is further understood and agreed that if the Bank of Canada Benchmark Prime Interest Rate increases from the time that the Equipment was quoted in March 2023, adjustments to the Lease costs will be adjusted by the Lessor.

This Agreement may be signed in any number of counterparts, each of which is an original, and all of which taken together constitute one single document.

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

Acknowledged and agreed to this on April 26, 2023 (DATE).

Customer(s): Imperial Helium Corp. AND Royal Helium Ltd.

By (Signature Required): 
Jeff Sheppard, Chief Financial Officer

LEASE TO OWN AGREEMENT – PAYMENT SCHEDULE

This Payment Schedule is tied to the LEASE TO OWN AGREEMENT between Remote Power Corp. AND the Customer(s) – Imperial Helium Corp. AND Royal Helium Ltd. for Six (6) Mesa 350kW 480V gaseous generators and One (1) circuit breaker panel trailer. Please refer to the associated Lease to Own Agreement – Contract: 2023-LTO-001. Royal Helium Ltd. will provide a payment guarantee to Remote Power Corp. to support the purchase of this Equipment by Imperial Helium Corp. As this is a Lease, monthly lease payments must be made on the dates noted in the table below to avoid late payment fees. Monthly payments must be received on or before the first day of each month (Contract: 2023-LTO-001).

Payment Type	Payment Description	Payment Due Date	Payment Total (Tax Included)
Upfront Down Payment	Paid by Imperial Helium Corp. AND Royal Helium Ltd. to Remote Power Corp. on or before June 1, 2023, to initiate a Lease.	Paid in Advance. On or Before June 1, 2023	\$420,630.00
Monthly Lease Payment	Lease Payment #1 (PAD Agreement Payment)	July 1, 2023	\$82,820.85
Monthly Lease Payment	Lease Payment #2	August 1, 2023	\$82,820.85
Monthly Lease Payment	Lease Payment #3	September 1, 2023	\$82,820.85
Monthly Lease Payment	Lease Payment #4	October 1, 2023	\$82,820.85
Monthly Lease Payment	Lease Payment #5	November 1, 2023	\$82,820.85
Monthly Lease Payment	Lease Payment #6	December 1, 2023	\$82,820.85
Monthly Lease Payment	Lease Payment #7	January 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #8	February 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #9	March 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #10	April 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #11	May 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #12	June 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #13	July 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #14	August 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #15	September 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #16	October 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #17	November 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #18	December 1, 2024	\$82,820.85
Monthly Lease Payment	Lease Payment #19	January 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #20	February 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #21	March 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #22	April 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #23	May 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #24	June 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #25	July 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #26	August 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #27	September 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #28	October 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #29	November 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #30	December 1, 2025	\$82,820.85
Monthly Lease Payment	Lease Payment #31	January 1, 2026	\$82,820.85
Monthly Lease Payment	Lease Payment #32	February 1, 2026	\$82,820.85
Monthly Lease Payment	Lease Payment #33	March 1, 2026	\$82,820.85
Monthly Lease Payment	Lease Payment #34	April 1, 2026	\$82,820.85
Monthly Lease Payment	Lease Payment #35	May 1, 2026	\$82,820.85
Monthly Lease Payment	Lease Payment #36	April 1, 2026 June 1, 2026 <i>✓</i>	\$82,820.85
End of Term Buyout	Trigger the transfer of ownership of the power system to Imperial Helium Corp. AND Royal Helium Ltd. Section 29 of Agreement.	April 1, 2026 June 1, 2026 <i>✓</i>	\$1,000.00

*Cost Adjustments May Occur – Please Reference Contract 2023-LTO-001

THIS IS **EXHIBIT “KK”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

THIS AGREEMENT made in duplicate

BETWEEN:

His Majesty the King in Right of Canada
as represented by the Minister responsible for Western Economic Diversification Canada
(the "Minister")

- and -

Imperial Helium Corp. and Royal Helium Exploration Limited and Royal Helium Ltd.
located at Vancouver, British Columbia
(the "Recipient")

WHEREAS:

- A. The Minister is offering the Recipient a financial Contribution under the Aerospace Regional Recovery Initiative for the Project described in this Agreement.
- B. The Recipient wishes to accept the financial Contribution under the terms and conditions set out in this Agreement.

NOW THEREFORE, in consideration of the promises and payments made herein, the parties agree as follows:

1. DEFINITIONS

1.1 Unless otherwise defined herein, the following terms shall have the following meanings:

- (a) "Agreement" means this agreement together with all schedules and attachments and all amendments made in writing between the parties.
- (b) "Assisted Capital" means those costs described in the Statement of Work that have been designated for reimbursement under this Agreement.
- (c) "Assisted Non-Capital" means those costs described in the Statement of Work that have been designated for reimbursement under this Agreement.
- (d) "Cancellation Date" means the date set out in the Statement of Work, which is the latest date by when the Recipient shall demonstrate to the Minister that the Project has commenced, which is usually indicated by the Recipient incurring Project Costs.
- (e) "Completion Date" means the date set out in the Statement of Work, as the final date on which the Recipient can incur Project Costs.
- (f) "Contribution" means the conditional financial payment from the Minister to the Recipient, described in more detail and the amount of which is set out in the Statement of Work, which shall only be applied towards the Project Costs, which are assisted.

- (g) "Contingency Fee" means any payment or other compensation that is contingent upon or is calculated upon the basis of a degree of success in soliciting or obtaining the Contribution or negotiating the whole or any part of its terms.
- (h) "Effective Date" means the date the Minister executes this Agreement.
- (i) "Final Client Reporting Date" means the date set out in the Statement of Work, which is the final date by when the Recipient must provide such information and reports as requested by the Minister, with respect to the Performance Indicator results.
- (j) "Financial Statements" include the prepared balance sheet, income statement, and statement of cash flow. Financial statements shall be complete and correct, shall be in accordance with the books and records of the Recipient, and represent fairly the financial condition and results of operations of the Recipient, as at the dates and for the periods indicated.
- (k) "Non-Assisted Capital" means those costs described in the Statement of Work that have not been designated for reimbursement under this Agreement.
- (l) "Non-Assisted Non-Capital" means those costs described in the Statement of Work that have not been designated for reimbursement under this Agreement.
- (m) "Notice of Default" has the meaning ascribed to it in Section 6.2 of this Agreement.
- (n) "Performance Indicators" means the indicators more particularly described in the Statement of Work that the parties shall use to measure the progress and success of the Project.
- (o) "Project" means the activities described in the Statement of Work.
- (p) "Project Costs" means those costs described in the Statement of Work.
- (q) "RDA" means Regional Development Agency. Western Economic Diversification Canada (WD) is one of seven RDAs across Canada, who are the front line for economic development in Canada and help to address key economic challenges by providing regionally tailored programs, services, knowledge, and expertise.
- (r) "Repayment Terms" means those conditions that are triggered by Section 4.9 and/or 6.2 and/or otherwise specified under the Special Conditions section of Attachment "A" of this Agreement.
- (s) "Stacking" means the maximum total funding toward the Project, from federal, provincial and municipal government sources, expressed as a percentage of Total Project Costs as shown in the Statement of Work.
- (t) "Statement of Work" means the document attached to this Agreement as Attachment "A".
- (u) "Shared Cost Commencement Date" means the date set out in the Statement of Work, as the earliest date on which the Recipient can begin incurring Project Costs.
- (v) "Western Canada" means the provinces of British Columbia, Alberta, Saskatchewan and Manitoba.

2. THE PROJECT

- 2.1 The Recipient shall carry out the Project in a diligent and professional manner.

- 2.2 The Recipient shall not alter the scope of the Project as defined in the Statement of Work without prior written consent of the Minister.
- 2.3 This Agreement shall not be amended or assigned in whole or in part by the Recipient without the prior written consent of the Minister.
- 2.4 This Agreement shall survive the expiration or termination of any part of this Agreement until all repayment terms are deemed satisfied by the Minister.
- 2.5 The Recipient shall implement or operate the Project in Alberta, Saskatchewan, and/or Manitoba.

3. THE CONTRIBUTION

- 3.1 Provided the Recipient is in compliance with its obligations under this Agreement, the Minister shall provide the Recipient with a repayable Contribution not exceeding \$3,000,000, calculated as detailed in the Statement of Work. Disbursements not exceeding the amount of the Contribution will be made upon the Minister's receipt of the following from the Recipient, no later than six (6) months following the Completion Date:
 - (a) one or more claims for reimbursement of the Assisted Capital and the Assisted Non-Capital, which the Recipient has incurred and paid, it being understood that the claim must be accompanied by such vouchers, receipts and other documentation, including progress reports, as may be requested by the Minister; and
 - (b) any other material that the Minister requests.
- 3.2 Any payment made by the Minister under this Agreement is subject to there being an appropriation by Parliament for the fiscal year in which the payment is being made. Should the appropriation be reduced or denied by Parliament, this Agreement may be terminated, or the Contribution reduced proportionately.
- 3.3 The Minister will notify the Recipient with a minimum of 3 months advance notice of a termination or reduction of the Contribution for this Project in the event the Growth through Regional Innovation Program Terms and Conditions are terminated or amended.
- 3.4 The maximum amount that the Minister shall pay under this Agreement is the amount of the Contribution. Funding for this Project does not imply, directly or indirectly, any commitment of continued funding from the Government of Canada for this Project after the Project Completion Date.
- 3.5 The Minister shall not pay any portion of the Contribution towards any Project Costs that the Recipient incurs prior to the Shared Cost Commencement Date or after the Completion Date.
- 3.6 The Recipient shall make requests for reimbursement of Assisted Capital and Assisted Non-Capital as described in the Statement of Work at least annually, as of the Shared Cost Commencement Date, but not more frequently than four times per year.
- 3.7 The Minister shall not pay any interest on the Contribution.
- 3.8 (a) For the purposes of this Agreement, total government assistance, including any tax credit related to the Project to which the Recipient is or will be entitled, shall not exceed the stacking limit indicated on the Statement of Work; and

- (b) The Recipient undertakes to inform the Minister promptly in writing of any reduction in Projects Costs or of any additional federal, provincial or municipal assistance that becomes available to the Project above the amounts set out in the Statement of Work. Should the stacking limit set out in the Statement of Work be exceeded, the Minister shall have the right to adjust the Contribution or to recover forthwith any excess assistance paid up to the total of the Contribution disbursed as a debt due to His Majesty the King in Right of Canada.

- 3.9 The Minister shall only make payments on Assisted Non-Capital incurred under this Project for travel and hospitality within the guidelines provided by the Minister to the Recipient.
- 3.10 The obligation of the Minister to make payment to the Recipient of the Contribution is subject to the fulfillment, or waiver by the Minister, in its sole discretion, of the Recipients performance and compliance with all agreements and conditions contained in this agreement and required to be performed or complied with by the Recipient prior to or on the date of the Recipient's claim for re-imbursement.
- 3.11 The Minister reserves the right to hold a portion of a payment until the recipient has complied with the Agreement and provided any required reports including, but not limited to progress reports and the final report, satisfactory to the Minister.

4. RECIPIENT'S REPRESENTATIONS AND COVENANTS

- 4.1
 - (a) The Recipient declares that any person who has been lobbying on its behalf to obtain the Contribution and who is required to be registered pursuant to the *Lobbying Act* was registered pursuant to such Act at the time the lobbying occurred; and
 - (b) The Recipient represents and warrants to the Minister that it has not, nor has any other person, corporation, or organization, directly or indirectly paid or agreed to pay, and covenants that it and they shall not directly or indirectly pay, any person to solicit this Agreement or the Contribution, for a commission, Contingency Fee or any other consideration dependent on the execution of this Agreement or the payment of the Contribution or any portion thereof.
- 4.2 The Recipient shall preserve and keep available, for six years after completion of the Project:
 - (a) proper books of account recording Project revenues and costs;
 - (b) accounts and records that are necessary in the circumstances to support the books of account; and
 - (c) adequate administrative documentation to support the Recipient's decisions made concerning the Project.
- 4.3 The Recipient shall, if requested by the Minister, permit any authorized representative of the Minister, or auditors engaged by the Minister or the Auditor General for Canada, reasonable access to its premises to do the following:
 - (a) inspect and assess the progress of the Project; and
 - (b) examine the Recipient's books, accounts and any other records related to the Project and the Contribution. and to make copies thereof.

- 4.4 The Recipient shall provide the Minister with a list of all amounts owing in arrears to the federal government under any legislation or other contribution agreements and acknowledges that the Minister may offset the Contribution against any such amounts the Recipient owes in arrears to the federal government.
- 4.5 The Recipient shall not dispose of, or relinquish control over, any asset the acquisition or development of which is funded, in whole or in part, by the Contribution, including intellectual property developed or acquired as a result of carrying out the Project, during the term of this Agreement, without the prior written consent of the Minister.
- (a) The Recipient shall make reasonable efforts to ensure that the results of the Project are exploited in Canada, with the objective of maximizing the economic benefits to Canada.
- 4.6 The Recipient shall obtain the prior written consent of the Minister to any change that, in the sole judgement of the Minister, may materially affect the governance, management, or financing of the Recipient during the term of this Agreement.
- 4.7 The Recipient shall obtain appropriate insurance coverage for the Project and shall maintain such insurance coverage in full force and effect until the Project has been completed and shall provide evidence of such insurance coverage to the Minister, at the Minister's request.
- 4.8 The Recipient shall obtain all necessary licenses, permits, and approvals required for the Project by applicable legislation, regulations and by-laws.
- 4.9 The Recipient, if directed by the Minister, shall forthwith repay to the Minister any overpayments or unexpended balances of the Contribution, and such amounts shall constitute a debt due to His Majesty the King in Right of Canada. These debts will be due upon notice to the Recipient and any amounts unpaid after 30 days from the day of notice will be subject to the same interest as would be calculated in an event of default as described in Section 6.5 of this Agreement.
- 4.10 The Recipient shall to the satisfaction of the Minister, ensure that all Project Costs are incurred in a manner that is transparent, competitive and consistent with value for money principles. The Minister has no obligation to make a contribution toward any individual Project Costs above \$50,000 unless the Recipient demonstrates, to the satisfaction of the Minister, that:
- (a) The supplier was selected through a competitive process and the Recipient chose the supplier offering the best value that also fully met the requirements of the Project; or
- (b) The selection of a sole source supplier is justified.

5. REPORTING

- 5.1 The Recipient shall provide the following reports to the Minister, in a form satisfactory to the Minister, at the following times:
- (a) Progress Reports a minimum of twice a year, and every year one progress report must be submitted and received by the Minister between January 1st and March 15th.
- (b) A Final Report to be submitted on the Final Client Reporting Date. The Final Report shall include:
- i) a summary of project activities completed;
- ii) the extent to which performance indicators were achieved; and
- iii) a description of the expected results that have accrued to date.

- (c) Financial statements within six (6) months of the Recipient's year end or additional reports as may be requested by the Minister and/or as required by the Special Conditions set out in Part 1.v) of the Statement of Work.

6. DEFAULT

6.1 The following constitute events of default on behalf of the Recipient:

- (a) submitting false or misleading information to the Minister or failing to disclose relevant information which may have a negative impact on the Recipient's financial position;
- (b) failing to satisfy a term or condition of this Agreement, including those outlined in the Statement of Work and Attachment "B";
- (c) becoming bankrupt or insolvent, going into receivership or taking the benefit of any statute from time to time in force relating to bankrupt or insolvent debtors; or
- (d) the Recipient is dissolved or ceases to carry on operations.

6.2 If an event of default occurs, the Minister may inform the Recipient, by a notice dated and in writing (the "Notice of Default"), of one or more of the following:

- (a) that the Minister's obligation to pay the Contribution to the Recipient is hereby terminated as a result of an event of default occurring;
- (b) that the Recipient shall repay to the Minister, all or part of the Contribution forthwith and that such an amount is a debt due to His Majesty the King in Right of Canada and may be recovered as such;
- (c) that the Recipient shall transfer any assets it has acquired through the proceeds of the Contribution to a third party, as directed by the Minister; and
- (d) that the Recipient shall dispose, at fair market value as determined at the sole discretion of the Minister, of any assets it has acquired through the proceeds of the Contribution and shall provide the Minister with the proceeds of such disposal, as directed by the Minister.

6.3 Unless the Recipient satisfies the Minister, within fourteen (14) days from the date of the Notice of Default, that either the event of default has not occurred or that it has fully remedied the event of default, the Recipient shall be fully bound by and comply with the terms of the Notice of Default.

6.4 The fact that the Minister may refrain from exercising a remedy under the Agreement will not constitute a waiver of such right and any partial exercise of a right will not prevent the Minister in any way from later exercising any other right or remedy under the Agreement or other applicable law.

6.5 The Recipient shall pay, in addition to any amount due as a result of an event of default, interest on such amount, calculated from the date of the Notice of Default until the date that the full amount payable has been received by the Minister.

6.6 In accordance with the *Interest and Administrative Charges Regulations* under the *Financial Administration Act*, the rate of interest on the amount due as a result of an event of default, shall be fixed at 3 percent above the minimum rate at which the Bank of Canada is prepared to make loans as at the date of the Notice of Default.

6.7 Section 6 of this Agreement shall survive the expiration or termination of this Agreement.

7. ENVIRONMENT

- 7.1 The Recipient represents that any environmental issues or concerns relating to the Project which are known or ought to be known to the Recipient have been disclosed to the Minister, and the Recipient shall inform the Minister of any environmental issues or concerns regarding the Project which arise during the term of this Agreement.
- 7.2 The Recipient covenants and agrees that all activities in relation to the Project shall be conducted in compliance with Applicable Laws. For greater certainty, Applicable Laws include, without limitation, the following:
- (i) the *Impact Assessment Act*, S.C. 2019 c. 28, s. 1 and any regulations as amended from time to time;
 - (ii) all other applicable statutes and regulations, and all by-laws, declarations, directives, plans, approvals, requirements, guidelines, standards and orders made pursuant thereto by any competent authority concerned with environmental assessment, protection or remediation, health, chemical use, safety or sanitation; and
 - (iii) the applicable common law;
- 7.3 The Recipient represents that the Project is not a “designated project” as defined in the Impact Assessment Act, S.C. 2019 c. 28, s. 1 (IAA) and that an impact assessment (IA) or a determination under section 82 of IAA, are not required for the Project.
- 7.4 If, as a result of changes to the Project or otherwise, the Project is a “designated project” as defined in the IAA, the Recipient agrees that construction of the Project, including site preparation, will not be undertaken or will be suspended and no funds or additional funds will become or will be payable by the Minister to the Recipient for the Project unless, and until:
- (a) in the case of an IA, a decision statement has been issued to the Recipient; or
 - (b) in the case of a determination under section 82 of IAA, the Minister determines that the Project is not likely to cause significant adverse environmental effects or is likely to cause significant adverse environmental effects that are justified in the circumstances.
- 7.5 For any IA or determination made under IAA, as a result of changes to the Project or otherwise:
- (a) the Recipient will comply with, to the satisfaction of the Minister and at the Recipient’s own expense, all conditions included in the decision statement issued under IAA, or other conditions that the Minister may require in coming to a determination under section 82 of IAA.
 - (b) the Recipient will allow the Minister and its agents, employees, servants or contractors to access and enter at any time during reasonable hours upon any real property under the ownership or control of the Recipient for the purpose of ensuring that any conditions and mitigation measures are implemented for the Project.

8. NOTICE

- 8.1 (a) Any notice or communication authorized or permitted with respect to this Agreement shall be effectively given if:
- (i) delivered by hand;

- (ii) sent by letter; or
 - (iii) sent by facsimile; or
 - (iv) sent by PDF via e-mail.
- (b) Any notice that is delivered by hand shall be deemed to have been received on delivery. Any notice which has been mailed shall be deemed to have been received eight (8) calendar days after being mailed.
- (c) Any notice sent by facsimile shall be deemed to have been received twenty-four (24) hours after the time that is printed on the dispatcher's confirmation slip. Any notice that is delivered by PDF via e-mail is deemed to have been received on delivery.

8.2 (a) The Minister's address for notice shall be:

Assistant Deputy Minister
Alberta Region
Western Economic Diversification Canada
Suite 1500 Canada Place
9700 Jasper Avenue
Edmonton, Alberta T5J 4H7
FAX #: (780) 495-4557
Email Address: ab.info@prairiescan.gc.ca

(b) The Recipient's address for notice shall be:

Jeff Sheppard
Chief Financial Officer
Imperial Helium Corp. and Royal Helium Exploration Limited and Royal Helium Ltd.
2500-666 Burrard ST
Vancouver, British Columbia V6C 2X8
Email Address: sheppard@royalheliumltd.com

- (c) Either the Minister or the Recipient may change the address and other information stipulated above, provided that a written change of address notice is issued to the other party.

9. PUBLIC ANNOUNCEMENTS AND COMMUNICATIONS

- 9.1 The Recipient shall comply with the requirements contained in Attachment "B" concerning advance notice for communications activities (i.e. events and announcements) related to the Project; funding announcements and/or official signing ceremonies; federal funding recognition including placement of signs and references on websites, in news releases and in publications including annual reports; Project milestones and success stories and photos.
- 9.2 The Recipient acknowledges that WD is subject to the Official Languages Act, R.S.C. 1985, c. 31 (4th Supp.).
- 9.3 If applicable, in making any announcements of this Contribution, the Recipient shall comply with the spirit of the *"Official Languages Act"*.
- 9.4 The Recipient shall, if the Minister has determined there is or is likely to be a significant demand and communicated this significant demand to the Recipient:

- (a) ensure that any member of the public can communicate with and obtain available services from the office in either official language;
- (b) ensure that appropriate measures are taken, including the provisions of signs, notices and other information on services and the initiation of communication with the public, to make it known to members of the public that those services are available in either official language at the choice of any member of the public;
- (c) communicate by using such media of communication as will reach members of the public in the official language of their choice in an effective and efficient manner; and,
- (d) identify and consider the community economic needs of the Official Languages Minority Community (OLMC) in their community and adapt their services to ensure substantive equality to those provided to both the linguistic majority and minority.

10. INDEMNITY AND LIMITATION OF LIABILITY

- 10.1 The Recipient shall indemnify and save harmless the Minister and the Minister's representatives, successors, assigns, servants and agents against and from all actions, suits, damages, losses, charges, expenses, claims and demands whatsoever (including necessary legal costs) which may hereafter be brought or made against the Minister or which the Minister may sustain, pay or incur as the result of or in connection with or arising out of any action of the Recipient.
- 10.2 Neither party shall have any liability for any indirect, incidental, special or consequential damages, however caused and on any theory of liability (including negligence), arising out of this Agreement, including but not limited to loss of anticipated profits, even if such party has been advised of the possibility of such damages. These limitations shall apply notwithstanding any failure of essential purpose of any limited remedy.
- 10.3 The Recipient acknowledges that the Minister may provide funding to numerous companies, entities, and consortia, some of which may be competitive ("Competitive Entity") with the Recipient. The Minister shall not be liable to the Recipient for any claim arising out of, or based on: (i) the provision of funding by the Minister to any Competitive Entity; or (ii) actions taken by any partner, officer or other representative of the Minister to assist a Competitive Entity, whether or not such action has a detrimental effect on the Recipient or the Project, provided that the Minister will in all circumstances maintain the confidentiality of all information provided to it by the Recipient in accordance with this Agreement.
- 10.4 The Minister's liability under this Agreement shall be limited in the aggregate to a sum equal to or less than the Contribution.
- 10.5 Section 10 of this Agreement shall survive the termination or expiration of this Agreement.

11. FORCE MAJEURE

- 11.1 The Recipient will not be in default by reason only of any failure in performance of the Project described in the Statement of Work if such failure arises without the fault or negligence of the Recipient and is caused by any event of force majeure.

- 11.2 Force majeure means any cause which is unavoidable or beyond reasonable control of the Recipient, including war, riot, insurrection, orders of government, strikes, or any act of God or other similar circumstance which is beyond the Recipient's control, and which could not have been reasonably circumvented by the Recipient without incurring unreasonable cost.

12. SEVERABILITY

- 12.1 Any provision of this Agreement prohibited by law or otherwise ineffective will be ineffective only to the extent of such prohibitions or ineffectiveness and will be severable without invalidating or otherwise affecting the remaining provisions of the Agreement.

13. APPLICABLE LAW

- 13.1 This Agreement shall be governed by, and is to be interpreted in accordance with, the applicable federal laws and the laws in force in the Province of British Columbia to the jurisdiction of the Courts of British Columbia and all courts competent to hear appeals from the Courts of British Columbia.

14. GENERAL

- 14.1 This Agreement is an agreement for the Contribution only. It does not create a partnership, agency, joint venture, or employer/employee relationship between the parties and the Recipient shall not represent itself as such, including in any agreement with a third party.
- 14.2 No current or former public servant or public office holder to whom the *Conflict of Interest Act*, the Conflict of Interest and Post-Employment Code for Public Office Holders or the Values and Ethics Code for the Public Service applies shall derive direct benefit from the funding agreement unless the provision or receipt of such benefits is in compliance with such legislation and codes; and no member of the Senate or the House of Commons shall be admitted to any share or part of the agreement, or to any benefit arising from it, that is not otherwise available to the general public.
- 14.3 This Agreement and the attachments attached hereto contain the entire agreement between the parties with respect to the subject matter hereto and shall supersede all previous negotiations, representations and documents in relation hereto made by either of the parties.
- 14.4 Time is to be considered of the essence of this Agreement.
- 14.5 All information provided by the Recipient to the Minister will be treated in accordance with the *Access to Information Act* and the *Privacy Act*. These laws govern, protect and limit the collection, use and disclosure of personal, financial and technical information by federal government departments and agencies. Information, documents or records provided, or to be provided, to the Minister pursuant to this Agreement shall not be prohibited from disclosure by the Minister under section 13 or section 20 of the federal *Access to Information Act*, unless the information document or record is identified and marked by the Recipient as a document or record of a nature described by those provisions, and that it truly qualifies as such. Notwithstanding the above, the Minister reserves the right to make information relating to this Agreement available to the public, including providing limited information on a public website as part of a list of all projects funded by the Minister. The Recipient hereby represents that they have authority to consent and consents to the information being made available to the public.
- 14.6 The Recipient's rights to confidentiality shall not impede the Minister in fulfilling subsidy notification obligations to the World Trade Organization under Article 25 of the Agreement on Subsidies and Countervailing Measures.

- 14.7 The parties hereto using their best efforts to consult and negotiate in good faith shall address any dispute or controversy arising from or relating to this Agreement. If a solution cannot be agreed upon within a period of 90 days, all differences shall be subject to arbitration by the *Arbitration and Mediation Institute of Canada*.
- 14.8 This Agreement shall terminate after, in the opinion of the Minister, all the terms and conditions in this Agreement have been satisfied.
- 15. EFFECTIVE DATE**
- 15.1 Each party warrants that the person signing this Agreement has full authority to execute this document.
- 15.2 This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective upon the date of execution by the Minister.
- 15.3 This Agreement shall be binding and enure to the benefit of any successor or assign of the Recipient.
- 15.4 This Agreement shall be effective upon the date of execution by the Minister.

IN WITNESS WHEREOF the parties hereto have executed this Agreement through duly authorized representatives.

For the Minister




For Imperial Helium Corp.

 CEO Dec 19/23
Name and Title Date



Royal Helium Exploration Limited

 CEO Dec 19/23
Name and Title Date



Royal Helium Ltd.

 CEO Dec 19, 2023
Name and Title Date

ATTACHMENT "A"

Statement of Work**I. PROJECT SCOPE****i) Description**

The Recipient will green operations at the Steeveville Helium Facility. This will position the company as a leader in the helium sector and in emission performance as the company continues to invest in the development of its helium properties, increasing the supply of environmentally friendly helium. This project will produce high purity helium for space exploration. Project activities include the implementation of fuel recovery and power generation and commissioning of the CO2 module.

ii) Project Location

The Recipient shall carry out the Project in Brooks, AB.

iii) Project Costs

<u>PROJECT COSTS</u>	<u>Project Costs</u>	<u>RDA Assistance</u>	<u>RDA%</u>
Assisted Capital			
Equipment (1)	\$6,000,000	\$3,000,000	50%
Total Assisted Capital	\$6,000,000	\$3,000,000	50%
Total Assisted	\$6,000,000	\$3,000,000	50%
TOTAL PROJECT COSTS	\$6,000,000	\$3,000,000	50%

PROJECT COST COMMENTS

1) Includes costs to purchase a molecular sieve cryogenic module.

The above costs include only Project Costs, as set out above, incurred directly to carry out the Project and are subject to verification as direct amounts for which payments to third parties can be proven.

iv) Cashflow

The amounts to be paid by the Minister shall not exceed the following amounts in the Minister's fiscal years ending March 31:

<u>Year</u>	<u>Amount</u>
2024	\$3,000,000

v) Special ConditionsOngoing Conditions for the Term of the Agreement

1) The Minister shall not pay any portion of the Contribution towards any Project Costs that the Recipient incurs prior to October 31, 2022 and after the Project Completion Date.

2) Upon project completion, total federal funding towards this Project will not exceed 75% of the total Project Costs. Any amount paid in excess shall be deemed repayable at the

completion of the Project.

3) Financial Statements:

a) Financial Statements may include the balance sheet, income statement, cash flow statement, or other information requested by the Minister.

b) Financial Statements shall be complete and correct, shall be in accordance with the book and records of the Recipient, and present fairly the financial conditions and results of operations of the Recipient, as at the dates and for the periods indicated.

Special Conditions for Specific Events or Timing

4) Repayment Terms

a) The Recipient shall repay the Contribution to the Minister by 60 consecutive monthly installments of \$50,000 commencing April 1, 2025 and ending on March 1, 2030, when any principal and interest then outstanding shall be repaid.

b) In accordance with the Interest and Administrative Charges Regulations, the Recipient agrees to pay the Minister interest calculated and compounded monthly at the average bank rate plus 3% and interest accrues during the period beginning on the due date and ending on the day before the day on which payment is received by the Minister. If a partial payment is made, the period for which interest is payable in respect of the amount paid ends on the day before the day on which partial payment is received by the Minister.

c) At any time during this Agreement the Recipient will have the right to repay the outstanding amount of the Contribution (net of any payments made in accordance with Attachment A section 1 (v) including any interest and administration charges due, if any). Full repayment of the Contribution by the Recipient to the Minister and receipt of the Final Report will terminate this Agreement. However, the Recipient acknowledges that sections 4.2, 4.3, 6 and 10 survive the termination or expiration of this Agreement.

vi) Dates

- a) Shared Cost Commencement Date - October 10, 2022
- b) Completion Date - January 31, 2024
- c) Cancellation Date - January 31, 2024
- d) Final Client Reporting Date - March 31, 2025

vii) Stacking Limit and Funding

Stacking Limit 75 %

PROJECT FUNDING

RDA Repayable \$3,000,000

Operating Revenue/Working Capital

\$3,000,000

TOTAL PROJECT FUNDING**\$6,000,000****II. PROJECT MEASUREMENT**

This section describes the basis for measuring the progress, outcomes and success of the Project. Reporting by the Recipient shall reflect these parameters.

i) Timeline of Project Activity

a)	Complete construction of the Steveville Helium Facility	Sep 2023
b)	Complete implementation of fuel recovery and power generation	Oct 2023
c)	Commission fabrication of the CO2 module	Nov 2023
d)	Begin onsite commissioning of the CO2 module	Dec 2023

ii) Performance Indicators

Expected Results	Performance Indicator	Type	Baseline Value	Baseline Date	Target Value	Target Date
Businesses are commercializing technology and adopting it in the Prairies	Export sales growth (\$)		0	Oct-2022	22300000	Mar-2025
	Number of HQP (including STEM) jobs created	Total	0	Oct-2022	6	Mar-2025
	Number of jobs maintained	Total	0	Oct-2022	10	Mar-2025
Prairie businesses are innovative	Revenue growth (\$)		0	Oct-2022	22300000	Mar-2025

iii) Expected Results/Methodology & Timing

Progress on this project shall be evaluated against project performance indicators.

Progress on this Project shall be evaluated against Project performance indicators. The Recipient shall continue to provide information and reports with respect to the Performance Indicators, as requested by the Minister, until the Final Client Reporting Date.

ATTACHMENT "B"

COMMUNICATIONS PROTOCOL

I. Funding Announcement and/or Official Signing Ceremony

- (a) The Recipient hereby consents to a public funding announcement and/or an official signing ceremony by, or on behalf of, the Minister in the form of a news release, and/or news conference or event, if recommended by the Minister.
- (b) The Minister shall inform the Recipient, in writing, of the date on which the public announcement is to be made and ensure the proposed date permits the participation of both parties, and their representatives. The Recipient shall maintain the confidentiality of the Agreement until such date.
- (c) The Recipient shall advise the Minister, in writing, at least twenty-eight (28) days in advance of any official ceremony to be held in connection with the Project.
- (d) The Recipient hereby consents to the participation by the Minister, or a representative of the Minister, at any such official ceremony and to have the event take place on a day mutually agreed upon by the Recipient and the Minister. (Posting of the contribution on the Western Economic Diversification Canada website under the Proactive Disclosure initiative does not constitute a Project funding announcement.)

II. Federal Funding Recognition

- (a) The Recipient also consents to the placement of a bilingual sign that identifies the federal government's participation in the Project, on the Project site at any time prior to the Completion Date of the Project, if recommended by the Minister.
- (b) The Recipient shall, in all of its publications, public website, news releases and presentations regarding the Project, or making mention thereof, including in its annual reports, acknowledge, if recommended by the Minister, that the Project was supported and/or funded in part by Western Economic Diversification Canada.
- (c) Any use of Western Economic Diversification Canada's name, its Federal Identity Program (FIP) official government identifier with the Canadian flag logo, or the Canada wordmark, requires prior written approval of the Minister.

III. Project Milestones

- (a) The Recipient shall provide the Minister with an opportunity to participate in milestone events and provide milestone information and proposed dates for milestone events at least 28 days in advance, thereby enabling the Minister to use the opportunity to promote the Recipient's Project and Western Economic Diversification Canada's role in supporting it

- (b) The Recipient agrees to the implementation of appropriate communications activities, which the Minister or the Recipient may initiate in conjunction with the other, such as a feature story, an official opening, ceremonies, celebrations. The Minister and the Recipient shall cooperate in these activities. Examples of Project milestones, for promotional purposes, include:

- Sod-turnings / Ribbon cuttings / Grand openings / Plaque unveilings
- Awards
- Completion of prototype and first product produced
- Penetration of new markets, significant sales, new contracts
- First shipment or launch of new product, new technology
- Completion/graduation of training by students or interns
- Launch of new program, tool or reference
- Research discovery
- Promotional/Media campaign

IV. Success Stories/Photos

From time to time Recipients may be required to provide support and photos for the development of articles to be used in Western Economic Diversification Canada's publications and/or on its public website. It is understood that, in accepting the funding, Recipients agree to provide support when called upon to do so.

Proactive disclosure is a requirement of the Government of Canada whereby all grants and contributions are posted to departmental web sites 30 days following the financial quarter.

Visit <http://www.wd-deo.gc.ca/images/cont/10036a-eng.pdf> for guidelines on how to acknowledge Western Economic Diversification Canada's support.

Project: 000023622

Amendment: 1

February 7, 2024

Jeff Sheppard

Chief Financial Officer

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

2500-666 Burrard ST

Vancouver, British Columbia V6C 2X8

Dear Jeff Sheppard,

We wish to inform you that the Minister has granted approval to amend the Agreement, as requested, for this project dated December 28, 2023.

This Amendment revises the following section(s) of the Agreement:

Amend Attachment "A", Statement of Work, Section I. v, Project Scope, Special Conditions as follows:

From:

I PROJECT SCOPE

v) Special Conditions

Ongoing Conditions for the Term of the Agreement

- 1) The Minister shall not pay any portion of the Contribution towards any Project Costs that the Recipient incurs prior to October 31, 2022 and after the Project Completion Date.
- 2) Upon project completion, total federal funding towards this Project will not exceed 75% of the total Project Costs. Any amount paid in excess shall be deemed repayable at the completion of the Project.
- 3) Financial Statements:
 - a) Financial Statements may include the balance sheet, income statement, cash flow statement, or other information requested by the Minister.
 - b) Financial Statements shall be complete and correct, shall be in accordance with the book and records of the Recipient, and present fairly the financial conditions and results of operations of the Recipient, as at the dates and for the periods indicated.

Special Conditions for Specific Events or Timing

4) Repayment Terms

- a) The Recipient shall repay the Contribution to the Minister by 60 consecutive monthly installments of \$50,000 commencing April 1, 2025 and ending on March 1, 2030, when any principal and interest then outstanding shall be repaid.

b) In accordance with the Interest and Administrative Charges Regulations, the Recipient agrees to pay the Minister interest calculated and compounded monthly at the average bank rate plus 3% and interest accrues during the period beginning on the due date and ending on the day before the day on which payment is received by the Minister. If a partial payment is made, the period for which interest is payable in respect of the amount paid ends on the day before the day on which partial payment is received by the Minister.

c) At any time during this Agreement the Recipient will have the right to repay the outstanding amount of the Contribution (net of any payments made in accordance with Attachment A section 1 (v) including any interest and administration charges due, if any). Full repayment of the Contribution by the Recipient to the Minister and receipt of the Final Report will terminate this Agreement. However, the Recipient acknowledges that sections 4.2, 4.3, 6 and 10 survive the termination or expiration of this Agreement.

To:

I PROJECT SCOPE

v) Special Conditions

Ongoing Conditions for the Term of the Agreement

1) The Minister shall not pay any portion of the Contribution towards any Project Costs that the Recipient incurs prior to October 10, 2022 and after the Project Completion Date.

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Special Conditions for Specific Events or Timing

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b) In accordance with the Interest and Administrative Charges Regulations, the Recipient agrees to pay the Minister interest calculated and compounded monthly at the average bank rate plus 3% and interest accrues during the period beginning on the due date and ending on the day before the day on which payment is received by the Minister. If a partial payment is made, the period for which interest is payable in respect of the amount paid ends on the day before the day on which partial payment is received by the Minister.

c) At any time during this Agreement the Recipient will have the right to repay the outstanding amount of the Contribution (net of any payments made in accordance with Attachment A section 1 (v) including any interest and administration charges due, if any). Full repayment of the Contribution by the Recipient to the Minister and receipt of the Final Report will terminate this Agreement. However, the Recipient acknowledges that sections 4.2, 4.3, 6 and 10 survive the termination or expiration of this Agreement.

All other terms and conditions of the Agreement remain in effect for the duration of the project.

Project: 000023622

Amendment: 1

Should you have any questions about this amendment or require additional information, please feel free to contact me at 403-461-2433.

Sincerely,

Ana Medina
Senior Business Officer
Alberta Region

THIS IS **EXHIBIT “LL”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

DEBENTURE INDENTURE

between

ROYAL HELIUM LTD.

and

COMPUTERSHARE TRUST COMPANY OF CANADA

Providing for the Issue of Debentures

Dated as of February 8, 2023

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THIS INDENTURE made as of the 8th day of February, 2023.

BETWEEN:

ROYAL HELIUM LTD., a corporation continued under the laws of the Province of Saskatchewan and having its head office in the City of Saskatoon, in the Province of Saskatchewan

(hereinafter called "**Royal**" or the "**Corporation**")

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company incorporated under the federal laws of Canada

(hereinafter called the "**Trustee**")

WITNESSETH THAT:

WHEREAS the Corporation wishes to create and issue the Debentures (as defined herein) in the manner and subject to the terms and conditions of this Indenture;

NOW THEREFORE THIS INDENTURE WITNESSES that in consideration of the respective covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Corporation and the Trustee covenant and agree, for the benefit of each other and for the equal and ratable benefit of the holders, as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Indenture and in the Debentures, including the recitals, unless there is something in the subject matter or context inconsistent therewith, the expressions following shall have the following meanings, namely:

"90% Redemption Right" has the meaning ascribed thereto in Section 2.1(j)(viii);

"90% Redemption Right Notice" has the meaning ascribed thereto in Section 2.1(j)(viii);

"this Indenture", **"hereto"**, **"herein"**, **"hereby"**, **"hereunder"**, **"hereof"** and similar expressions refer to this Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;

"Acceptance Notice" has the meaning ascribed thereto in Section 2.1(j)(iv);

"Applicable Securities Legislation" means applicable securities laws (including rules, regulations, policies, blanket orders, rulings and instruments) in each of the applicable provinces of Canada;

"Auditors of the Corporation" means an independent firm of chartered accountants duly appointed as auditors of the Corporation;

"Authenticated" means: (i) with respect to the issuance of a Debenture Certificate, one which has been duly signed by the Corporation and certified by the signature of an authorized officer of the Trustee; (ii) with respect to the issuance of an Uncertificated Debenture, one in respect of which the Trustee has completed all Internal Procedures such that the particulars of such Uncertificated Debenture as required by Section 2.2 are entered in the register of holders of Debentures, "Authenticate" and "Authentication" have the appropriate correlative meanings;

"Base Shares" has the meaning ascribed thereto in Section 2.1(k)(iii);

"Beneficial Owner" means any person who holds a beneficial interest in a Debenture that is represented by a Debenture Certificate or an Uncertificated Debenture registered in the name of CDS or its nominee, for the purposes of being held by or on behalf of CDS as custodian for Participants;

"Board of Directors" means the board of directors of the Corporation or any committee thereof;

"Business Day" means any day other than a Saturday, Sunday or any other day that the Trustee in Calgary, Alberta is not generally open for the transaction of business;

"CDS" or the **"Depository"** means CDS Clearing and Depository Services Inc. and its successors in interest;

"Cash Change of Control Conversion Period" has the meaning ascribed thereto in Section 2.1(k)(i);

"Change of Control" means: (i) the acquisition by any Person, or group of Persons acting jointly or in concert (within the meaning of NI 62-104), of voting control or direction of an aggregate of 50% or more of the outstanding Common Shares; (ii) the sale, merger, reorganization, arrangement, combination or other similar transaction of the Corporation with or into any other Person or any merger of another Person into the Corporation; or (iii) the sale or other transfer of all or substantially all of the assets of the Corporation, but shall not include a sale, merger, reorganization, arrangement, combination or other similar transaction if the previous holders of Common Shares hold at least 50% of the voting control or direction in such merged, reorganized, arranged, combined or other continuing entity (and in the case of a sale or other transfer of all or substantially all of the assets, in the entity which has acquired such assets) immediately following completion of such transaction;

"Change of Control Purchase Date" has the meaning ascribed thereto in Section 2.1(j)(vi);

"Common Share Interest Payment Election" means an election to satisfy an Interest Obligation on the applicable Interest Payment Date in the manner described in the Common Share Interest Payment Election Notice;

"Common Share Interest Payment Election Notice" means a written notice made by the Corporation to the Trustee specifying: (i) the Interest Obligation to which the election relates; and (ii) the portion of the Interest Obligation to be satisfied in cash, if any;

"Common Shares" means common shares in the capital of the Corporation, as such common shares are constituted on the date of execution and delivery of this Indenture; provided that in the event of a change or a subdivision, revision, reduction, combination or consolidation thereof, any reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up, then, subject to adjustments, if

any, having been made in accordance with the provisions of Section 6.5, "**Common Shares**" shall mean the shares or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;

"**Conversion Price**" means the dollar amount for which each Common Share may be issued from time to time upon the conversion of the Debentures which are by their terms convertible in accordance with the provisions hereof, and for greater certainty, the Conversion Price shall be CAD\$0.26 per Common Share, being a ratio of 3,846 Common Shares per \$1,000 principal amount of Debentures;

"**Counsel**" means a barrister or solicitor or firm of barristers or solicitors retained or employed by the Trustee or retained or employed by the Corporation and reasonably acceptable to the Trustee;

"**Current Market Price**" means, generally, the VWAP, for the 20 consecutive trading days ending on the fifth trading day preceding the applicable date. If the Common Shares are not listed or quoted on the TSXV or another securities exchange or market, "Current Market Price" shall be the fair value of a Common Share as reasonably determined by the Board of Directors;

"**Date of Conversion**" has the meaning ascribed thereto in Section 6.4(g);

"**Debenture Certificate**" means a certificate evidencing Debentures substantially in the form attached as Schedule "A" hereto;

"**Debenture Liabilities**" has the meaning ascribed thereto in Section 5.1;

"**Debenture Offer**" has the meaning ascribed thereto in Section 2.1(j)(ii);

"**Debentureholders**" or "**holders**" means the Persons for the time being entered in the register for Debentures as registered holders of Debentures or any transferees of such Persons by endorsement or delivery;

"**Debentures**" means the debentures, notes or other evidences of indebtedness of the Corporation issued and Authenticated hereunder, or deemed to be issued and Authenticated hereunder, including, without limitation, the senior unsecured convertible debenture designated as "14.0% Senior Unsecured Convertible Debentures due December 31, 2025";

"**Defeased Debentures**" has the meaning ascribed thereto in Section 9.6(b);

"**Effective Date**" has the meaning ascribed thereto in Section 2.1(k)(ii);

"**Escrow Release Date**" means February 8, 2023;

"**Event of Default**" has the meaning ascribed thereto in Section 8.1;

"**Ex-Dividend Date**" means, with respect to any dividend, distribution or issuance on the Common Shares, the first date on which the Common Shares trade on the applicable exchange or in the applicable market without the right to receive such dividend, distribution or issuance;

"**Expiry Date**" has the meaning ascribed thereto in Section 2.1(j)(iii);

"**Expiry Time**" has the meaning ascribed thereto in Section 2.1(j)(iii);

"Extraordinary Resolution" has the meaning ascribed thereto in Section 13.12;

"Freely Tradeable" means, in respect of shares of capital of any class of any corporation, shares which: (i) are issuable without the necessity of filing a prospectus or any other similar offering document (other than such prospectus or similar offering document that has already been filed) under Applicable Securities Legislation and such issue does not constitute a distribution (other than a distribution already qualified by prospectus or similar offering document or that is otherwise exempt from the prospectus requirements) under Applicable Securities Legislation; and (ii) can be traded by the holder thereof without any restriction under Applicable Securities Legislation, such as hold periods, restricted periods or seasoning periods, except in the case of a control distribution (as defined in National Instrument 45-102 – *Resale of Securities*), or a transaction or series of transactions incidental to a control distribution;

"Fully Registered Debentures" means Debentures registered as to both principal and interest;

"generally accepted accounting principles" or **"GAAP"** means generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada (including as further described in Section 1.16) applicable to the Corporation;

"Guarantees" means any guarantee, undertaking to assume, endorse, contingently agree to purchase, or to provide funds for the payment of, or otherwise become liable in respect of, any indebtedness, liability or obligation of any Person;

"Interest Obligation" means the obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due;

"Interest Payment Date" means a date specified in a Debenture as the date on which interest on such Debenture shall become due and payable;

"Internal Procedures" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register of Debentureholders at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Trustee's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Trustee, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;

"Make Whole Premium" has the meaning ascribed thereto in Section 2.1(k)(i);

"Make Whole Premium Shares" has the meaning ascribed thereto in Section 2.1(k)(ii);

"Material Subsidiary" means any Subsidiary of the Corporation which has consolidated assets equal to or greater than 5.0% of the consolidated assets of the Corporation and its Subsidiaries;

"Maturity Account" means an account or accounts required to be established by the Corporation (and which shall be maintained by and subject to the control of the Trustee) for each Debenture issued pursuant to and in accordance with this Indenture;

"Maturity Date" means December 31, 2025;

"NI 62-104" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

"Offering" means the offering of Debentures in the aggregate principal amount of \$5,500,000 to be issued by the Corporation;

"Offeror's Notice" has the meaning ascribed thereto in Section 12.3;

"Offer Price" has the meaning ascribed thereto in Section 2.1(j)(ii);

"Officers' Certificate" means a certificate of the Corporation signed by any two authorized officers or directors of the Corporation, in their capacities as officers or directors of the Corporation, and not in their personal capacities;

"Participant" means a Person recognized by CDS as a participant in the book entry system administered by CDS;

"Person" includes an individual, corporation, company, partnership, joint venture, association, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof (and for the purposes of the definition of "Change of Control", in addition to the foregoing, "Person" shall include any syndicate or group that would be deemed to be a "Person" under NI 62-104);

"Privacy Laws" has the meaning ascribed thereto in Section 15.19;

"Redemption Date" has the meaning ascribed thereto in Section 4.3;

"Redemption Notice" has the meaning ascribed thereto in Section 4.3;

"Redemption Price" means, in respect of a Debenture, the amount, including accrued and unpaid interest up to (but excluding) the Redemption Date fixed for such Debenture, payable on the Redemption Date;

"Royal" or the **"Corporation"** means Royal Helium Ltd.;

"Senior Creditor" means a holder or holders of Senior Indebtedness and includes any representative or representatives, agent or agents or trustee or trustees of any such holder or holders;

"Senior Indebtedness" means the principal of and the interest and premium, if any, on: (i) indebtedness of the Corporation or its Subsidiaries for borrowed money; (ii) obligations of the Corporation or its Subsidiaries evidenced by bonds, debentures, notes or other similar instruments; (iii) obligations of the Corporation or its Subsidiaries arising pursuant to or in relation to bankers' acceptances, letters of credit and letters of guarantee (including payment and reimbursement obligations in respect thereof) or indemnities issued in connection therewith; (iv) obligations of the Corporation or its Subsidiaries under any swap, hedging or other similar contracts or arrangements; (v) obligations of the Corporation or its Subsidiaries under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the Senior Indebtedness or other obligations of any other person which would otherwise constitute Senior Indebtedness within the meaning of this definition; (vi) all indebtedness of the Corporation or its Subsidiaries representing the deferred purchase price of any property including, without limitation, purchase money mortgages; (vii) accounts payable to trade creditors of the Corporation or its Subsidiaries; (viii) all renewals, extensions and refinancing of any of the foregoing; (ix) all accrued and unpaid interest, fees and other amounts in respect of any of the foregoing; and (x) all costs and expenses incurred by or on behalf of the holder of any Senior Indebtedness in enforcing payment or collection of any such Senior Indebtedness, including enforcing any security interest securing the same. "Senior Indebtedness" shall not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate to or rank pari passu with the Debentures;

"Senior Security" means all mortgages, liens, pledges, charges (whether fixed or floating), security interests or other encumbrances of any kind, contingent or absolute, held by or on behalf of any Senior Creditor and in any manner securing any Senior Indebtedness;

"Subsidiary" has the meaning ascribed thereto in the *Securities Act* (Alberta);

"Tax Act" means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder, each as amended from time to time;

"Time of Expiry" means the time of expiry of certain rights with respect to the conversion of Debentures under Article 6 which by their terms are to be convertible;

"trading day" means, with respect to the TSXV or other market for securities, any day on which such exchange or market is open for trading or quotation;

"Transaction Instruction" means a written order signed by the holder or the Depository entitled to request that one or more actions be taken, or such other form as may be reasonably acceptable to the Trustee, requesting one or more such actions to be taken in respect of an Uncertificated Debenture;

"Trustee" means Computershare Trust Company of Canada, or its successor or successors for the time being as trustee hereunder;

"TSXV" means the TSX Venture Exchange or its successors;

"Uncertificated Debenture" means any Debenture which is not issued as part of a Debenture Certificate but held through a book based (electronic) register maintained by the Trustee;

"Unclaimed Funds Return Date" has the meaning ascribed thereto in Section 2.1(j)(xiii);

"United States" or **"U.S."** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"VWAP" means the volume weighted average trading price of the Common Shares for the applicable period (which must be calculated utilizing days in which the Common Shares actually trade) on the TSXV (or if the Common Shares are no longer traded on the TSXV, on such other exchange as the Common Shares are then traded); and

"Written Direction of the Corporation" means an instrument in writing signed by any one officer or director of the Corporation.

1.2 Meaning of "Outstanding"

Every Debenture Authenticated and delivered or electronically deposited by the Trustee shall be deemed to be outstanding until it is cancelled, converted or redeemed or delivered to the Trustee for cancellation, conversion or redemption for monies and/or Common Shares, as the case may be, for the payment thereof shall have been set aside under Section 9.2, provided that:

- (a) Debentures which have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;

- (b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding; and
- (c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures owned directly or indirectly, legally or equitably, by the Corporation or a Subsidiary of the Corporation shall be disregarded except that:
 - (i) for the purpose of determining whether the Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action, or on the holders of Debentures present or represented at any meeting of Debentureholders, only the Debentures which the Trustee knows are so owned shall be so disregarded; and
 - (ii) Debentures so owned which have been pledged in good faith other than to the Corporation or a Subsidiary of the Corporation shall not be so disregarded if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his discretion free from the control of the Corporation or a Subsidiary of the Corporation.

1.3 Interpretation

In this Indenture:

- (a) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa;
- (b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules to this Indenture;
- (c) all references to Sections refer, unless otherwise specified, to Sections, Subsections or clauses of this Indenture;
- (d) words and terms denoting inclusiveness (such as "**include**" or "**includes**" or "**including**"), whether or not so stated, are not limited by and do not imply limitation of their context or the words or phrases which precede or succeed them;
- (e) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (f) unless otherwise indicated, reference to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time; and
- (g) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated by including the day on which the period commences and excluding the day on which the period ends.

1.4 Headings, etc.

The division of this Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Debentures.

1.5 Time of Essence

Time shall be of the essence of this Indenture.

1.6 Monetary References

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

1.7 Invalidity, etc.

Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof.

1.8 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating thereto, including, without limiting the generality of the foregoing, the form of Debenture attached hereto as Schedule "A", be drawn up in the English language only.

1.9 Successors and Assigns

All covenants and agreements of the Corporation in this Indenture and the Debentures shall bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Trustee in this Indenture shall bind its successors.

1.10 Severability

In case any provision in this Indenture or in the Debentures shall be invalid, illegal or unenforceable, such provision shall be deemed to be severed herefrom or therefrom and the validity, legality and enforceability of the remaining provisions shall not in any way be affected, prejudiced or impaired thereby.

1.11 Entire Agreement

This Indenture and all supplemental indentures and Schedules hereto and thereto, and the Debentures issued hereunder and thereunder, together constitute the entire agreement between the parties hereto with respect to the indebtedness created hereunder and thereunder and under the Debentures and supersedes as of the date hereof all prior memoranda, agreements, negotiations, discussions and term sheets, whether oral or written, with respect to the indebtedness created hereunder or thereunder and under the Debentures.

1.12 Benefits of Indenture

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Debentures, the Senior Creditors (to the extent provided in Article 5 only), and (to the extent provided in Section 8.11) the holders of Common Shares, any benefit or any legal or equitable right, remedy or claim under this Indenture.

1.13 Applicable Law and Attornment

This Indenture, any supplemental indenture and the Debentures shall be governed by and interpreted in accordance with the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein and shall be treated in all respects as Saskatchewan contracts. With respect to any suit, action or proceedings relating to this Indenture, any supplemental indenture or any Debenture, the Corporation, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Saskatchewan.

1.14 Currency of Payment

Unless otherwise indicated in a supplemental indenture with respect to any particular series of Debentures, all payments to be made under this Indenture or a supplemental indenture shall be made in Canadian dollars.

1.15 Non-Business Days

Whenever any payment to be made hereunder shall be due, any period of time would begin or end, any calculation is to be made or any other action is to be taken on, or as of, or from a period ending on, a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other action shall be taken, as the case may be, unless otherwise specifically provided herein, on or as of the next succeeding Business Day without any additional interest, cost or charge to the Corporation.

1.16 Accounting Terms

Except as hereinafter provided or as otherwise indicated in this Indenture, all calculations required or permitted to be made hereunder pursuant to the terms of this Indenture shall be made in accordance with GAAP. For greater certainty, GAAP shall include any accounting standards, including International Financial Reporting Standards that may from time to time be approved for general application by the Chartered Professional Accountants of Canada.

1.17 Calculations

The Corporation shall be responsible for making all calculations called for hereunder including, without limitation, calculations of Current Market Price and calculations under Sections 2.1(f) and 2.1(k). The Corporation shall make such calculations in good faith exercising reasonable care, diligence and skill and, absent manifest error, the Corporation's calculations shall be final and binding on holders and the Trustee. The Corporation will provide a schedule of its calculations to the Trustee and the Trustee shall be entitled to rely conclusively on the accuracy of such calculations without independent verification.

1.18 Schedules

The following Schedules are incorporated into and form part of this Indenture:

Schedule "A" – Form of Debenture

Schedule "B" – Form of Redemption Notice

Schedule "C" – Form of Conversion Notice

In the event of any inconsistency between the provisions of any Section of this Indenture and the provisions of the Schedules which form a part hereof, the provisions of this Indenture shall prevail to the extent of the inconsistency.

ARTICLE 2 THE DEBENTURES

2.1 Form and Terms Debentures

- (a) The Debentures authorized for issue immediately is limited to an aggregate principal amount of \$5,500,000 to be issued upon the execution hereof. The Debentures shall be designated as "14.0% Senior Unsecured Convertible Debentures due December 31, 2025".
- (b) The Debentures shall be dated as of the date of the Escrow Release Date and shall have a Maturity Date of December 31, 2025.
- (c) The Debentures shall bear interest from the Escrow Release Date at the rate of 14.0% per annum, payable semi-annually in arrears on December 31 and June 30 in each year (computed on the basis of a 365-day year and payable in equal semi-annual amounts; except that interest in respect of any period that is longer or shorter than a full semi-annual interest period will be computed on the basis of a 365 day year and the actual number of days elapsed in the relevant period and will accrue from day to day), the first such payment to fall due on June 30, 2023 and the last such payment (representing interest payable from the Interest Payment Date immediately prior to the Maturity Date to, but excluding, the Maturity Date of the Debenture) to fall due on December 31, 2025, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. For greater certainty, the first interest payment will include interest accrued from and including the Escrow Release Date, which will be equal to \$54.47 for each \$1,000 principal amount of Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day. The record dates for the payment of interest on the Debentures will be June 15 and December 15 in each year (or the first Business Day prior to such date if not a Business Day).
- (d) The Debentures will be redeemable in accordance with the terms of Article 4, provided that the Debentures will not be redeemable before December 31, 2023, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as outlined herein. On and after December 31, 2023 and at any time prior to December 31, 2025, the Debentures may be redeemed at the option of the Corporation in whole or in part from time to time on notice as provided for in Section 4.3 at a Redemption Price equal to 107.0% of their principal amount plus accrued and unpaid interest thereon up to (but excluding) the Redemption Date. The Redemption Notice for the Debentures shall be substantially in the form of Schedule "B" attached hereto. In connection with the redemption of the

Debentures, the aggregate principal portion of the Redemption Price of the Debentures will be paid in cash. Any accrued and unpaid interest will be paid pursuant to Section 2.1(i).

- (e) The Debentures will be direct, unsecured obligations of the Corporation and will be subordinated to all existing and future Senior Indebtedness of the Corporation in accordance with the provisions of Article 5. In accordance with Section 2.12, the Debentures will rank pari passu with one another issued pursuant to the Offering (regardless of their actual date or terms of issue) and, except as prescribed by law, with all other existing and future unsecured indebtedness of the Corporation other than, for certainty, Senior Indebtedness.
- (f) Upon and subject to the provisions and conditions of Article 6, the holder of a Debenture shall have the right at such holder's option, prior to 4:30 p.m. (Saskatoon time) on the earliest of (i) the Business Day immediately preceding the Maturity Date; (ii) if the Debentures are called for redemption, on the Business Day immediately preceding the date specified by the Corporation for redemption of the Debentures; (iii) if called for repurchase pursuant to the exercise by the Corporation of the 90% Redemption Right, on the Business Day immediately preceding the payment date; or (iv) if subject to compulsory acquisition as provided for in Article 12, on the Business Day immediately prior to the day on which such acquisition becomes effective, subject to the satisfaction of certain conditions by notice to the holder in accordance with Sections 2.1(d) and 4.3, as applicable (the earliest of which will be the "**Time of Expiry**" for the purposes of Article 6 in respect of the Debentures), to convert any part, being \$1,000 or an integral multiple thereof, of the principal amount of a Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion. To the extent a redemption is a redemption in part only of the Debentures, such right to convert, if not exercised prior to the applicable Time of Expiry, shall survive as to any Debentures not redeemed or converted and be applicable to the next succeeding Time of Expiry.

The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of the Debentures shall be equal to \$0.26 such that 3,846 Common Shares shall be issued for each \$1,000 principal amount of Debentures so converted, subject to the terms of Article 6. Except as provided below, no adjustment in the number of Common Shares to be issued upon conversion will be made for dividends or distributions on Common Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Common Shares in accordance with Article 5, or for interest accrued on the Debentures surrendered. No fractional Common Shares will be issued, and holders will receive a cash payment in satisfaction of any fractional interest based on the Current Market Price as of the Date of Conversion. The Conversion Price applicable to, and the Common Shares, securities or other property receivable on the conversion of, the Debentures is subject to adjustment pursuant to the provisions of Section 2.1(k) and Section 6.5.

Holders converting their Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Debentures surrendered for conversion up to but excluding the Date of Conversion from, and including, the most recent Interest Payment Date in accordance with Section 6.4(e). For clarity, payment of such interest, whether in cash or by delivery of Common Shares pursuant to the exercise of the Common Share Interest Payment Election,

may, at the option of the Corporation, be paid on the next regularly scheduled Interest Payment Date following the Date of Conversion.

The Conversion Price will not be adjusted for accrued interest.

Notwithstanding any other provisions of this Indenture, if a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Common Shares in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date.

A Debenture in respect of which a holder has accepted a notice in respect of a Debenture Offer pursuant to the provisions of Section 2.1(j) may be surrendered for conversion only if such notice is withdrawn in accordance with this Indenture.

- (g) On redemption or maturity of the Debentures, the Corporation shall satisfy its obligation to pay the aggregate principal amount of the Debentures due on redemption or maturity in cash. Any accrued and unpaid interest will be paid pursuant to Section 2.1(i).
- (h) The Debentures shall be issued in denominations of \$1,000 and integral multiples of \$1,000 and the Trustee is hereby appointed as registrar and transfer agent for the Debentures at its offices in Calgary, Alberta. Each Debenture issued as a Debenture Certificate and the certificate of the Trustee endorsed thereon shall be issued in substantially the form set out in Schedule "A", with such insertions, omissions, substitutions or other variations as shall be required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the director or officer of the Corporation executing such Debenture in accordance with Section 2.4 hereof, as conclusively evidenced by their execution of an Debenture. Each Debenture issued as a Debenture Certificate shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, a Debenture may be in such other form or forms as may, from time to time, be approved by a resolution of the Board of Directors, or as specified in an Officers' Certificate or in one or more indentures supplemental hereto. The Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another, including book entry electronic form.
- (i) Upon and subject to the provisions of Article 8, the Corporation may elect, from time to time, to satisfy its Interest Obligation on the Debentures on any Interest Payment Date (including, for greater certainty, following conversion or upon maturity or redemption) by delivering: (i) cash; (ii) Freely Tradeable Common Shares; or (iii) a combination of (i) and (ii) to the Trustee pursuant to the Common Share Interest Payment Election.
- (j) Within 30 days following the occurrence of a Change of Control, the Corporation shall be obligated to offer to purchase all Debentures then outstanding. The terms and conditions of such obligation (in addition to complying with Applicable Securities Legislation) are set forth below:

- (i) At least 10 days prior to the anticipated effective date of an occurrence of a Change of Control, the Corporation shall deliver to the holder and the Trustee a notice in writing stating that a Change of Control is anticipated and specifying the date on which such Change of Control is anticipated to be effective and the circumstances or events giving rise to such Change of Control.
- (ii) Within 30 days following the occurrence of the Change of Control, the Corporation shall deliver to the Trustee a cash offer in writing (the "**Debenture Offer**") to purchase all (or any portion actually tendered to such offer) of the Debentures then outstanding from the holders thereof at a price per Debenture equal to 100% of the principal amount thereof together with accrued and unpaid interest thereon up to but excluding the Change of Control Purchase Date (as defined below) (the "**Offer Price**"). The Trustee will promptly thereafter deliver, by prepaid courier or mail, the Debenture Offer to the holders of all Debentures then outstanding, at their addresses appearing in the registers of holders of Debentures maintained by the Trustee.
- (iii) The Debenture Offer shall specify the date (the "**Expiry Date**") and time (the "**Expiry Time**") on which the Debenture Offer shall expire and which date and time shall not, unless otherwise required by Applicable Securities Legislation, be earlier than the close of business on the 30th day and not later than the close of business on the 60th day following the date on which such Debenture Offer is made.
- (iv) The Debenture Offer shall specify that the Debenture Offer may be accepted by the holders of Debentures by tendering the Debentures so held by them to the Trustee at its offices in Calgary, Alberta or Toronto, Ontario at or before the Expiry Time together with an acceptance notice (the "**Acceptance Notice**") in form and substance acceptable to the Trustee.
- (v) The Debenture Offer shall state that holders of Debentures may accept the Debenture Offer in respect of all or a portion (in a minimum amount of \$1,000 principal amount and multiples thereof) of their Debentures.
- (vi) The Debenture Offer shall specify a date (the "**Change of Control Purchase Date**") no later than the third Business Day following the Expiry Date on which the Corporation shall take up and pay for all Debentures duly tendered in acceptance of the Debenture Offer.
- (vii) The Corporation shall, on or before 11:00 a.m. (Saskatoon time), on the Business Day immediately prior to the Change of Control Purchase Date pay to the Trustee by wire transfer or such other means as may be acceptable to the Trustee, an amount of money sufficient to pay the aggregate Offer Price in respect of all Debentures duly tendered to the Debenture Offer (less any tax required by law to be deducted). The Trustee, on behalf of the Corporation, will pay the Offer Price to the holders of the Debentures in the respective amounts to which they are entitled in accordance with the Debenture Offer as aforesaid.
- (viii) If holders of 90% or more of the aggregate principal amount of Debentures outstanding on the date the Corporation delivers the Debenture Offer to the Trustee (other than Debentures held at such date by or on behalf of the Corporation,

associates or affiliates of the Corporation or anyone acting jointly or in concert with the Corporation) accept the Debenture Offer, the Corporation shall have the right (the "**90% Redemption Right**"), upon written notice (the "**90% Redemption Right Notice**") provided to the Trustee within ten Business Days following the Expiry Date, to redeem on the purchase date specified in the 90% Redemption Right Notice all the Debentures remaining outstanding at the Offer Price and on the other terms and conditions provided herein. Upon receipt of such notice by the Trustee, the Trustee shall promptly provide written notice to each holder of outstanding Debentures (other than those that have accepted the Debenture Offer) that:

- (A) the Corporation has exercised the 90% Redemption Right and is purchasing all outstanding Debentures effective as at the Change of Control Purchase Date at the Offer Price;
 - (B) such holder must surrender its Debentures to the Trustee on the same terms as those holders that accepted the Debenture Offer within ten days after the sending of such notice; and
 - (C) the rights of such holder under the terms of the Debentures and this Indenture shall cease to be effective as of the Change of Control Purchase Date provided the Corporation has, on or before the date on which the Corporation delivers the 90% Redemption Right Notice to the Trustee, paid the aggregate Offer Price to, or to the order of, the Trustee and thereafter such holder's Debentures shall not be considered to be outstanding and such holder shall not have any rights hereunder except to receive such Offer Price to which such holder is entitled upon surrender and delivery of such holder's Debentures in accordance with this Indenture.
- (ix) The Corporation shall on or before 11:00 a.m. (Saskatoon time) on the Business Day immediately prior to the date on which the Corporation delivers the 90% Redemption Right Notice pay to the Trustee by wire transfer or such other means as may be acceptable to the Trustee an amount of money sufficient to pay the aggregate Offer Price in respect of all Debentures to be redeemed pursuant to the 90% Redemption Right (less any tax required by law to be deducted). The Trustee, on behalf of the Corporation, will pay the Offer Price to the holders of Debentures in the respective amounts to which they are entitled in accordance with the exercise of the 90% Redemption Right as aforesaid upon surrender and delivery of such holders' Debentures.
- (x) The Debentures in respect of which the Corporation has made payment to the Trustee in accordance with the terms of this Section 2.1(j) (or the portion thereof tendered in acceptance of the Debenture Offer) shall thereafter no longer be considered to be outstanding under this Indenture. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with the Debenture Offer and the exercise of the 90% Redemption Right, if applicable. All Debentures in respect of which payment of the Offer Price has been so made shall be cancelled by the Trustee.

- (xi) In the event only a portion of the principal amount of a Debenture is tendered by a holder thereof in acceptance of the Debenture Offer, the Corporation shall execute and deliver to the Trustee and the Trustee shall authenticate, without charge to such holder, a certificate (if applicable) or such other evidence of ownership representing the principal amount of the Debenture not so tendered in acceptance of the Debenture Offer.
- (xii) Debentures for which holders have accepted the Debenture Offer and Debentures which the Corporation has elected to redeem in accordance with this Section 2.1(j) shall become due and payable at the Offer Price on the Change of Control Purchase Date, in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after the Change of Control Purchase Date, if the money necessary to purchase or redeem the Debentures shall have been deposited as provided in this Section 2.1(j) and affidavits or other proofs satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.
- (xiii) In case the holder of any Debenture to be purchased or redeemed in accordance with this Section 2.1(j) shall fail on or before the Change of Control Purchase Date to so surrender such holder's Debenture or shall not within such time accept payment of the monies payable, or give such receipt therefor, if any, as the Trustee may require, such monies may be set aside in trust, without interest, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and the Debentureholder shall have no other right except to receive payment of the monies so paid and deposited upon surrender and delivery of such holder's Debenture. In the event that any money required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of two years less a day from the Change of Control Purchase Date (the "**Unclaimed Funds Return Date**"), then such monies, together with any accumulated interest thereon, shall at the end of such period be paid over or delivered over by Trustee or such depository or paying agent to the Corporation and the Trustee shall not be responsible to Debentureholders for any amounts owing to them.
- (xiv) Subject to the provisions above related to the Debentures purchased in part, all Debentures redeemed and paid under this Section 2.1(j) shall forthwith be delivered to the Trustee and cancelled and no Debentures shall be issued in substitution therefor.
- (k) In addition to the requirements of Section 2.1(j) in respect of a Change of Control and subject to regulatory approval, the following provisions shall apply in respect of the occurrence of a Cash Change of Control occurring on or before the Maturity Date:

- (i) During the period beginning ten trading days before the anticipated date on which the Cash Change of Control becomes effective and ending on the date that is 30 days after the Debenture Offer is delivered to holders of Debentures in accordance with Section 2.1(j)(i) (the "**Cash Change of Control Conversion Period**"), conditional upon the occurrence of the Change of Control, holders of Debentures will be entitled to convert their Debentures, in whole or in part, and receive, in addition to the number of Common Shares (or cash or other property or securities in substitution therefor) they would otherwise be entitled to receive in accordance with the provisions and conditions of Section 2.1(f) and Article 6, an additional number of Common Shares (or cash or other property or securities in substitution therefor) per \$1,000 principal amount of Debentures as set forth in this Section 2.1(k) (the "**Make Whole Premium**").
- (ii) The number of additional Common Shares per \$1,000 principal amount of Debentures constituting the Make Whole Premium (the "**Make Whole Premium Shares**") will be determined by reference to the formula contained in the following subsection 2.1(k)(iii) and is based on the date on which the Cash Change of Control becomes effective (the "**Effective Date**"), provided that if the Effective Date is on or following December 31, 2023, the Make Whole Premium shall be zero.
- (iii) The formula below will be used to determine the number of Make Whole Premium Shares for each Effective Date, expressed as additional Common Shares per \$1,000 principal amount of Debentures. For the avoidance of doubt, the Corporation shall not be obliged to pay the Make Whole Premium otherwise than by issuance of the applicable number of Common Shares in excess of the number of Common Shares to which holders would otherwise have been entitled at the Conversion Price (the "**Base Shares**") upon conversion of the Debentures in accordance with the provisions and conditions of Section 2.1(f) and Article 5:

The number of Make Whole Premium Shares per \$1,000 principal amount of Debentures will be calculated as follows: $(1000 / \text{COCCP}) - (1000 / \text{ECP})$, where:

COCCP is the Change of Control Conversion Price and is calculated as follows:

$$\text{COCCP} = \text{ECP} / (1 + (\text{CP} \times (\text{c}/\text{t})));$$

ECP = the Conversion Price in effect on the Effective Date, currently \$0.26 as at the date of the Escrow Release Date;

$$\text{CP} = 17\%$$

c = the number of days from and including the Effective Date to but excluding December 31, 2023; and

t = the number of days from and including the Escrow Release Date to but excluding December 31, 2023, being 326 days.

By way of example only, based on the Conversion Price in effect as at the Escrow Release Date of \$0.26, if the Effective Date were the Escrow Release Date, the Conversion Price would be \$0.222, provided the ratio of c/t shall be rounded to four decimal places

- (iv) The number of Make Whole Premium Shares per \$1,000 principal amount of Debentures as determined pursuant to the formula above should be rounded to the nearest whole number and such amount shall be communicated to the Trustee by the Corporation. The provisions of Section 6.11 shall be applicable in connection with determinations under this Section 2.1(k)(v).
- (v) Notwithstanding the foregoing, if the Date of Conversion of any Debentures occurs during the period beginning on the tenth trading day prior to the Effective Date and ending at the close of business on the Effective Date, the holders of such Debentures shall, on conversion of their Debentures, only be entitled to receive that number of Make Whole Premium Shares as may be adjusted pursuant to Section 5.5 on the Business Day immediately following the Effective Date and, for greater certainty, only if the Change of Control occurs. The Base Shares shall be issued in accordance with the terms of this Indenture applicable to a conversion of Debentures otherwise than during the Cash Change of Control Conversion Period, including at the then applicable Conversion Price.
- (vi) The Make Whole Premium Shares shall be deemed to have been issued upon conversion of Debentures effective as of the Business Day immediately following the Effective Date. Section 5.5 shall apply to such conversion and, for greater certainty, the former holders of Debentures in respect of which the Make Whole Premium Shares are issuable shall be entitled to receive and shall accept, in lieu of the Make Whole Premium Shares, the number of shares or other securities or property of the Corporation or of the Person or other entity resulting from the transaction that constitutes the Cash Change of Control that such holders would have been entitled to receive if such holders had been the registered holders of the applicable number of Make Whole Premium Shares on the Effective Date.
- (vii) Except as otherwise provided in this Section 2.1(k), all other provisions of this Indenture applicable to a conversion of Debentures shall apply to a conversion of Debentures during the Cash Change of Control Conversion Period.
- (l) The Trustee shall be provided with the documents and instruments referred to in Sections 2.2(b), 2.2(c) and 2.2(d) with respect to the Debentures prior to the issuance of the Debentures.

2.2 Authentication and Delivery of Debentures

The Corporation may from time to time request the Trustee to Authenticate and deliver Debentures by delivering to the Trustee the documents referred to below in this Section 2.2 whereupon the Trustee shall Authenticate such Debentures and cause the same to be delivered in accordance with the Written Direction of the Corporation referred to below or pursuant to such procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Corporation. The maturity date, issue date, interest rate (if any) and any other terms of the Debentures of such series shall be set forth in or determined by or pursuant to such Written Direction of the Corporation and procedures. In Authenticating such Debentures, the Trustee shall be entitled to receive and shall be fully protected in relying upon, unless and until such documents have been superseded or revoked:

- (a) an Officers' Certificate and/or executed supplemental indenture by or pursuant to which the form and terms of such Debentures were established;

- (b) a Written Direction of the Corporation requesting Authentication and delivery of such Debentures and setting forth delivery instructions, provided that, with respect to Debentures of a series subject to a Periodic Offering:
 - (i) such Written Direction of the Corporation may be delivered by the Corporation to the Trustee prior to the delivery to the Trustee of such Debentures of such series for Authentication and delivery;
 - (ii) the Trustee shall Authenticate and deliver Debentures of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount, if any, established for such series, pursuant to a Written Direction of the Corporation or pursuant to procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Corporation; and
 - (iii) the maturity date or dates, issue date or dates, interest rate or rates (if any) and any other terms of Debentures of such series shall be determined by an executed supplemental indenture or by Written Direction of the Corporation or pursuant to such procedures;
- (c) an opinion of Counsel, in form and substance satisfactory to the Trustee, acting reasonably, to the effect that all requirements imposed by this Indenture and by law in connection with the proposed issue of Debentures have been complied with, subject to the delivery of certain documents or instruments specified in such opinion; and
- (d) an Officers' Certificate (which Officers' Certificate shall be in such form that satisfies all applicable laws) certifying that the Corporation is not in default under this Indenture, that the terms and conditions for the certification and delivery of Debentures (including those set forth in Section 15.5), have been complied with subject to the delivery of any documents or instruments specified in such Officers' Certificate and that no Event of Default exists or will exist upon such Authentication and delivery.

2.3 Book Entry Debentures

- (a) Subject to the provisions hereof, at the Corporation's option, Debentures may be issued and registered in the name of CDS or its nominee through the electronic book entry system pursuant to which a Participant provides:
 - (i) the deposit ID of which is confirmed electronically by the Trustee to a particular Participant through CDS; and
 - (ii) shall be identified by a specific CUSIP/ISIN as requested by the Corporation from CDS, identified by CUSIP – 78029UAA4 / ISIN – CA78029UAA49.
- (b) If the Corporation issues Debentures in an electronic format, Beneficial Owners of such Debentures registered and deposited with CDS shall not receive Debenture Certificates in definitive form and shall not be considered owners or holders thereof under this Indenture or any supplemental indenture. Beneficial interests in Debentures registered and deposited with CDS will be represented only through the book-entry registration system administered by CDS. Transfers of Debentures registered and deposited with CDS between Participants shall occur in accordance with the rules and procedures of CDS. Neither the Corporation

nor the Trustee shall have any responsibility or liability for any aspects of the records relating to or payments made by CDS or its nominee, on account of the beneficial interests in Debentures registered and deposited with CDS. Nothing herein shall prevent the Beneficial Owners of Debentures registered and deposited with CDS from voting such Debentures using duly executed proxies or voting instruction forms.

- (c) All references herein to actions by, notices given or payments made to Debentures shall, where Debentures are held through CDS, refer to actions taken by, or notices given or payments made to, CDS upon instruction from the Participants in accordance with its rules and procedures. For the purposes of any provision hereof requiring or permitting actions with the consent of or at the direction of Debentureholders evidencing a specified percentage of the aggregate Debentures outstanding, such direction or consent may be given by Beneficial Owners acting through CDS and the Participants owning Debentures evidencing the requisite percentage of the Debentures. The rights of a Beneficial Owner whose Debentures are held through CDS shall be exercised only through CDS and the Participants and shall be limited to those established by law and agreements between such holders and CDS and the Participants upon instructions from the Participants. Each of the Trustee and the Corporation may deal with CDS for all purposes (including the making of payments) as the registered holder of the respective Debentures and such dealing with CDS shall constitute satisfaction or performance, as applicable, of their respective obligations hereunder.
- (d) For so long as Debentures are held through CDS, if any notice or other communication is required to be given to Debentureholders, the Trustee will give such notices and communications to CDS.
- (e) If CDS resigns or is removed from its responsibility as Depository and the Trustee is unable or does not wish to locate a qualified successor, CDS shall provide the Trustee with instructions for registration of Debentures in the names and in the amounts specified by CDS and the Corporation shall issue and the Trustee shall Authenticate and deliver the aggregate number of Debentures then outstanding in the form of definitive Debentures Certificates representing such Debentures.
- (f) The rights of Beneficial Owners who hold securities entitlements in respect of the Debentures through the book entry system administered by CDS shall be limited to those established by applicable law and agreements between the Depository and the Participants and between such Participants and the Beneficial Owners who hold securities entitlements in respect of the Debentures through the book entry system administered by CDS, and such rights must be exercised through a Participant in accordance with the rules and procedures of the Depository.
- (g) Notwithstanding anything herein to the contrary, none of the Corporation nor the Trustee nor any agent thereof shall have any responsibility or liability for:
 - (i) the electronic records maintained by the Depository relating to any ownership interests or any other interests in the Debentures or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any Person in any Debenture represented by an electronic position in the book entry system administered by CDS (other than the Depository or its nominee);

- (ii) for maintaining, supervising or reviewing any records of the Depository or any Participant relating to any such interest; or
 - (iii) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Participant.
- (h) The Corporation may terminate the application of this Section 2.2 in its sole discretion in which case all Debentures shall be evidenced by Debenture Certificates registered in the name of a Person other than the Depository.

2.4 Execution of Debenture Certificates

All Debenture Certificates shall be signed (either manually, by facsimile signature, scanned or other electronic copy) by any one authorized director or officer of the Corporation holding office at the time of signing. A facsimile, scanned or other electronic signature upon a Debenture Certificate shall for all purposes of this Indenture be deemed to be the signature of the person whose signature it purports to be. Notwithstanding that any person whose signature, either manual or in facsimile, scan or other electronic form, appears on a Debenture Certificate as a director or officer may no longer hold such office at the date of the Debenture Certificate or at the date of the Authentication and delivery thereof, such Debenture Certificate shall be valid and binding upon the Corporation and entitled to the benefits of this Indenture.

2.5 Authentication

- (a) No Debenture shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefits of this Indenture, until it has been Authenticated by or on behalf of the Trustee substantially in the form set out in this Indenture, in the relevant supplemental indenture, or in some other form approved by the Trustee. Such Authentication on any Debenture shall be conclusive evidence that such Debenture is duly issued, is a valid obligation of the Corporation and the holder is entitled to the benefits hereof.
- (b) The Authentication of the Trustee signed on the Debentures shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of the Debentures or as to the issuance of the Debentures and the Trustee shall in no respect be liable or answerable for the use made of the Debentures or the proceeds thereof. The Authentication of the Trustee on the Debentures shall, however, be a representation and warranty by the Trustee that the Debentures have been duly Authenticated by or on behalf of the Trustee pursuant to the provisions of this Indenture.
- (c) The Trustee shall Authenticate Uncertificated Debentures (whether upon original issuance, exchange, registration of transfer or otherwise) by completing its Internal Procedures and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Debentures under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Debentures have been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Debentures with respect to which this Indenture requires the Trustee to maintain records or book accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error and such Uncertificated Debentures are binding on the Corporation.

2.6 Mutilation, Loss, Theft or Destruction

In case any of the Debentures issued hereunder shall become mutilated or be lost, stolen or destroyed, the Corporation, in its discretion, may issue, and thereupon the Trustee shall Authenticate and deliver, a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Trustee and shall be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. In case of loss, theft or destruction the applicant for a substituted Debenture shall furnish to the Corporation and to the Trustee such evidence of the loss, theft or destruction of the Debenture as shall be satisfactory to them in their discretion and shall also furnish an indemnity and surety bond satisfactory to them in their discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture.

2.7 Concerning Interest

- (a) Except as may otherwise be provided in this Indenture or in any supplemental indenture or in a Written Direction of the Corporation in respect of the Debentures and subject to Section 2.1(c) with respect to the calculation of interest in respect of the initial interest payment to be paid on the Debentures, all Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest (i) from and including their issue date, or (ii) from and including the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures, whichever shall be the later.
- (b) Unless otherwise specifically provided in the terms of the Debentures, interest shall be computed on the basis of a year of 365 days and shall be based on the actual number of days in the applicable period. With respect to any series of Debentures, whenever interest is computed on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

2.8 Debentures to Rank *Pari Passu*

The Debentures will be direct unsecured subordinated obligations of the Corporation. Each Debenture of the same series of Debentures will rank *pari passu* with each other Debenture of the same series (regardless of their actual date or terms of issue) and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the Corporation, other than, for certainty, Senior Indebtedness, to the extent that such other existing and future subordinated unsecured indebtedness of the Corporation is subordinated on the same terms.

2.9 Payments of Amounts Due on Maturity

Except as may otherwise be provided herein, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Corporation will establish and maintain with the Trustee a Maturity Account for the Debentures. The Maturity Account shall be maintained by and be subject to the control of the Trustee for the purposes of this Indenture. On or before 11:00 a.m. (Saskatoon time) on the Business Day immediately prior to each Maturity Date for Debentures outstanding from time to time under this Indenture, the Corporation will deliver to the Trustee a certified cheque or wire transfer for

deposit in the applicable Maturity Account in an amount sufficient to pay the cash amount payable in respect of such Debentures (including the principal amount together with any accrued and unpaid interest thereon less any tax required by law to be deducted), provided the Corporation may elect to satisfy this requirement by providing the Trustee with a certified cheque or with funds by wire transfer for such amounts required under this Section 2.9 post-dated to the applicable Maturity Date. The Trustee, on behalf of the Corporation, will pay to each holder entitled to receive payment the principal amount of and premium (if any) and accrued and unpaid interest on the Debenture, upon surrender of the Debenture at any branch of the Trustee designated for such purpose from time to time by the Corporation and the Trustee. The delivery of such funds to the Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Corporation for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid and remitted to the appropriate governmental authority) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled.

2.10 Payment of Interest

The following provisions shall apply to Debentures, except as otherwise provided in Section 2.1(c) or specified in a resolution of the Board of Directors or an Officers' Certificate:

- (a) Interest becomes due on each Debenture (except, subject to certain exceptions set forth herein including in Section 2.1(c), on conversion or on redemption, when interest may at the option of the Corporation be paid upon surrender of such Debenture), the Corporation, either directly or through the Trustee or any agent of the Trustee, shall send or forward by prepaid ordinary mail, wire transfer of funds or such other means as may be agreed to by the Trustee, payment of such interest (less any tax required to be withheld therefrom) to the order of the registered holder of such Debenture appearing on the registers maintained by the Trustee at the close of business on the fifth Business Day prior to the applicable Interest Payment Date and addressed to the holder at the holder's last address appearing on the register, unless such holder otherwise directs. If payment is made by certified cheque, such cheque shall be forwarded at least three days prior to each date on which interest becomes due and if payment is made by other means (such as electronic transfer of funds, provided the Trustee must receive confirmation of receipt of funds one Business Day prior to being able to wire funds to holders), such payment shall be made in a manner whereby the holder receives credit for such payment on the date such interest on such Debenture becomes due. The mailing of such certified cheque or the making of such payment by other means shall, to the extent of the sum represented thereby, plus the amount of any tax withheld and remitted to the appropriate governmental authority as aforesaid, satisfy and discharge all liability for interest on such Debenture, unless in the case of payment by cheque, such cheque is not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the person to whom it is so sent as aforesaid, the Corporation will issue to such person a replacement cheque or other payment for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Corporation is prevented by circumstances beyond its control (including, without limitation, any interruption in mail service) from making payment of any interest due on each Debenture in the manner provided above, the Corporation may make payment of such interest or make such interest available for payment in any other manner acceptable to the Trustee with the same effect as though payment had been made in the manner provided above.

- (b) Notwithstanding Section 2.10(a) above, in the case of an Uncertificated Debenture, all payments of interest on the Uncertificated Debenture shall be delivered to the Trustee on or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to each Interest Payment Date by wire transfer or certified cheque made payable to the Depository or its nominee to Beneficial Owners of the applicable Uncertificated Debenture through the applicable Participant, unless the Corporation and the Depository otherwise agree. None of the Corporation, the Trustee or any agent of the Trustee for any Debenture issued as an Uncertificated Debenture will be liable or responsible to any person for any aspect of the records related to or payments made on account of beneficial interests in any Uncertificated Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

2.11 Withholding Tax

The Corporation will be entitled to deduct and withhold any applicable taxes or similar charges (including interest, penalties or similar amounts in respect thereof) imposed or levied by or on behalf of the Canadian government or of any province or territory thereof or any authority or agency therein or thereof having power to tax, including pursuant to the Tax Act, from any payment to be made on or in connection with the Debentures and, provided that the Corporation forthwith remits such withheld amount to such government, authority or agency and files all required forms in respect thereof and, at the same time, provides copies of such remittance and filing to the Trustee and the relevant Debentureholder, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Corporation's obligations under the Debentures and there is no obligation on the Corporation to gross-up amounts paid to a holder in respect of such deductions or withholdings. The Corporation shall provide the Trustee and the relevant Debentureholder with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of such forms received from such government, authority or agency promptly after receipt thereof.

The Trustee shall have no obligation to verify any payments under the Tax Act or any provision of provincial, state, local or foreign tax law. The Trustee shall at all times be indemnified and held harmless by the Corporation from and against any personal liabilities of the Trustee incurred in connection with the failure of the Corporation or its agents, to report, remit or withhold taxes as required by the Tax Act or otherwise failing to comply with the Tax Act. This indemnification shall survive the resignation or removal of the Trustee and the termination of this Indenture solely to the extent that such liabilities have been incurred in connection with taxation years occurring during the term of this Indenture.

ARTICLE 3 REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

3.1 Fully Registered Debentures

- (a) With respect to the Debentures issuable as Fully Registered Debentures, the Corporation shall cause to be kept by and at the principal office of the Trustee in Calgary, Alberta and Toronto, Ontario and by the Trustee or such other registrar as the Corporation, with the approval of the Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Corporation may designate with the approval of the Trustee, a register in which shall be entered the names and addresses of the holders of Fully Registered Debentures and particulars of the Debentures held by them respectively and of all transfers of Fully Registered Debentures. Such registration shall be

noted on the Debentures by the Trustee or other registrar unless a new Debenture shall be issued upon such transfer.

- (b) No transfer of a Fully Registered Debenture shall be valid unless made on such register referred to in Section 3.1(a) by the registered holder or such holder's executors, administrators or other legal representatives or an attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Trustee and upon compliance with such other reasonable requirements as the Trustee or other registrar may prescribe, or unless the name of the transferee shall have been noted on the Debenture by the Trustee or other registrar.
- (c) Fully Registered Debentures and the Common Shares issuable upon conversion thereof have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "**1933 Act**"), and may only be transferred pursuant to an exemption or exclusion from the registration requirements of the 1933 Act and applicable state securities laws.

3.2 Transferee Entitled to Registration

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Trustee or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on the register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Debenture, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. Upon surrender for registration of transfer of Debentures, the Corporation shall issue and thereupon the Trustee shall Authenticate and deliver a new Debenture Certificate or confirm the electronic deposit of Uncertificated Debentures of like tenor in the name of the designated transferee and register such transfer in accordance with Section 3.1. If less than all the Debentures evidenced by the Debenture Certificate(s) or Uncertificated Debentures so surrendered are transferred, the transferor shall be entitled to receive, in the same manner, a new Debenture Certificate or electronically deposited Uncertificated Debentures registered in his name evidencing the Debentures not transferred.

3.3 No Notice of Trusts

Neither the Corporation nor the Trustee nor any registrar shall be bound to take notice of or see to the execution of any trust (other than that created by this Indenture) whether express, implied or constructive, in respect of any Debenture, and may transfer the same on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.

3.4 Registers Open for Inspection

The registers referred to in Section 3.1 shall at all reasonable times be open for inspection by the Corporation, the Trustee or any Debentureholder. Every registrar, including the Trustee, shall from time to time when requested so to do by the Corporation or by the Trustee, in writing, furnish the Corporation or the Trustee, as the case may be, with a list of names and addresses of holders of registered Debentures entered on the register kept by them and showing the principal amount and serial numbers of the Debentures held by each such holder, provided the Trustee shall be entitled to charge a reasonable fee to provide such a list.

3.5 Exchanges of Debenture Certificates

- (a) Subject to Section 3.6, Debentures in any authorized form or denomination, other than Uncertificated Debentures, may be exchanged for Debentures in any other authorized form or denomination, of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Debentures so exchanged.
- (b) In respect of exchanges of Debentures permitted by Section 3.5(a), Debentures may be exchanged only at the principal offices of the Trustee in the cities of Calgary, Alberta and Toronto, Ontario or at such other place or places, if any, as may be specified in the Debentures of such series and at such other place or places as may from time to time be designated by the Corporation with the approval of the Trustee. Any Debentures tendered for exchange shall be surrendered to the Trustee. The Corporation shall execute and the Trustee shall Authenticate all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange shall be cancelled.
- (c) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect.

3.6 Closing of Registers

- (a) Neither the Corporation nor the Trustee nor any registrar shall be required to:
 - (i) make transfers or exchanges or convert any of Uncertificated Debentures on any Interest Payment Date for such Debentures or during the five preceding Business Days;
 - (ii) make transfers or exchanges of, or convert any Debentures on the day of any selection by the Trustee of Debentures to be redeemed or during the five preceding Business Days; or
 - (iii) make exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures shall not be redeemed.
- (b) Subject to any restriction herein provided, the Corporation with the approval of the Trustee may at any time close any register for any series of Debentures, other than those kept at the principal offices of the Trustee in Calgary, Alberta and Toronto, Ontario, and transfer the registration of any Debentures registered thereon to another register (which may be an existing register) and thereafter such Debentures shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Debentures.

3.7 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Trustee or other registrar, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Debenture issued (such amounts to be agreed upon from time to time by the Trustee and the Corporation), and payment of such charges and reimbursement of the Trustee or other registrar for any stamp taxes or governmental or other charges required to be paid shall

be made by the party requesting such exchange, registration, transfer or discharge from registration as a condition precedent thereto. Notwithstanding the foregoing provisions, no charge shall be made to a Debentureholder hereunder:

- (a) for any exchange, registration, transfer or discharge from registration of any Debenture applied for within a period of two months from the date of the first delivery of Debentures, within a period of two months from the date of delivery of any such Debenture;
- (b) for any exchange of an Uncertificated Debenture as contemplated in Section 3.1;
- (c) for any exchange of any Debenture resulting from a partial redemption under Section 4.2;
- (d) for any exchange of any Debenture resulting from a partial conversion under Section 6.4(i);
or
- (e) for any exchange of any Debenture resulting from a partial purchase under Section 2.1(j).

3.8 Ownership of Debentures

- (a) Unless otherwise required by law, the person in whose name any registered Debenture is registered shall for all purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of and premium, if any, on such Debenture and interest thereon shall be made to such registered holder.
- (b) The registered holder from time to time of any registered Debenture shall be entitled to the principal, premium, if any, and/or interest evidenced by such instruments, respectively, free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt of any such registered holder for any such principal, premium or interest shall be a good discharge to the Trustee, any registrar and to the Corporation for the same and none shall be bound to inquire into the title of any such registered holder.

ARTICLE 4 REDEMPTION AND PURCHASE OF DEBENTURES AND CERTAIN PAYMENTS ON MATURITY

4.1 Applicability of Article

Subject to regulatory approval, Section 2.1(d), Article 5 and the provisions relating to the Debentures, the Corporation shall have the right at its option to redeem, either in whole at any time or in part from time to time before maturity, by payment of money, any Debentures issued hereunder which by their terms are made so redeemable (subject, however, to any applicable restriction on the redemption of Debentures) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and as shall have been expressed in this Indenture, in the Debentures or in an Officers' Certificate.

Subject to regulatory approval and Article 5, the Corporation shall also have the right at its option to repay, either in whole or in part, on redemption or at maturity, by payment of money in accordance with Section 2.9, the principal amount of any Debentures issued hereunder which by their terms are made so repayable on maturity (subject however, to any applicable restriction on the repayment of the principal amount of the Debentures of such series) at such rate or rates of premium, if any, and on such date or dates

and in accordance with such other provisions as shall have been determined at the time of issue of such Debenture and shall have been expressed in this Indenture, in the Debentures or in an Officers' Certificate.

4.2 Partial Redemption

If less than all the Debentures for the time being outstanding are at any time to be redeemed, the Debentures to be so redeemed shall be selected by the Trustee on a pro rata basis to the nearest multiple of \$1,000 in accordance with the principal amount of the Debentures registered in the name of each holder or in such other manner as the Trustee deems equitable, subject to the approval of the TSXV (or such other exchange on which the Debentures are then listed), as may be required from time to time.. Unless otherwise specifically provided in the terms of the Debentures, no Debenture shall be redeemed in part unless the principal amount redeemed is \$1,000 or a multiple thereof. For this purpose, the Trustee may make, and from time to time vary, regulations with respect to the manner in which such Debentures may be drawn for redemption and regulations so made shall be valid and binding upon all holders of such Debentures notwithstanding that as a result thereof one or more of such Debentures may become subject to redemption in part only. In the event that one or more of such Debentures becomes subject to redemption in part only, upon surrender of any such Debentures for payment of the Redemption Price, together with interest accrued to but excluding the Redemption Date, the Corporation shall execute and the Trustee shall Authenticate and deliver without charge to the holder thereof or upon the holder's order one or more new Debentures for the unredeemed part of the principal amount of the Debenture or Debentures so surrendered or, with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's book entry system. Unless the context otherwise requires, the terms "Debenture" or "Debentures" as used in this Article 4 shall be deemed to mean or include any part of the principal amount of any Debenture which in accordance with the foregoing provisions has become subject to redemption.

4.3 Notice of Redemption

Notice of redemption (the "**Redemption Notice**") of the Debentures shall be given to the holders of the Debentures so to be redeemed not more than 60 days nor less than 30 days prior to the date fixed for redemption (the "**Redemption Date**") in the manner provided in Section 14.2. Every such notice shall specify the aggregate principal amount of Debentures called for redemption, the Redemption Date, the Redemption Price and the places of payment and shall state that interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date. In addition, unless all the outstanding Debentures are to be redeemed, the Redemption Notice shall specify:

- (a) the distinguishing letters and numbers of the registered Debentures which are to be redeemed (or of such thereof as are registered in the name of such Debentureholder);
- (b) in the case of a published notice, the distinguishing letters and numbers of the Debentures which are to be redeemed or, if such Debentures are selected pro rata or other similar system, such particulars as may be sufficient to identify the Debentures so selected;
- (c) in the case of an Uncertificated Debenture, that the redemption will take place in such manner as may be agreed upon by the Depository, the Trustee and the Corporation; and
- (d) in all cases, the principal amounts of such Debentures or, if any such Debenture is to be redeemed in part only, the principal amount of such part.

In the event that all Debentures to be redeemed are registered Debentures, publication shall not be required.

4.4 Debentures Due on Redemption Dates

Notice having been given as aforesaid, all the Debentures so called for redemption shall thereupon be and become due and payable at the Redemption Price on the Redemption Date specified in such notice, in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the monies necessary to redeem such Debentures shall have been deposited as provided in Section 4.5 and affidavits or other proof satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest upon the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.

4.5 Deposit of Redemption Monies

Redemption of Debentures shall be provided for by the Corporation depositing with the Trustee or any paying agent to the order of the Trustee, on or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to the Redemption Date specified in such notice, such sums of money as may be sufficient to pay the Redemption Price of the Debentures so called for redemption, provided the Corporation may elect to satisfy this requirement by providing the Trustee with a certified cheque for such amounts required under this Section 4.5 postdated to the Redemption Date or by providing the Trustee with such funds through wire transfer of funds on the Business Day immediately prior to the Redemption Date. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such redemption. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Debentures so called for redemption, upon surrender of such Debentures, the principal, premium (if any) and interest (if any) to which they are respectively entitled on redemption.

4.6 Failure to Surrender Debentures Called for Redemption

In case the holder of any Debenture so called for redemption shall fail on or before the Redemption Date to so surrender such holder's Debenture, or shall not within such time accept payment of the redemption monies payable, or give such receipt therefor, if any, as the Trustee may require, such redemption monies may be set aside in trust, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and, to that extent, the Debenture shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to receive payment out of the monies so paid and deposited to satisfy the Redemption Price, upon surrender and delivery of such holder's Debenture. In the event that any money required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of three years less one day from the Redemption Date, then such monies, together with any accumulated interest thereon, shall at the end of such period be paid over or delivered over by the Trustee or such depository or paying agent to the Corporation on its demand, and thereupon the Trustee shall not be responsible to Debentureholders for any amounts owing to them and subject to applicable law, thereafter the holder of a Debenture in respect of which such money was so repaid to the Corporation shall have no rights in respect thereof except to obtain payment of the money due from the Corporation, subject to any limitation period provided by the laws of Alberta. Notwithstanding the foregoing, the Trustee will pay any remaining funds prior to the expiry of three years less one day after the Redemption Date to the Corporation upon receipt from the Corporation, of an unconditional letter of credit from a Canadian chartered bank in an amount equal to or in excess of the amount of the remaining funds. If the remaining funds are paid to the Corporation prior to the expiry of three years less one day after the Redemption Date,

the Corporation shall reimburse the Trustee for any amounts required to be paid by the Trustee to a holder of a Debenture pursuant to the redemption after the date of such payment of the remaining funds to the Corporation but prior to three years less one day after the redemption.

4.7 Cancellation of Debentures Redeemed

Subject to the provisions of Sections 4.2 and 4.8 as to Debentures redeemed or purchased in part, all Debentures redeemed and paid under this Article 4 shall forthwith be delivered to the Trustee and cancelled and no Debentures shall be issued in substitution therefore.

4.8 Purchase of Debentures by the Corporation

Subject to Applicable Securities Legislation and unless otherwise specifically provided with respect to a particular series of Debentures, the Corporation may, if it is not at the time in default hereunder, at any time and from time to time, purchase Debentures by tender or by private contract, at any price. All Debentures so purchased will be delivered to the Trustee and shall be cancelled and no Debentures shall be issued in substitution therefor.

If, upon an invitation for tenders, more Debentures are tendered at the same lowest price that the Corporation is prepared to accept, the Debentures to be purchased by the Corporation shall be selected by the Trustee on a pro rata basis or in such other manner as consented to by the TSXV (or such other exchange on which the Debentures are then listed which the Trustee considers appropriate), from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders, notwithstanding the fact that as a result thereof one or more of such Debentures become subject to purchase in part only. The holder of a Debenture Certificate of which a part only is purchased, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such holder, one or more new Debenture Certificates for the unpurchased part so surrendered, and the Trustee shall Authenticate and deliver such new Debenture Certificate(s) upon receipt of the Debenture so surrendered or, with respect to Uncertificated Debentures, the Depository shall electronically deposit the unpurchased part so surrendered.

ARTICLE 5 SUBORDINATION OF DEBENTURES

5.1 Applicability of Article

The indebtedness, liabilities and obligations of the Corporation hereunder (except as provided in Section 15.15) and under the Debentures, whether on account of principal, premium, if any, interest or otherwise (but excluding the issuance of Common Shares upon any conversion pursuant to Article 6) (collectively, the "**Debenture Liabilities**"), shall be subordinated and postponed and subject in right of payment, to the extent and in the manner hereinafter set forth in the following Sections of this Article 5 and in Section 2.1(e), to the prior full and final payment of all Senior Indebtedness, and each holder of any such Debenture by his acceptance thereof, whether directly or on the holder's behalf, agrees to and shall be bound by the provisions of this Article 5.

5.2 Order of Payment

In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Corporation, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or voluntary winding-up of the Corporation,

whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Corporation or otherwise:

- (a) all Senior Indebtedness shall first be paid in full, or provision made for such payment, in cash before any payment is made on account of Debenture Liabilities;
- (b) any payment or distribution of assets of the Corporation, whether in cash, property or securities, to which the holders of the Debentures or the Trustee on behalf of such holders would be entitled except for the provisions of this Article 5, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other liquidating agent making such payment or distribution, directly to the Senior Creditors, to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution, or provision therefor, to the Senior Creditors; and
- (c) the Senior Creditors or a receiver or a receiver-manager of the Corporation or of all or part of its assets or any other enforcement agent may sell, mortgage, or otherwise dispose of the Corporation's assets in whole or in part, free and clear of all Debenture Liabilities and without the approval of the Debentureholders or the Trustee or any requirement to account to the Trustee or the Debentureholders.

The rights and priority of the Senior Indebtedness and the subordination pursuant hereto shall not be affected by:

- (a) whether or not the Senior Indebtedness is secured;
- (b) the time, sequence or order of creating, granting, executing, delivering of, or registering, perfecting or failing to register or perfect any security notice, caveat, financing statement or other notice in respect of the Senior Security;
- (c) the time or order of the attachment, perfection or crystallization of any security constituted by the Senior Security;
- (d) the taking of any collection, enforcement or realization proceedings pursuant to the Senior Security;
- (e) the date of obtaining of any judgment or order of any bankruptcy court or any court administering bankruptcy, insolvency or similar proceedings as to the entitlement of the Senior Creditors, or any of them or the Debentureholders or any of them to any money or property of the Corporation;
- (f) the failure to exercise any power or remedy reserved to the Senior Creditors under the Senior Security or to insist upon a strict compliance with any terms thereof;
- (g) whether any Senior Security is now perfected, hereafter ceases to be perfected, is avoidable by any trustee in bankruptcy or like official or is otherwise set aside, invalidated or lapses;
- (h) the date of giving or failing to give notice to or making demand upon the Corporation;
- (i) any amendment, modification, increase, extension, renewal, replacement of any Senior Indebtedness or Senior Security; or

- (j) any other matter whatsoever.

5.3 Subrogation to Rights of Senior Creditors

Subject to the prior payment in full of all Senior Indebtedness, the holders of the Debentures shall be subrogated to the rights of the Senior Creditors to receive payments or distributions of assets of the Corporation to the extent of the application thereto of such payments or other assets which would have been received by the holders of the Debentures but for the provisions hereof until the principal of, premium, if any, and interest on the Debentures shall be paid in full, and no such payments or distributions to the holders of the Debentures of cash, property or securities, which otherwise would be payable or distributable to the Senior Creditors, shall, as between the Corporation, its creditors other than the Senior Creditors, and the holders of Debentures, be deemed to be a payment by the Corporation to the Senior Creditors or on account of the Senior Indebtedness, it being understood that the provisions of this Article 5 are and are intended solely for the purpose of defining the relative rights of the holders of the Debentures, on the one hand, and the Senior Creditors, on the other hand.

The Trustee, for itself and on behalf of each of the Debentureholders, hereby waives any and all rights to require a Senior Creditor to pursue or exhaust any rights or remedies with respect to the Corporation or any property and assets subject to any Senior Security or in any other manner to require the marshalling or other orderly disposition of property, assets or security in connection with the exercise by the Senior Creditors of any rights, remedies or recourses available to them.

5.4 Obligation to Pay Not Impaired

Nothing contained in this Article 5 or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as between the Corporation, its creditors other than the Senior Creditors, and the holders of the Debentures, the obligation of the Corporation, which is absolute and unconditional, to pay to the holders of the Debentures the principal of, premium, if any, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the holders of the Debentures and creditors of the Corporation other than the Senior Creditors, nor shall anything herein or therein prevent the Trustee or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 5 of the Senior Creditors.

5.5 No Payment if Senior Indebtedness in Default

Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, or any other enforcement of any Senior Indebtedness, then all such Senior Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment is made on account of the Debenture Liabilities.

In case of a circumstance constituting a default or event of default with respect to any Senior Indebtedness permitting (whether at that time or upon notice, lapse of time, or satisfaction of any other condition precedent) a Senior Creditor to demand payment or accelerate the maturity thereof where the notice of such default or event of default has been given by or on behalf of the Senior Creditors to the Corporation or the Corporation otherwise has knowledge thereof, unless and until such default or event of default shall have been cured or waived or shall have ceased to exist, no payment (by purchase of Debentures or otherwise) shall be made by the Corporation with respect to the Debenture Liabilities and neither the Trustee nor the holders of Debentures shall be entitled to demand, accelerate, institute proceedings for the collection of (which shall, for certainty include, without limitation, proceedings related to an adjudication or declaration as to the insolvency or bankruptcy of the Corporation and other similar

creditor proceedings), or receive any payment or benefit (including without limitation by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Debentures after the happening of such a default or event of default (except as provided in Section 5.8), and unless and until such default or event of default shall have been cured or waived or shall have ceased to exist, such payments shall be held in trust for the benefit of, and, if and when such Senior Indebtedness shall have become due and payable, shall be paid over to the Senior Creditors until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the Senior Creditors; provided, however, that, subject to the priorities and rights of the Senior Creditors under this Article 5, the foregoing shall in no way prohibit, restrict or prevent the Trustee from taking such actions as may be necessary to preserve claims of the Trustee and/or the holders of the Debentures under this Indenture in any bankruptcy, reorganization or insolvency proceeding (including, without limitation, the filing of proofs of claim in any such bankruptcy, reorganization or insolvency proceedings by or against the Corporation or its Subsidiaries and exercising its rights to vote as an unsecured creditor under any such bankruptcy, reorganization or insolvency proceedings commenced by or against the Corporation or its Subsidiaries).

The fact that any payment hereunder is prohibited by this Section 5.5 shall not prevent the failure to make such payment from being an Event of Default hereunder.

5.6 Payment on Debentures Permitted

Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall affect the obligation of the Corporation to make, or prevent the Corporation from making, at any time except as prohibited by Section 5.2 or 5.5, any payment of principal of or, premium, if any, or interest on the Debentures as the same may become due. The fact that any such payment is prohibited by Section 5.2 or 5.5 shall not prevent the failure to make such payment from being an Event of Default hereunder. Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall prevent the conversion of the Debentures or, except as prohibited by Sections 5.2 and 5.5, the application by the Trustee of any monies deposited with the Trustee hereunder for such purpose, to the payment of or on account of the Debenture Liabilities.

5.7 Confirmation of Subordination

Each holder of Debentures by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effect the subordination as provided in this Article 5 and appoints the Trustee his attorney-in-fact for any and all such purposes. Upon request of the Corporation, and upon being furnished an Officers' Certificate stating that one or more named Persons are Senior Creditors and specifying the amount and nature of the Senior Indebtedness of such Senior Creditor, the Trustee shall enter into a written agreement or agreements with the Corporation and the Person or Persons named in such Officers' Certificate providing that such Person or Persons are entitled to all the rights and benefits of this Article 5 as a Senior Creditor and for such other matters, as the Senior Creditor may reasonably request, including, without limitation, those items set out in Section 5.17. Such agreement shall be conclusive evidence that the indebtedness specified therein is Senior Indebtedness, however, nothing herein shall impair the rights of any Senior Creditor who has not entered into such an agreement.

5.8 Knowledge of Trustee

Notwithstanding the provisions of this Article 5 or any provision in this Indenture or in the Debentures contained, the Trustee will not be charged with knowledge of any default in the payment of any Senior Indebtedness, or of the existence of any Event of Default or any other fact that would prohibit the making of any payment of monies to or by the Trustee, or the taking of any other action by the Trustee, unless and until the Trustee has received written notice thereof from the Corporation, any Debentureholder

or any Senior Creditor. The Trustee will notify holders of Debentures of such notice as soon as reasonably practicable after receipt thereof.

5.9 Trustee May Hold Senior Indebtedness

The Trustee is entitled to all the rights set forth in this Article 5 with respect to any Senior Indebtedness at the time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture deprives the Trustee of any of its rights as such holder.

5.10 Rights of Senior Creditors Not Impaired

No right of any present or future Senior Creditor to enforce the subordination herein will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation or by any non-compliance by the Corporation with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such Senior Creditor may have or be otherwise charged with.

5.11 Altering the Senior Indebtedness

The Senior Creditors have the right to extend, renew, revise, restate, modify or amend the terms of the Senior Indebtedness (including, without limitation, increasing the principal amount of the Senior Indebtedness) or any Senior Security and to release, sell or exchange such security and otherwise to deal freely with the Corporation and its Subsidiaries, all without notice to or consent of the Debentureholders or the Trustee and without affecting the liabilities and obligations of the parties to this Indenture or the Debentureholders.

5.12 Additional Indebtedness

This Indenture does not restrict the Corporation or any Subsidiary of the Corporation from incurring additional indebtedness for borrowed money or other obligations or liabilities (including, without limitation, Senior Indebtedness) or mortgaging, pledging or charging its properties to secure any indebtedness or obligations or liabilities.

5.13 Right of Debentureholder to Convert Not Impaired

The subordination of the Debenture Liabilities to the Senior Indebtedness and the provisions of this Article 5 do not impair in any way the right of a Debentureholder to convert its Debentures pursuant to Article 6.

5.14 Invalidated Payments

In the event that any of the Senior Indebtedness shall be paid in full and subsequently, for whatever reason, such formerly paid or satisfied Senior Indebtedness becomes unpaid or unsatisfied, the terms and conditions of this Article 5 shall be reinstated and the provisions of this Article shall again be operative until all Senior Indebtedness is repaid in full, provided that such reinstatement shall not give the Senior Creditors any rights or recourses against the Trustee or the Debentureholders for amounts paid to the Debentureholders subsequent to such payment or satisfaction in full and prior to such reinstatement.

5.15 Contesting Security

The Trustee, for itself and on behalf of the Debentureholders, agrees that it shall not contest or bring into question the validity, perfection or enforceability of any of the Senior Indebtedness, the Senior Security, or the relative priority of the Senior Security.

5.16 Obligations Created by this Article 5

The Corporation and the Trustee, in its capacity as trustee hereunder and not in its corporate or personal capacity, agree, and each holder by its acceptance of a Debenture, whether directly or on the holder's behalf, likewise agrees, that:

- (a) the provisions of this Article 5 are an inducement and consideration to each Senior Creditor to give or continue credit to the Corporation, the Corporation's Subsidiaries or others or to acquire Senior Indebtedness; and
- (b) each Senior Creditor may accept the benefit of this Article 5 on the terms and conditions set forth in this Article 5 by giving or continuing credit to the Corporation, the Corporation's Subsidiaries or others or by having outstanding or acquiring Senior Indebtedness, in each case without notice to the Trustee and without establishing actual reliance on this Article 5.

5.17 Amendment to Indenture

Each of the Corporation and the Trustee (relying on the opinion of Counsel) agrees, and each holder of a Debenture, by his acceptance thereof, whether directly or on the holder's behalf, likewise agrees, not to make any changes to this Indenture or the Debentures which prejudice the rights of the Senior Creditors under this Article 5, and without limiting the generality of the foregoing, not amend, terminate or otherwise alter: (a) any of the provisions of this Article 5 nor any of the defined terms used therein; (b) provisions to reduce the maturity date of the Debentures; (c) provisions to increase the interest rate or change the interest payment dates of the Debentures; or (d) the provisions that would result in an earlier date for any scheduled or mandatory payment, redemption or repurchase of principal under the Debentures or create any new scheduled or mandatory payment, redemption or repurchase of principal under the Debentures.

ARTICLE 6 CONVERSION OF DEBENTURES

6.1 Applicability of Article

Any Debentures issued hereunder which by their terms are convertible (subject, however, to any applicable restriction of the conversion of Debentures) will be convertible into Common Shares or other securities of the Corporation, at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and shall have been expressed in this Indenture (including Sections 2.1(f), 2.1 (k) and 3.6 hereof), in such Debentures or in an Officers' Certificate.

Such right of conversion shall extend only to the maximum number of whole Common Shares into which the aggregate principal amount of the Debenture or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Common Shares shall be adjusted for in the manner provided in Section 6.6.

6.2 Notice of Expiry of Conversion Privilege

Notice of the expiry of the conversion privileges of the Debentures (other than resulting from the occurrence of the Maturity Date) shall be given by or on behalf of the Corporation, not more than 60 days and not less than 40 days prior to the date fixed for the Time of Expiry, in the manner provided in Section 14.2.

6.3 Revival of Right to Convert

If the redemption of any Debenture called for redemption by the Corporation is not made or the payment of the purchase price of any Debenture which has been tendered in acceptance of an offer by the Corporation to purchase Debentures for cancellation is not made, in the case of a redemption upon due surrender of such Debenture or in the case of a purchase on the date on which such purchase is required to be made, as the case may be, then, provided the Time of Expiry has not passed, the right to convert such Debentures shall revive and continue as if such Debenture had not been called for redemption or tendered in acceptance of the Corporation's offer, respectively.

6.4 Manner of Exercise of Right to Convert

- (a) The holder of a Debenture desiring to convert such Debenture in whole or in part into Common Shares shall surrender such Debenture to the Trustee at either of its principal offices in the City of Calgary, Alberta or the City of Toronto, Ontario together with the conversion notice attached hereto as Schedule "C" or any other written notice in a form satisfactory to the Trustee, in either case duly executed by the holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee, exercising his right to convert such Debenture in accordance with the provisions of this Article; provided that with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's book entry system. Thereupon such Debentureholder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Trustee, his nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Date of Conversion (or such later date as is specified in Section 6.4(g)) as the holder of the number of Common Shares into which such Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to such Debentureholder or, subject as aforesaid, his nominee(s) or assignee(s), a certificate or certificates for such Common Shares or deposit such Common Shares through the Depository's book entry system and make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 6.4(j) hereof.
- (b) A Beneficial Owner may exercise the right evidenced by a Debenture to receive Common Shares by causing a Participant to deliver to the Depository on behalf of the Beneficial Owner, a notice of such Beneficial Owner's intention to convert the Debentures in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, the Depository shall deliver to the Trustee a Transaction Instruction confirming its intention to convert Debentures in a manner acceptable to the Trustee, including by electronic means through the book entry system.
- (c) A notice in form acceptable to the Participant from such Beneficial Owner should be provided to the Participant sufficiently in advance so as to permit the Participant to deliver

notice to the Depository and for the Depository in turn to deliver notice to the Trustee prior to the Time of Expiry. The Depository will initiate the exercise by way of the Transaction Instruction and the Trustee will execute the exercise by issuing to the Depository through the book entry system the Common Shares to which the exercising Debentureholder is entitled pursuant to the conversion.

- (d) By causing a Participant to deliver notice to the Depository, a Debentureholder shall be deemed to have irrevocably surrendered his or her Debentures so exercised and appointed such Participant to act as his or her exclusive settlement agent with respect to the conversion and the receipt of Common Shares in connection with the obligations arising from such conversion.
- (e) Any notice which the Depository determines to be incomplete, not in proper form, or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Participant to exercise or to give effect to the settlement thereof in accordance with the Debentureholder's instructions will not give rise to any obligations or liability on the part of the Corporation or Trustee to the Participant or the Debentureholder.
- (f) Any Transaction Instruction referred to in this Section 6.4 shall be signed by the registered Debentureholder, or its executors or administrators or other legal representatives or an attorney of the registered Debentureholder, duly appointed by an instrument in writing satisfactory to the Trustee but such exercise form need not be executed by the Depository.
- (g) For the purposes of this Article, a Debenture shall be deemed to be surrendered for conversion on the date on which it is so surrendered when the register of the Trustee is open and in accordance with the provisions of this Article or, in the case of Uncertificated Debentures which the Trustee received notice of and all necessary documentation in respect of the exercise of the conversion rights and, in the case of a Debenture so surrendered by post or other means of transmission, on the date on which it is received by the Trustee at one of its offices specified in Section 6.4(a); provided that if a Debenture is surrendered for conversion on a day on which the register of Common Shares is closed, the person or persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares as at the date on which such registers are next reopened (in each case, called the "**Date of Conversion**").
- (h) Any part, being \$1,000 or an integral multiple thereof, of a Debenture in a denomination in excess of \$1,000 may be converted as provided in this Article and all references in this Indenture to conversion of Debentures shall be deemed to include conversion of such parts.
- (i) The holder of any Debenture of which only a part is converted shall, upon the exercise of his right of conversion surrender such Debenture to the Trustee in accordance with Section 6.4(a), and the Trustee shall cancel the same and shall without charge forthwith Authenticate and deliver to the holder a new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered or, with respect to a Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's book entry system.
- (j) The holder of a Debenture surrendered for conversion in accordance with this Section 6.4 shall be entitled (subject to any applicable restriction on the right to receive interest on conversion of the Debentures) to receive accrued and unpaid interest in respect thereof, in

cash, up to but excluding the Date of Conversion and the Common Shares issued upon such conversion shall rank only in respect of distributions or dividends declared in favour of shareholders of record on and after the Date of Conversion or such later date as such holder shall become the holder of record of such Common Shares pursuant to Section 6.5(f), from which applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

6.5 Adjustment of Conversion Price

Subject to the requirements of the TSXV (or such other recognized exchange on which the Debentures are then listed), the Conversion Price in effect at any date shall be subject to adjustment from time to time as set forth below.

- (a) If and whenever at any time prior to the Time of Expiry the Corporation shall: (i) subdivide or redivide the outstanding Common Shares into a greater number of shares; (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of shares; or (iii) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of cash dividends or cash distributions paid in the ordinary course on the Common Shares), the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a dividend or distribution, as the case may be, shall in the case of any of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, redivision, dividend or distribution, or shall, in the case of any of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6.5(a) shall occur. Any such issue of Common Shares by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Common Shares under Subsections (b) and (c) of this Section 6.5.
- (b) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares (other than for the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of cash dividends or cash distributions paid in the ordinary course on the Common Shares) entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price of a Common Share on such record date (other than pursuant to a distribution reinvestment plan of the Corporation), the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the quotient obtained by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible

securities so offered) by such Current Market Price per Common Share, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect if only the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.

- (c) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of: (i) shares of any class other than Common Shares and other than shares distributed to holders of Common Shares who have elected to receive dividends or distributions in the form of such shares in lieu of dividends or distributions paid in the ordinary course; (ii) rights, options or warrants (excluding rights, options or warrants for which any adjustment was made pursuant to Section 6.5(b) and rights, options or warrants entitling the holders thereof for a period of not more than 45 days to subscribe for or purchase Common Shares or securities convertible into Common Shares); (iii) evidences of its indebtedness; or (iv) assets (excluding dividends or distributions paid in the ordinary course) then, in each such case, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share on such record date, less the fair market value (as determined by the Board of Directors, subject to TSXV approval and with the approval of the Trustee, which determination shall be conclusive) of such shares or rights, options or warrants or evidences of indebtedness or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price per Common Share. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be. In clause (iv) of this Subsection (c) the term "dividends or distributions paid in the ordinary course" shall include the value of any securities or other property or assets distributed in lieu of cash dividends or distributions paid in the ordinary course at the option of shareholders. Notwithstanding the foregoing, if the securities distributed by the Corporation to all holders of its Common Shares consist of capital stock of, or similar equity interests in, a Subsidiary or other business of the Corporation (the "**Spinoff Securities**"), the Conversion Price shall be adjusted, unless the Corporation makes an equivalent distribution to the holders of Debentures, so that the same shall be equal to the rate determined by multiplying the Conversion Price in effect on the record date fixed for the determination of shareholders entitled to receive such distribution by a fraction, the denominator of which shall be the sum of (A) the weighted average trading price of one Common Share over the 20 consecutive trading day period (the "**Spinoff Valuation Period**") commencing on and including the fifth trading day after the Ex-Dividend Date and (B) the product of (I) the

weighted average trading price (calculated in substantially the same way as the Current Market Price is calculated for the Common Shares) over the Spinoff Valuation Period of one Spinoff Security or, if no such prices are available, the fair market value of one Spinoff Security as reasonably determined by the Board of Directors, subject to TSXV approval (which determination shall be conclusive and shall be evidenced by an Officers' Certificate delivered to the Trustee) multiplied by (II) the number of Spinoff Securities distributed in respect of one Common Share and the numerator of which shall be the weighted average trading price of one Common Share over the Spinoff Valuation Period, such adjustment to become effective immediately preceding the opening of business on the 25th trading day after the date on which ex-dividend trading commences; provided, however, that the Corporation may in lieu of the foregoing adjustment elect to make adequate provision so that each holder of Debentures shall have the right to receive upon conversion thereof the amount of such Spinoff Securities that such holder of Debentures would have received if such Debentures had been converted on the record date with respect to such distribution. In respect of any conversion during the Spinoff Valuation Period, references to consecutive trading days shall be deemed to be replaced with such lesser number of trading days as have elapsed between the commencement of the Spinoff Valuation Period and the relevant conversion date.

- (d) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization or change of the Common Shares other than as described in Section 6.5(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other person or other entity; or a sale, transfer or other disposition of the property and assets of the Corporation as an entirety or substantially as an entirety to any other person or other entity or a liquidation, dissolution or winding-up of the Corporation, any holder of a Debenture who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement or merger, sale, transfer, disposition or liquidation, dissolution or winding-up, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares then sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the person or other entity resulting from such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement or merger, or to which such sale, transfer, disposition may be made or which holders of Common Shares receive pursuant to such liquidation, dissolution or winding-up, as the case may be, that such holder of a Debenture would have been entitled to receive on such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement or merger, sale, transfer, dispositions or liquidation, dissolution or winding-up, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right. If determined appropriate by the Directors to give effect to or to evidence the provisions of this Section 6.5(d), the Corporation, its successor, or such purchasing person or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement, merger, sale, transfer, dispositions or liquidation, dissolution or winding-up or other similar transaction, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the holder of Debentures to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares or other

securities or property to which a holder of Debentures is entitled on the exercise of its conversion rights thereafter. Any indenture entered into between the Corporation and the Trustee pursuant to the provisions of this Section 6.5(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 16. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing person or other entity and the Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 6.5(d) and which shall apply to successive reclassifications, capital reorganizations, changes, consolidations, amalgamations, mergers, sales, transfers, dispositions and to any successive liquidation, dissolution or winding up or other similar transaction. For greater certainty, nothing in this Section 6.5(d) shall affect or reduce the requirement for any person to make a Debenture Offer or to pay the Make Whole Premium in accordance with Section 2.1, and notice of any transaction to which this Section 6.5(d) applies shall be given in accordance with Section 6.10.

- (e) If any issuer bid (other than a normal course issuer bid made through the facilities of the TSXV or such other exchange the Common Shares are listed and posted for trading on) made by the Corporation or any of its Subsidiaries for all or any portion of the Common Shares shall expire, then, if the issuer bid shall require the payment to shareholders who accept such bid of consideration per Common Share having a fair market value (determined as provided below) that exceeds 95% of the Current Market Price per Common Share on the last date (the "**Expiration Date**") tenders could have been made pursuant to such issuer bid (as it may be amended) (the last time at which such tenders could have been made on the Expiration Date is hereinafter sometimes called the "**Expiration Time**"), the Conversion Price in respect of the Debentures shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately preceding the close of business on the Expiration Date by a fraction of which (i) the numerator of which shall be the product of the number of Common Shares outstanding (including Purchased Common Shares (as defined below) but excluding any Common Shares held in the treasury of the Corporation) at the Expiration Time multiplied by the Current Market Price per Common Share on the Expiration Date; and (ii) the denominator shall be the sum of (A) the fair market value of the aggregate consideration (the fair market value being as determined by the Board of Directors, subject to TSXV approval, if applicable, which determination shall be conclusive) payable to shareholders based on the acceptance (up to any maximum specified in the terms of the issuer bid) of all Common Shares validly tendered to the issuer bid and not withdrawn as of the Expiration Time (the Common Shares deemed so accepted, up to any such maximum, being referred to as the "**Purchased Common Shares**"), and (B) the product of the number of Common Shares outstanding (less any Purchased Common Shares and excluding any Common Shares held in the treasury of the Corporation) at the Expiration Time and the Current Market Price per Common Share on the Expiration Date, such adjustment to be effective immediately preceding the opening of business on the day following the Expiration Date. In the event that the Corporation is obligated to purchase Common Shares pursuant to any such issuer bid, but the Corporation is permanently prevented by applicable law from effecting any or all such purchases or any or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would have been in effect based upon the number of Common Shares actually purchased, if any. If the application of this Section 6.5(d) to any issuer bid would result in an increase in the Conversion Price, no adjustment shall be made for such issuer bid pursuant hereto.

For purposes of this Section 6.5(d), the term "issuer bid" shall mean an issuer bid (other than an issuer bid which is exempt from the requirements of Part 2 of NI 62-104) under Applicable Securities Legislation or a take-over bid (other than a take-over bid which is exempt from the requirements of Part 2 of NI 62-104) under Applicable Securities Legislation by a Subsidiary of the Corporation for the Common Shares and all references to "purchases" of Common Shares in issuer bids (and all similar references) shall mean and include the purchase of Common Shares in issuer bids and all references to "tendered Common Shares" (and all similar references) shall mean and include Common Shares tendered in issuer bids.

- (f) In any case in which this Section 6.5 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the Date of Conversion or such later date as such holder would, but for the provisions of this Section 6.5(f), have become the holder of record of such additional Common Shares pursuant to Section 6.5(g).
- (g) The adjustments provided for in this Section 6.5 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided however, that any adjustments which by reason of this Section 6.5(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (h) For the purpose of calculating the number of Common Shares outstanding, Common Shares owned by or for the benefit of the Corporation shall not be counted.
- (i) In the event of any question arising with respect to the adjustments provided in this Section 6.5, such question shall be conclusively determined by a firm of nationally recognized chartered professional accountants appointed by the Corporation and acceptable to the Trustee (who may be the Auditors of the Corporation); such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation, the Trustee, and the Debentureholders.
- (j) In case the Corporation shall take any action affecting the Common Shares other than action described in this Section 6.5, which in the opinion of the Directors, would materially affect the rights of Debentureholders, the Conversion Price shall be adjusted in such manner and at such time, by action of the Directors, subject to the prior written consent of the TSXV (or, if the Debentures are not listed thereon, on such other exchange on which the Debentures are then listed), as the Directors in their sole discretion may determine to be equitable in the circumstances. Failure of the Directors to make such an adjustment shall

be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.

- (k) Except as stated above in this Section 6.5, no adjustment in the Conversion Price shall be made in respect of any event described in Sections 6.5(a), 6.5(b) or 6.5(c) other than the events described in Sections 6.5(a)(i) or 6.5(a)(ii) if the holders of the Debentures are entitled to participate in such event on the same terms mutatis mutandis as if they had converted their Debentures prior to the effective date or record date, as the case may be, of such event.
- (l) Except as stated above in this Section 6.5, no adjustment will be made in the Conversion Price for any Debentures as a result of the issuance of Common Shares at less than the Current Market Price for such Common Shares on the date of issuance or the then applicable Conversion Price.

6.6 No Requirement to Issue Fractional Common Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of Debentures pursuant to this Article. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of such Debentures to be converted. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal amount of Debentures, the Corporation shall, in lieu of delivering any certificate or electronic deposit representing such fractional interest, make a cash payment to the holder of such Debenture of an amount equal to the fractional interest which would have been issuable multiplied by the Current Market Price.

6.7 Corporation to Reserve Common Shares

The Corporation covenants with the Trustee that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited), solely for the purpose of issue upon conversion of Debentures as in this Article provided, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Common Shares as shall then be issuable upon the conversion of all outstanding Debentures. The Corporation covenants with the Trustee that all Common Shares which shall be so issuable shall be duly and validly issued as fully-paid and non-assessable.

6.8 Cancellation of Converted Debentures

Subject to the provisions of Section 6.4 as to Debentures converted in part, all Debentures converted in whole or in part under the provisions of this Article shall be forthwith delivered to and cancelled by the Trustee and no Debenture shall be issued in substitution for those converted.

6.9 Certificate as to Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 6.5, deliver an Officers' Certificate to the Trustee specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall, in the event of any question regarding such calculation, be verified by a firm of nationally recognized chartered

accountants appointed by the Corporation and acceptable to the Trustee (who may be the Auditors of the Corporation) and shall be conclusive and binding on all parties in interest. When so approved, the Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Common Shares, forthwith give notice to the Debentureholders in the manner provided in Section 14.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price. In such circumstances, the Corporation shall contemporaneously provide the TSXV or such other exchange on which the Common Shares are then listed with written notice of the adjustment.

6.10 Notice of Special Matters

The Corporation covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 14.2, of its intention to fix a record date for any event referred to in Section 6.5(a), 6.5(b), 6.5(c) or 6.5(e) (other than the subdivision, redivision, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date.

In addition, the Corporation covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 14.2, at least 30 days prior to the (a) effective date of any transaction referred to in Section 6.5(d) stating the consideration into which the Debentures will be convertible after the effective date of such transaction, and (b) the Expiration Date of any transaction referred to in Section 6.5(d) stating the consideration paid per Common Share in such transaction.

6.11 Protection of Trustee

Subject to Section 15.3, the Trustee:

- (a) shall not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist which may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any shares or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture; and
- (c) shall not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver Common Shares or share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article.

6.12 Payment of Cash in Lieu of Common Shares

Upon conversion, the Corporation may offer and the converting holder may agree to the delivery of cash for all or a portion of the Debentures surrendered in lieu of Common Shares, the cash equivalent

thereto to be determined on the basis of the Current Market Price of the Common Shares to be received upon conversion on the Date of Conversion (less applicable withholding taxes, if any).

ARTICLE 7 COVENANTS OF THE CORPORATION

The Corporation hereby covenants and agrees with the Trustee for the benefit of the Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

7.1 To Pay Principal, Premium (if any) and Interest

The Corporation will duly and punctually pay or cause to be paid to every Debentureholder the principal of, premium (if any) and interest accrued on the Debentures of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

7.2 To Pay Trustee's Remuneration

The Corporation will pay the Trustee reasonable remuneration for its services as Trustee hereunder and will repay to the Trustee on demand all monies which shall have been paid by the Trustee in connection with the execution of the trusts hereby created and such monies including the Trustee's remuneration, shall be payable out of any funds coming into the possession of the Trustee in priority to payment of any principal of the Debentures or interest or premium thereon. Such remuneration shall continue to be payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture shall be in the course of administration by or under the direction of a court of competent jurisdiction.

7.3 To Give Notice of Default

The Corporation shall notify the Trustee immediately upon obtaining knowledge of any Event of Default hereunder.

7.4 Preservation of Existence, etc.

Subject to the express provisions hereof, the Corporation will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights.

7.5 Keeping of Books

The Corporation will keep or cause to be kept proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Corporation in accordance with generally accepted accounting principles.

7.6 Annual Certificate of Compliance

The Corporation shall deliver to the Trustee, within 120 days after the end of each calendar year, (and at any reasonable time upon demand by the Trustee) an Officers' Certificate as to the knowledge of such officers of the Corporation who execute the Officers' Certificate of the Corporation's compliance with all conditions and covenants in this Indenture certifying that after reasonable investigation and inquiry, the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or if such is not the case, setting forth with reasonable particulars the

circumstances of any failure to comply and steps taken or proposed to be taken to eliminate such circumstances and remedy such Event of Default, as the case may be.

7.7 Performance of Covenants by Trustee

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Trustee may notify the Debentureholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it, but shall be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Trustee shall be repayable as provided in Section 7.2. No such performance, expenditure or advance by the Trustee shall be deemed to relieve the Corporation of any default hereunder.

7.8 SEC Notice

The Corporation represents and warrants that it is not required to file reports with the U.S. Securities and Exchange Commission ("SEC") pursuant to Section 13(a) or 15(d) of the United States Securities Exchange Act of 1934, as amended, and covenants that, in the event that it shall incur such a reporting obligation, the Corporation shall promptly deliver to the Trustee an Officer's Certificate (in a form provided by the Trustee) to such effect and containing such other information as the Trustee may reasonably require.

7.9 No Dividends on Common Shares if Event of Default

The Corporation shall not declare or pay any dividend to the holders of its issued and outstanding Common Shares after the occurrence of an Event of Default unless and until such default shall have been cured or waived or shall have ceased to exist.

7.10 Maintain Listing

The Corporation will use reasonable commercial efforts to maintain the listing of the Common Shares and the Debentures on the TSXV and to maintain the Corporation's status as a "reporting issuer" not in default of the requirements of the Applicable Securities Legislation; provided that the foregoing covenant shall not prevent or restrict the Corporation from carrying out a transaction to which Article 11 would apply if carried out in compliance with Article 11 even if as a result of such transaction the Corporation ceases to be a "reporting issuer" in all or any of the provinces of Canada or the Common Shares or Debentures cease to be listed on the TSXV or any other stock exchange.

ARTICLE 8 DEFAULT

8.1 Events of Default

Each of the following events constitutes, and is herein referred to as, an "Event of Default":

- (a) failure for 30 days to pay interest on the Debentures when due;
- (b) failure to pay principal or premium, if any, when due on the Debentures whether at maturity or upon redemption or a Change of Control, by declaration or otherwise;
- (c) default in the delivery, when due, of any Common Shares or other consideration, including any Make Whole Premium, payable on conversion with respect to the Debentures, which default continues for 15 days;

- (d) default in the observance or performance of any covenant or condition of the Indenture by the Corporation and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Trustee or from holders of not less than 50% in aggregate principal amount of the Debentures to the Corporation specifying such default and requiring the Corporation to rectify such default or obtain a waiver for same;
- (e) if a decree or order of a Court having jurisdiction is entered adjudging the Corporation or any Material Subsidiary a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Corporation or any Material Subsidiary, or appointing a receiver of, or of any substantial part of, the property of the Corporation or any Material Subsidiary or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;
- (f) if the Corporation or any Material Subsidiary institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Corporation or any Material Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (g) if a resolution is passed for the winding-up or liquidation of the Corporation except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 11.1 are duly observed and performed;
- (h) if, after the date of this Indenture, any proceedings with respect to the Corporation or any Material Subsidiary are taken with respect to a compromise or arrangement, with respect to creditors of the Corporation or any Material Subsidiary generally, under the applicable legislation of any jurisdiction; or
- (i) if an event of default occurs or exists under any indenture, agreement or other instrument evidencing or governing indebtedness for borrowed money of the Corporation or any Material Subsidiary and as a result of such event of default (i) indebtedness for borrowed money thereunder in excess of \$10,000,000 (or the equivalent amount in any other currency) has become due and payable before the date it would otherwise have been due and payable and (ii) the holders of such indebtedness are entitled to commence, and have commenced, the enforcement of security they hold for such indebtedness (if any) or the exercise of any other creditors' remedies to collect such indebtedness;

then: (x) in each and every such event listed above, the Trustee may, in its discretion, but subject to the provisions of this section, and shall, upon receipt of a request in writing signed by the holders of not less than 50% in principal amount of the Debentures then outstanding (or if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures of such series then outstanding), subject to the provisions of Section 8.3, by notice in writing to the Corporation declare the principal of and interest and premium, if any, on all Debentures then outstanding (and, where such a declaration is based upon a voluntary winding-up

or liquidation of the Corporation, the premium, if any, on the Debentures then outstanding which would have been payable upon the redemption thereof by the Corporation on the date of such declaration) and all other monies outstanding hereunder to be due and payable and the same shall thereupon forthwith become immediately due and payable (or, if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then the Trustee may declare due and payable the principal and interest and premium, if any, only with respect to such Debentures in respect of which there is an Event of Default) to the Trustee, and (y) on the occurrence of an Event of Default under Section 8.1(e), 8.1(f), 8.1(g), 8.1(h) (if such proceedings are initiated by the Corporation or any Material Subsidiary) or 8.1(i), the principal of and interest and premium, if any, on all Debentures then outstanding hereunder and all other monies outstanding hereunder, shall automatically without any declaration or other act on the part of the Trustee or any Debentureholder become immediately due and payable to the Trustee and, in either case, upon such amounts becoming due and payable in either (x) or (y) above, the Corporation shall forthwith pay to the Trustee for the benefit of the Debentureholders such principal, accrued and unpaid interest and premium, if any, and interest on amounts in default on such Debenture and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest, premium and such other monies from the date of such declaration or event until payment is received by the Trustee, such subsequent interest to be payable at the times and places and in the manner mentioned in and according to the tenor of the Debentures. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder and any monies so received by the Trustee shall be applied in the manner provided in Section 8.6.

For greater certainty, for the purposes of this Section 8.1, the Debentures shall be in default in respect of an Event of Default if such Event of Default relates to a default in the payment of principal, premium, if any, or interest on the Debentures.

8.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 14.2, provided that notwithstanding the foregoing, unless the Trustee shall have been requested to do so by the holders of at least 50% of the principal amount of the Debentures then outstanding, the Trustee shall not be required to give such notice if the Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Corporation in writing.

When notice of the occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Trustee to the Debentureholders within 15 days after the Trustee becomes aware the Event of Default has been cured.

8.3 Waiver of Default

Upon the happening of any Event of Default hereunder:

- (a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 66 $\frac{2}{3}$ % of the principal amount of Debentures then outstanding, to instruct the Trustee to waive any Event of Default and to cancel any declaration made by the Trustee pursuant to Section 8.1 and the Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be

prescribed in such requisition; provided that notwithstanding the foregoing if the Event of Default has occurred by reason of the non-observance or non-performance by the Corporation of any covenant applicable only to one or more series of Debentures, then the holders of more than 66 ⅔% of the principal amount of the outstanding Debentures shall be entitled to exercise the foregoing power and the Trustee shall so act and it shall not be necessary to obtain a waiver from the holders of any other series of Debentures; and

- (b) the Trustee, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Trustee in the exercise of its discretion, upon such terms and conditions as the Trustee may deem advisable.

No such act or omission either of the Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

8.4 Enforcement by the Trustee

Subject to the provisions of Section 8.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Corporation shall fail to pay to the Trustee, forthwith after the same shall have been declared to be due and payable under Section 8.1, the principal of and premium (if any) and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 50% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of and premium (if any) and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee shall deem expedient.

The Trustee shall be entitled and empowered, either in its own name or as Trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims of the Trustee and of the holders of the Debentures against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 8.3, nothing

contained in this Indenture shall be deemed to give to the Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

The Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.

All rights of action hereunder may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

8.5 No Suits by Debentureholders

No holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of, premium (if any) or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 50% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

8.6 Application of Monies by Trustee

- (a) Except as herein otherwise expressly provided, any monies received by the Trustee from the Corporation pursuant to the foregoing provisions of this Article 8, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation, shall be applied, together with any other monies in the hands of the Trustee available for such purpose, as follows:
 - (i) first, in payment or in reimbursement to the Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;

- (ii) second, but subject as hereinafter in this Section 8.6 provided, in payment, ratably and proportionately to the holders of Debentures, of the principal of and premium (if any) and accrued and unpaid interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal, premium (if any) and interest as may be directed by such resolution; and
- (iii) third, in payment of the surplus, if any, of such monies to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to clause (ii) above in respect of the principal, premium or interest on any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any Subsidiary (other than any Debenture pledged for value and in good faith to a person other than the Corporation or any Subsidiary but only to the extent of such person's interest therein) except subject to the prior payment in full of the principal, premium (if any) and interest (if any) on all Debentures which are not so held.

- (b) The Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Trustee may think necessary to provide for the payments mentioned in Section 8.6(a), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided in Section 15.9 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment in distribution hereunder.

8.7 Notice of Payment by Trustee

Not less than 15 days' notice shall be given in the manner provided in Section 14.2 by the Trustee to the Debentureholders of any payment to be made under this Article 8. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies, premium (if any) and interest due (if any) to them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

8.8 Trustee May Demand Production of Debentures

The Trustee shall have the right to demand production of the Debentures in respect of which any payment of principal, interest or premium required by this Article 8 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Corporation as the Trustee shall deem sufficient.

8.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee, or upon or to the holders of Debentures is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

8.10 Judgment Against the Corporation

The Corporation covenants and agrees with the Trustee that, in case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against it in favour of the Debentureholders or in favour of the Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and premium (if any) and the interest thereon and any other monies owing hereunder.

8.11 Immunity of Directors, Officers and Others

The Debentureholders and the Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer, director or employee of the Corporation or holder of Common Shares of the Corporation or of any successor for the payment of the principal of or premium or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Debentures.

ARTICLE 9 SATISFACTION AND DISCHARGE

9.1 Cancellation and Destruction

All Debentures shall forthwith after payment thereof be delivered to the Trustee and cancelled by it. All Debentures Certificates cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Trustee, within a reasonable period of time and in accordance with the rules applicable to the Trustee, and, if required by the Corporation, the Trustee shall furnish to it a destruction certificate setting out the designating numbers of the Debentures so destroyed.

9.2 Non-Presentation of Debentures

In case the holder of any Debenture shall fail to present the same for payment on the date on which the principal of, premium (if any) or the interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Trustee may require:

- (a) the Corporation shall be entitled to pay or deliver to the Trustee and direct it to set aside; or
- (b) in respect of monies or Common Shares in the hands of the Trustee which may or should be applied to the payment of the Debentures, the Corporation shall be entitled to direct the Trustee to set aside; or
- (c) if the redemption was pursuant to notice given by the Trustee, the Trustee may itself set aside;

the monies or Common Shares, as the case may be, in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal of, premium (if any) or the interest payable on or represented by each Debenture in respect whereof such monies or Common Shares, if applicable, have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the monies or Common Shares, if applicable, so set aside by the Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 9.3.

9.3 Repayment of Unclaimed Monies or Common Shares

Subject to applicable law, any monies or Common Shares, if applicable, set aside under Section 9.2 and not claimed by and paid to holders of Debentures as provided in Section 9.2 within three years less one day after the date of such setting aside shall be repaid and delivered to the Corporation by the Trustee and thereupon the Trustee shall be released from all further liability with respect to such monies or Common Shares, if applicable, and thereafter the holders of the Debentures in respect of which such monies or Common Shares, if applicable, were so repaid to the Corporation shall have no rights in respect thereof except to obtain payment and delivery of the monies or Common Shares, if applicable, from the Corporation subject to any limitation provided by the laws of the Province of Alberta. Notwithstanding the foregoing, the Trustee will pay any remaining funds prior to the expiry of three years less one day after the setting aside described in Section 9.2 to the Corporation upon receipt from the Corporation, of an unconditional letter of credit from a Canadian chartered bank in an amount equal to or in excess of the amount of the remaining funds. If the remaining funds are paid to the Corporation prior to the expiry of three years less one day after such setting aside, the Corporation shall reimburse the Trustee for any amounts so set aside which are required to be paid by the Trustee to a holder of a Debenture after the date of such payment of the remaining funds to the Corporation but prior to three years less one day after such setting aside.

9.4 Discharge

The Trustee shall at the written request of the Corporation release and discharge this Indenture and execute and deliver such instruments as it shall be advised by Counsel are requisite for that purpose and to release the Corporation from its covenants herein contained (other than the provisions relating to the indemnification of the Trustee), upon proof being given to the reasonable satisfaction of the Trustee that the principal of, premium (if any) and interest (including interest on amounts in default, if any), on all the Debentures and all other monies payable hereunder have been paid or satisfied or that all the Debentures having matured or having been duly called for redemption, payment of the principal of and interest (including interest on amounts in default, if any) on such Debentures and of all other monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

9.5 Satisfaction

- (a) The Corporation shall be deemed to have fully paid, satisfied and discharged all of the outstanding Debentures and the Trustee, at the expense of the Corporation, shall execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Debentures, when, with respect to all of the outstanding Debentures or all of the outstanding Debentures:
 - (i) the Corporation has deposited or caused to be deposited with the Trustee as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money or Common Shares, if applicable, sufficient to pay, satisfy and discharge the entire amount of principal of, premium, if any, and interest, if

any, to maturity, or any repayment date or Redemption Date, or any Change of Control Purchase Date, or upon conversion or otherwise as the case may be, of such Debentures (including the maximum number of Common Shares that may be issuable as Make Whole Premium Shares);

(ii) the Corporation has deposited or caused to be deposited with the Trustee as trust property in trust for the purpose of making payment on such Debentures:

(A) if the Debentures are issued in Canadian dollars, such amount in Canadian dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or Common Shares, if applicable; or

(B) if the Debentures are issued in a currency or currency unit other than Canadian dollars, cash in the currency or currency unit in which the Debentures are payable and/or such amount in such currency or currency unit of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or the government that issued the currency or currency unit in which the Debentures are payable or Common Shares, if applicable;

as will be sufficient to pay and discharge the entire amount of principal of, premium, if any (including the maximum amount that may be payable as a Make Whole Premium) on, and accrued and unpaid interest to maturity or any repayment date, as the case may be, of all such Debentures; or

(iii) all Debentures authenticated and delivered (other than (A) Debentures which have been destroyed, lost or stolen and which have been replaced or paid and (B) Debentures for whose payment has been deposited in trust and thereafter repaid to the Corporation as provided in Section 9.3) have been delivered to the Trustee for cancellation; so long as in any such event:

(A) the Corporation has paid, caused to be paid or made provisions to the satisfaction of the Trustee for the payment of all other sums payable or which may be payable (including the maximum number of Common Shares that may be issuable as Make Whole Premium Shares) with respect to all of such Debentures (together with all applicable expenses of the Trustee in connection with the payment of such Debentures); and

(B) the Corporation has delivered to the Trustee an Officers' Certificate stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Debentures have been complied with.

Any deposits with the Trustee referred to in this Section 9.5 shall be irrevocable, subject to Section 9.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Trustee and which provides for the due and punctual payment of the principal of, premium, if any, and interest on the Debentures being satisfied.

(b) Upon the satisfaction of the conditions set forth in this Section 9.5 with respect to all the outstanding Debentures, the terms and conditions of the Debentures, including the terms and conditions with respect thereto set forth in this Indenture (other than those contained

in Article 2, Article 4 and Article 6 and the provisions of Article 1 pertaining to Article 2, Article 4 and Article 6) shall no longer be binding upon or applicable to the Corporation.

- (c) Any funds or obligations deposited with the Trustee pursuant to this Section 9.5 shall be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.
- (d) If the Trustee is unable to apply any money or securities in accordance with this Section 9.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Corporation's obligations under this Indenture and the affected Debentures shall be revived and reinstated as though no money or securities had been deposited pursuant to this Section 9.5 until such time as the Trustee is permitted to apply all such money or securities in accordance with this Section 9.5, provided that if the Corporation has made any payment in respect of principal of, premium, if any, or interest on Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the Corporation shall be subrogated to the rights of the holders of such Debentures to receive such payment from the money or securities held by the Trustee.

9.6 Continuance of Rights, Duties and Obligations

- (a) Where trust funds or trust property have been deposited pursuant to Section 9.5, the holders of Debentures and the Corporation shall continue to have and be subject to their respective rights, duties and obligations under Article 2, Article 4 and Article 6 and the provisions of Article 1 pertaining to the foregoing provisions, as may be applicable.
- (b) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5 in respect of a series of Debentures (the "**Defeased Debentures**"), any holder of any of the Defeased Debentures from time to time converts its Debentures to Common Shares or other securities of the Corporation in accordance with Subsections 2.1(f) and, if applicable, 2.1(k), Article 6 or any other provision of this Indenture, the Trustee shall upon receipt of a Written Direction of the Corporation return to the Corporation from time to time the proportionate amount of the trust funds or other trust property deposited with the Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures so converted (which amount shall be based on the applicable principal amount of the Defeased Debentures being converted in relation to the aggregate outstanding principal amount of all the Defeased Debentures).
- (c) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5, the Corporation is required to make a Debenture Offer to purchase any outstanding Debentures pursuant to Subsection 2.1(j), in relation to the Debentures, the Corporation shall be entitled to use any trust money or trust property deposited with the Trustee pursuant to Section 9.5 for the purpose of paying to any holders of Defeased Debentures who have accepted any such offer of the Corporation the Offer Price payable to such holders in respect of such Debenture Offer in respect of the Debentures. Upon receipt of a Written Direction of the Corporation, the Trustee shall be entitled to pay to such holder from such trust money or trust property deposited with the Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures held by such holders who have accepted any such offer to the Corporation (which amount shall be based

on the applicable principal amount of the Defeased Debentures held by accepting offerees in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

ARTICLE 10 COMMON SHARE INTEREST PAYMENT ELECTION

10.1 Common Share Interest Payment Election

- (a) The Corporation shall have the right, from time to time (including following conversion, at the time of redemption or at the time of maturity), to make a Common Share Interest Payment Election in respect of any Interest Obligation by delivering a Common Share Interest Payment Election Notice to the Trustee no later than the earlier of: (i) the date required by applicable law or the rules of any stock exchange on which the Debentures or Common Shares are then listed; and (ii) the day which is 15 Business Days prior to the Interest Payment Date to which the Common Share Interest Payment Election relates. Such Common Share Interest Payment Election Notice shall provide that all or a portion of such Interest Obligation may be paid by the Corporation in Common Shares by the delivery of Common Shares, as provided in Subsection 10.1(c), in an amount equal to (A) the amount of interest payable pursuant to such Interest Obligation divided by (B) VWAP of the Common Shares for two trading days immediately prior to, and the two trading days immediately following delivery of the Common Share Interest Payment Election Notice.
- (b) The Corporation's right to exercise the Common Share Interest Payment Election shall be conditional upon the following conditions being met on or before 2:00 p.m. (Saskatoon time) on the day which is 3 Business Days prior to the Interest Payment Date, such conditions being in favour of the Debentureholders:
 - (i) the issuance of the Common Shares on the exercise of the Common Share Interest Payment Election shall be made in accordance with Applicable Securities Legislation and such Common Shares shall be issued as Freely Tradeable Common Shares;
 - (ii) the listing of such additional Freely Tradeable Common Shares on each stock exchange on which the Common Shares are then listed;
 - (iii) no Event of Default shall have occurred and be continuing;
 - (iv) the receipt by the Trustee of an Officers' Certificate stating that conditions (i), (ii) and (iii) above have been satisfied and setting forth (A) the number of Common Shares to be delivered for each \$1,000 principal amount of Debentures, (B) the amount of interest payable on such Interest Payment Date, and (C) the Current Market Price as of the Interest Payment Date; and
 - (v) the receipt by the Trustee of an opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Interest Obligations, will be validly issued as fully paid and non-assessable Common Shares, and that conditions (i) and (ii) above have been satisfied.

If the foregoing conditions are not satisfied on or before 2:00 p.m. (Saskatoon time) on the day which is 3 Business Days prior to the Interest Payment Date, the Corporation shall pay

the interest payable on the Debentures on such Interest Payment Date for which a Common Share Interest Payment Election was made in accordance with Section 2.9, unless the Debentureholders waive the conditions in writing in form and substance delivered to the Corporation and to the Trustee, acting reasonably.

- (c) In the event that the Corporation duly exercises its Common Share Interest Payment Election, the Corporation shall on or before 11:00 a.m. (Saskatoon time) on the Business Day immediately prior to the Interest Payment Date issue to the registered holders of such Debentures appearing on the registers maintained by the Trustee at the close of business on the fifth Business Day prior to the applicable Interest Payment Date (the "**Entitled Debentureholders**"), the Freely Tradeable Common Shares to which such holders are entitled. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with the Common Share Interest Payment Election. Every such deposit shall be irrevocable. The Trustee shall deliver to such Debentureholders the Freely Tradeable Common Shares to which they are entitled pursuant to the Common Share Interest Payment Election Notice, if at the relevant time CDS is the registered holder of the Debentures then the Trustee shall deliver such Freely Tradeable Common Shares to CDS. The delivery of such Freely Tradeable Common Shares to the registered holder of the Debentures by the Trustee will satisfy and discharge the liability of the Corporation for the Interest Obligation to which the delivery of such Freely Tradeable Common Shares relates (including the amount of any Common Shares sold to pay applicable withholding taxes in accordance with Section 10.1(i)), and such Common Shares will represent full satisfaction of such Interest Obligation and such holders will have no further recourse to the Corporation in respect of such Interest Obligation. For greater certainty, in the event that the Corporation duly exercises its Common Share Interest Payment Election, the Corporation shall deliver a treasury direction to the Trustee no later than 11:00 a.m. (Saskatoon time) on the Business Day immediately prior to the Interest Payment Date that directs the Trustee to issue the Freely Tradeable Common Shares to the registered holder of the Debentures in satisfaction of the Corporation's Interest Obligation and directs the Trustee to update the register of holders of Common Shares on such date. The Freely Tradeable Common Shares to be issued to the Debentureholders in the event the Corporation duly exercises its Common Share Interest Payment Election may be issued and registered in the name of CDS or its nominee through the electronic book entry system pursuant to which a Participant provides the deposit ID of which is confirmed electronically by the Trustee to a particular Participant through CDS and shall be identified by a specific CUSIP/ISIN as requested by the Corporation from CDS to identify the Freely Tradeable Common Shares.
- (d) No fractional Freely Tradeable Common Shares shall be delivered upon the exercise of the Common Share Interest Payment Election but, in lieu thereof, the Corporation shall pay to the Trustee for the account of the Entitled Debentureholders, at the time contemplated in Section 10.1(c), the cash equivalent thereof determined on the basis of the Current Market Price as of the Interest Payment Date except for amounts less than \$25.00 (less applicable withholding tax, if any), for which no cash amount shall be delivered.
- (e) A holder shall be treated as the shareholder of record of the Freely Tradeable Common Shares issued on due exercise by the Corporation of its Common Share Interest Payment Election effective immediately after the close of business on the Interest Payment Date, and shall be entitled to all substitutions therefore, all income earned thereon or accretions thereto and all dividends or distributions (including dividends and dividends or

distributions in kind) thereon and arising thereafter, and in the event that the Trustee receives the same, it shall hold the same in trust for the benefit of such holder.

- (f) The Corporation shall at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue and delivery upon the exercise of the Common Share Interest Payment Election as provided herein, and shall issue to Debentureholders to whom Freely Tradeable Common Shares will be issued pursuant to exercise of the Common Share Interest Payment Election, such number of Freely Tradeable Common Shares as shall be issuable in such event. All Freely Tradeable Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (g) The Corporation shall from time to time promptly pay, or make provision satisfactory to the Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province thereof (except income tax, withholding tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Freely Tradeable Common Shares to holders upon exercise of the Common Share Interest Payment Election pursuant to the terms of the Debentures and of this Indenture.
- (h) If the Corporation makes a Common Share Interest Payment Election in accordance with this Section 10.1 and if the payment represented by the Freely Tradable Common Shares issuable in satisfaction of the Interest Obligation is subject to withholding taxes and the amount of the cash payment, if any, of the principal amount due on maturity, if such maturity is concurrent with the interest payment, is insufficient to satisfy such withholding taxes, the Corporation shall deduct and withhold such withholding taxes from any payment to be made with respect to the Debentures and, provided that the Corporation forthwith remit such amount to the relevant governmental authority or agency, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Corporation's obligations under the Debentures. There is no obligation on the Corporation to gross-up or pay additional amounts to a Debentureholder in respect of such deductions or withholdings.
- (i) For greater certainty, if any amount is required or permitted to be deducted or withheld in respect of withholding taxes, whether of interest or other amounts, and including with respect to delivery of Freely Tradeable Common Shares upon conversion of Debentures or in respect of any Interest Obligation, the Corporation shall be entitled to liquidate such number of Common Shares issuable in connection with such payment as shall be necessary in order to satisfy such deduction or withholding and remit to Debentureholders the remaining net Common Shares. The Corporation shall provide the Trustee with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of any forms received from such governmental authority or agency promptly after receipt thereof.

ARTICLE 11 SUCCESSORS

11.1 Corporation may Consolidate, etc., Only on Certain Terms

- (a) The Corporation may not, without the consent of the holders provided by Extraordinary Resolution, consolidate with or amalgamate or merge with or into any Person (other than a directly or indirectly wholly-owned Subsidiary of the Corporation) or sell, convey, transfer or lease all or substantially all of the properties and assets of the Corporation to

another Person (other than a directly or indirectly wholly-owned Subsidiary of the Corporation) unless:

- (i) the Person formed by such consolidation or into which the Corporation is amalgamated or merged, or the Person which acquires by sale, conveyance, transfer or lease all or substantially all of the properties and assets of the Corporation is a corporation, organized and existing under the laws of Canada or any province or territory thereof or the laws of the United States or any state thereof and such corporation (if other than the Corporation or the continuing corporation resulting from the amalgamation of the Corporation with another corporation under the laws of Canada or any province or territory thereof) expressly assumes, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the obligations of the Corporation under the Debentures and this Indenture and the performance or observance of every covenant and provision of this Indenture and the Debentures required on the part of the Corporation to be performed or observed and the conversion rights shall be provided for in accordance with Article 4, by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee, by the Person (if other than the Corporation or the continuing corporation resulting from the amalgamation of the Corporation with another corporation under the laws of Canada or any province or territory thereof) formed by such consolidation or into which the Corporation shall have been merged or by the Person which shall have acquired the Corporation's assets;
 - (ii) after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and
 - (iii) if the Corporation or the continuing corporation resulting from the amalgamation or merger of the Corporation with another Person under the laws of Canada or any province or territory thereof or the laws of the United States or any state thereof will not be the resulting, continuing or surviving corporation, the Corporation shall have, at or prior to the effective date of such consolidation, amalgamation, merger or sale, conveyance, transfer or lease, delivered to the Trustee an Officers' Certificate and an opinion of Counsel, each stating that such consolidation, merger or transfer complies with this Article and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with this Article, and that all conditions precedent herein provided for relating to such transaction have been complied with.
- (b) For purposes of the foregoing, the sale, conveyance, transfer or lease (in a single transaction or a series of related transactions) of the properties or assets of one or more Subsidiaries of the Corporation (other than to the Corporation or another wholly-owned Subsidiary of the Corporation), which, if such properties or assets were directly owned by the Corporation, would constitute all or substantially all of the properties and assets of the Corporation and its Subsidiaries, taken as a whole, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Corporation.

11.2 Successor Substituted

Upon any consolidation of the Corporation with, or amalgamation or merger of the Corporation into, any other Person or any sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Corporation and its Subsidiaries, taken as a whole, in accordance with Section 11.1(b) the successor Person formed by such consolidation or into which the Corporation is amalgamated or merged or to which such sale, conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Corporation under this Indenture with the same effect as if such successor Person had been named as the Corporation herein, and thereafter, except in the case of a lease, and except for obligations the predecessor Person may have under a supplemental indenture entered into pursuant to Section 11.1(a)(iii), the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Debentures.

ARTICLE 12 COMPULSORY ACQUISITION

12.1 Definitions

In this Article:

- (a) **"Affiliate"** and **"Associate"** shall have their respective meanings set forth in the *Securities Act* (Alberta);
- (b) **"Dissenting Debentureholders"** means a Debentureholder who does not accept an Offer referred to in Section 12.2 and includes any assignee of the Debenture of a Debentureholder to whom such an Offer is made, whether or not such assignee is recognized under this Indenture;
- (c) **"Offer"** means an offer to acquire outstanding Debentures where, as of the date of the offer to acquire, the Debentures that are subject to the offer to acquire, together with the Offeror's Debentures, constitute in the aggregate 20% or more of the outstanding principal amount of the Debentures;
- (d) **"offer to acquire"** includes an acceptance of an offer to sell;
- (e) **"Offeror"** means a person, or two or more persons acting jointly or in concert, who make an Offer to acquire Debentures;
- (f) **"Offeror's Debentures"** means Debentures beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any Affiliate or Associate of the Offeror or any person or company acting jointly or in concert (as such term is defined in NI 62-104) with the Offeror; and
- (g) **"Offeror's Notice"** means the notice described in Section 12.3.

12.2 Offer for Debentures

If an Offer for all of the outstanding Debentures (other than the Offeror's Debentures) is made and:

- (a) within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by

Debentureholders representing at least 90% of the outstanding principal amount of the Debentures, other than the Offeror's Debentures;

- (b) the Offeror is bound to take up and pay for, or has taken up and paid for the Debentures of the Debentureholders who accepted the Offer; and
- (c) the Offeror complies with Sections 12.3 and 12.5;

the Offeror is entitled to acquire, and the Dissenting Debentureholders are required to sell to the Offeror, the Debentures held by the Dissenting Debentureholder for the same consideration per Debenture payable or paid, as the case may be, under the Offer.

12.3 Offeror's Notice to Dissenting Debentureholders

Where an Offeror is entitled to acquire Debentures held by Dissenting Debentureholders pursuant to Section 12.2 and the Offeror wishes to exercise such right, the Offeror shall send by registered mail within 30 days after the date of termination of the Offer a notice (the "**Offeror's Notice**") to each Dissenting Debentureholder stating that:

- (a) Debentureholders holding at least 90% of the principal amount of all outstanding Debentures, other than Offeror's Debentures, have accepted the Offer;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for, the Debentures of the Debentureholders who accepted the Offer;
- (c) Dissenting Debentureholders must transfer their respective Debentures to the Offeror on the terms on which the Offeror acquired the Debentures of the Debentureholders who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and
- (d) Dissenting Debentureholders must send their respective Debenture Certificate(s) to the Trustee within 21 days after the date of the sending of the Offeror's Notice.

12.4 Delivery of Debenture Certificates

A Dissenting Debentureholder to whom an Offeror's Notice is sent pursuant to Section 12.3 shall, within 21 days after the sending of the Offeror's Notice, send his or her Debenture Certificate(s) to the Trustee duly endorsed for transfer.

12.5 Payment of Consideration to Trustee

Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 12.3, the Offeror shall pay or transfer to the Trustee, or to such other person as the Trustee may direct, the cash or other consideration that is payable to Dissenting Debentureholders pursuant to Section 12.2. The acquisition by the Offeror of all Debentures held by all Dissenting Debentureholders shall be effective as of the time of such payment or transfer.

12.6 Consideration to be held in Trust

The Trustee, or the person directed by the Trustee, shall hold in trust for the Dissenting Debentureholders the cash or other consideration they or it receives under Section 12.5. The Trustee, or such persons, shall deposit cash in a separate account in a Canadian chartered bank, or other body corporate,

any of whose deposits are insured by the Canada Deposit Insurance Corporation, and shall place other consideration in the custody of a Canadian chartered bank or such other body corporate.

12.7 Completion of Transfer of Debentures to Offeror

Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 12.3, the Trustee, if the Offeror has complied with Section 12.5, shall:

- (a) do all acts and things and execute and cause to be executed all instruments as in the Trustee's opinion may be necessary or desirable to cause the transfer of the Debentures of the Dissenting Debentureholders to the Offeror;
- (b) send to each Dissenting Debentureholder who has complied with Section 12.4 the consideration to which such Dissenting Debentureholder is entitled under this Article 12; and
- (c) send to each Dissenting Debentureholder who has not complied with Section 12.4 a notice stating that:
 - (i) his or her Debentures have been transferred to the Offeror;
 - (ii) the Trustee or some other person designated in such notice are holding in trust the consideration for such Debentures; and
 - (iii) the Trustee, or such other person, will send the consideration to such Dissenting Debentureholder as soon as possible after receiving such Dissenting Debentureholder's Debenture Certificate(s) or such other documents as the Trustee or such other person may require in lieu thereof;

and the Trustee is hereby appointed the agent and attorney of the Dissenting Debentureholders for the purposes of giving effect to the foregoing provisions.

12.8 Communication of Offer to Trust

An Offeror cannot make an Offer for Debentures unless, concurrent with the communication of the Offer to any Debentureholder, a copy of the Offer is provided to the Corporation.

ARTICLE 13 MEETINGS OF DEBENTUREHOLDERS

13.1 Right to Convene Meeting

The Trustee or the Corporation may at any time and from time to time, and the Trustee shall, on receipt of a Written Direction of the Corporation or a written request signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding and upon receiving funding and being indemnified to its reasonable satisfaction by the Corporation or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Debentureholders. In the event of the Trustee failing, within 30 days after receipt of any such request and such funding of indemnity, to give notice convening a meeting, the Corporation or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Calgary or at such other place as may be approved or determined by the Trustee.

13.2 Notice of Meetings

- (a) At least 21 days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 14.2 and a copy of such notice shall be sent by post to the Trustee, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article. The accidental omission to give notice of a meeting to any holder of Debentures shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.
- (b) If the business to be transacted at any meeting by Extraordinary Resolution or otherwise, or any action to be taken or power exercised by instrument in writing under Section 13.15, especially affects the rights of holders of Debentures of one or more series in a manner or to an extent differing in any material way from that in or to which the rights of holders of Debentures of any other series are affected (determined as provided in Sections 13.2(c) and (d)), then:
 - (i) a reference to such fact, indicating each series of Debentures in the opinion of the Trustee so especially affected (hereinafter referred to as the "**especially affected series**") shall be made in the notice of such meeting, and in any such case the meeting shall be and be deemed to be and is herein referred to as a "Serial Meeting"; and
 - (ii) the holders of Debentures of an especially affected series shall not be bound by any action taken at a Serial Meeting or by instrument in writing under Section 13.15 unless in addition to compliance with the other provisions of this Article 13:
 - (A) at such Serial Meeting: (I) there are Debentureholders present in person or by proxy and representing at least 25% in principal amount of the Debentures then outstanding of such series, subject to the provisions of this Article 13 as to quorum at adjourned meetings; and (II) the resolution is passed by the affirmative vote of the holders of more than 50% (or in the case of an Extraordinary Resolution not less than 66 ²/₃%) of the principal amount of the Debentures of such series then outstanding voted on the resolution; or
 - (B) in the case of action taken or power exercised by instrument in writing under Section 13.15, such instrument is signed in one or more counterparts by the holders of not less than 66 ²/₃% in principal amount of the Debentures of such series then outstanding.
- (c) Subject to Section 13.2(d), the determination as to whether any business to be transacted at a meeting of Debentureholders, or any action to be taken or power to be exercised by instrument in writing under Section 13.15, especially affects the rights of the Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which it affects the rights of Debentureholders of any other series (and is therefore an especially affected series) shall be determined by an opinion of

Counsel, which shall be binding on all Debentureholders, the Trustee and the Corporation for all purposes hereof.

(d) A proposal:

- (i) to extend the maturity of Debentures of any particular series or to reduce the principal amount thereof, the rate of interest or redemption premium thereon or to impair any conversion right thereof;
- (ii) to modify or terminate any covenant or agreement which by its terms is effective only so long as Debentures of a particular series are outstanding; or
- (iii) to reduce with respect to Debentureholders of any particular series any percentage stated in this Section 13.2 or Sections 13.4, 13.12 and 13.15;

shall be deemed to especially affect the rights of the Debentureholders of such series in a manner differing in a material way from that in which it affects the rights of holders of Debentures of any other series, whether or not a similar extension, reduction, modification or termination is proposed with respect to Debentures of any or all other series.

13.3 Chairman

Some person, who need not be a Debentureholder, nominated in writing by the Corporation (in case it convenes the meeting) or by the Trustee (in any other case) shall be chairman of the meeting and if no person is so nominated, or if the person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Debentureholders present in person or by proxy shall choose some person present to be chairman.

13.4 Quorum

Subject to the provisions of Section 13.12, at any meeting of the Debentureholders a quorum shall consist of Debentureholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures and, if the meeting is a Serial Meeting, at least 25% of the Debentures then outstanding of each especially affected series. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in person or by proxy shall, subject to the provisions of Section 13.12, constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures or of the Debentures then outstanding of each especially affected series. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum is present at the commencement of business.

13.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Debentureholders is present may, with the consent of the holders of a majority in principal amount of the Debentures represented thereat, adjourn any

such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

13.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 13.7, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.

13.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Debentureholders or proxies for Debentureholders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures and of each especially affected series, if applicable, represented at the meeting and voted on the poll.

13.8 Voting

On a show of hands every person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, shall have one vote. On a poll each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each \$1,000 principal amount of Debentures of which he shall then be the holder. In the case of any Debenture denominated in a currency or currency unit other than Canadian dollars, the principal amount thereof for these purposes shall be computed in Canadian dollars on the basis of the conversion of the principal amount thereof at the applicable spot buying rate of exchange for such other currency or currency unit as reported by the Bank of Canada at the close of business on the Business Day next preceding the meeting. Any fractional amounts resulting from such conversion shall be rounded to the nearest \$100. A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

13.9 Proxies

A Debentureholder may be present and vote at any meeting of Debentureholders by an authorized representative. The Corporation (in case it convenes the meeting) or the Trustee (in any other case) for the purpose of enabling the Debentureholders to be present and vote at any meeting without producing their Debentures, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held, may from time to time make and vary such regulations as it shall think fit providing for and governing any or all of the following matters:

- (a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any person signing on behalf of a Debentureholder;

- (b) the deposit of instruments appointing proxies at such place as the Trustee, the Corporation or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited; and
- (c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed or sent by other electronic means before the meeting to the Corporation or to the Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be Debentureholders and persons whom Debentureholders have by instrument in writing duly appointed as their proxies.

13.10 Persons Entitled to Attend Meetings

The Corporation and the Trustee, by their respective officers and directors, the Auditors of the Corporation and the legal advisors of the Corporation, the Trustee or any Debentureholder may attend any meeting of the Debentureholders, but shall have no vote as such.

13.11 Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution, subject in the case of the matters in paragraphs (a), (b), (c), (d) and (l) to receipt of the prior approval of the TSXV (or such other exchange on which the Debentures are then listed):

- (a) power to authorize the Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue;
- (b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Trustee against the Corporation, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise provided that such sanctioned actions are not prejudicial to the Trustee;
- (c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any Debenture which shall be agreed to by the Corporation and to authorize the Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;
- (d) power to sanction any scheme for the reconstruction, reorganization or recapitalization of the Corporation or for the consolidation, amalgamation, arrangement, combination or merger of the Corporation with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Corporation or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 11.1 shall have been complied with;

- (e) power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (f) power to waive, and direct the Trustee to waive, any default hereunder and/or cancel any declaration made by the Trustee pursuant to Section 8.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (g) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal, premium or interest on the Debentures, or for the execution of any trust or power hereunder;
- (h) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 8.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;
- (i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation;
- (j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings and the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;
- (k) power to remove the Trustee from office and to appoint a new Trustee or Trustees provided that no such removal shall be effective unless and until a new Trustee or Trustees shall have become bound by this Indenture;
- (l) power to sanction the exchange of the Debentures for or the conversion thereof into shares, bonds, debentures or other securities or obligations of the Corporation or of any other Person formed or to be formed;
- (m) power to authorize the distribution in specie of any shares or securities received pursuant to a transaction authorized under the provisions of Section 13.11(l); and

- (n) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to Section 13.11(j).

Notwithstanding the foregoing provisions of this Section 13.11 none of such provisions shall in any manner allow or permit any amendment, modification, abrogation or addition to the provisions of Article 5 which could reasonably be expected to detrimentally affect the rights, remedies or recourse of the priority of the Senior Creditors.

13.12 Meaning of "Extraordinary Resolution"

- (a) The expression "Extraordinary Resolution" when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are present in person or by proxy and passed by the favourable votes of the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures, and if the meeting is a Serial Meeting by the affirmative vote of the holders of not less than 66 $\frac{2}{3}$ % of each especially affected series, in each case present or represented by proxy at the meeting and voted upon on a poll on such resolution.
- (b) If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding and, if the meeting is a Serial Meeting, 25% of the principal amount of the Debentures then outstanding of each especially affected series, in each case are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved but in any other case it shall stand adjourned to such date, being not less than 14 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 10 days' notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 14.2. Such notice shall state that at the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum. At the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures and, if the meeting is a Serial Meeting, by the affirmative vote of the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures of each especially affected series, in each case present or represented by proxy at the meeting voted upon on a poll shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are not present in person or by proxy at such adjourned meeting.
- (c) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

13.13 Powers Cumulative

Any one or more of the powers in this Indenture stated to be exercisable by the Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers thereafter from time to time.

13.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.

13.15 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting held as hereinbefore in this Article provided may also be taken and exercised by the holders of 66 $\frac{2}{3}$ % of the principal amount of all the outstanding Debentures and, if the meeting at which such actions might be taken would be a Serial Meeting, by the holders of 66 $\frac{2}{3}$ % of the principal amount of the Debentures then outstanding of each especially affected series, by an instrument in writing signed in one or more counterparts and the expression "Extraordinary Resolution" when used in this Indenture shall include an instrument so signed.

13.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 13.15 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

13.17 Evidence of Rights Of Debentureholders

- (a) Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor signed or executed by such Debentureholders.
- (b) The Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

13.18 Concerning Serial Meetings

If in the opinion of Counsel any business to be transacted at any meeting, or any action to be taken or power to be exercised by instrument in writing under Section 13.15, does not adversely affect the rights

of the holders of Debentures of one or more series, the provisions of this Article 13 shall apply as if the Debentures of such series were not outstanding and no notice of any such meeting need be given to the holders of Debentures of such series. Without limiting the generality of the foregoing, a proposal to modify or terminate any covenant or agreement which is effective only so long as Debentures of a particular series are outstanding shall be deemed not to adversely affect the rights of the holders of Debentures of any other series.

ARTICLE 14 NOTICES

14.1 Notice to Corporation

Any notice to the Corporation under the provisions of this Indenture shall be valid and effective if delivered to the Corporation at: Suite 602 – 224 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5, Attention: Chief Financial Officer, and a copy delivered to Bennett Jones LLP, 4500 Bankers Hall East, 855 2 Street SW, Calgary, Alberta, T2P 4K7, Attention: Brent Kraus, or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given three days following the mailing thereof. The Corporation may from time to time notify the Trustee in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Corporation for all purposes of this Indenture.

14.2 Notice to Debentureholders

Subject to Section 2.2, all notices to be given hereunder with respect to the Debentures shall be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned and shall be deemed to have been effectively given three days following the day of mailing; provided that any for any Debentures held through CDS or other Depository, if any notice or other communication is required to be given to Debentureholders, the Trustee or the Corporation may give such notices and communications to CDS or such other Depository by e-mail or facsimile (at such email or facsimile number as is given by CDS or the Depository, as applicable, for such purpose from time to time) or in such other manner as is acceptable to CDS or the Depository, as applicable, and notice will deemed to have been effective/given on the date of delivery. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Corporation to give or mail any notice due to anything beyond the reasonable control of the Corporation shall not invalidate any action or proceeding founded thereon. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Corporation to give or mail any notice due to anything beyond the reasonable control of the Corporation shall not invalidate any action or proceeding founded thereon.

If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Debentureholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Corporation shall give such notice by publication at least once in the cities of Calgary and Toronto (or in such of those cities as, in the opinion of the Trustee, is sufficient in the particular circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.

Any notice given to Debentureholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required.

All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of any persons interested in such Debenture.

14.3 Notice to Trustee

Any notice to the Trustee under the provisions of this Indenture shall be valid and effective if delivered to the Trustee at its principal office in the City of Calgary, at #800, 324 – 8th Avenue S.W., Calgary, Alberta, T2P 2Z2, Attention: Manager, Corporate Trust, Facsimile No: 403-267-6598 or if given by registered letter, postage prepaid, to such office and so addressed and, if mailed, shall be deemed to have been effectively given three days following the mailing thereof.

14.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Trustee would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to Section 14.3, such notice shall be valid and effective only if delivered at the appropriate address in accordance with Section 14.3.

ARTICLE 15 CONCERNING THE TRUSTEE

15.1 No Conflict of Interest

The Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder but if, notwithstanding the provisions of this Section 15.1 such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Debentures issued hereunder, shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises but the Trustee shall, within 30 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 15.2.

15.2 Replacement of Trustee

The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Corporation 90 days' notice in writing or such shorter notice as the Corporation may accept as sufficient. If at any time a material conflict of interest exists in the Trustee's role as a fiduciary hereunder the Trustee shall, within 30 days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in this Section 15.2. The validity and enforceability of this Indenture and of the Debentures issued hereunder shall not be affected in any manner whatsoever by reason only that such a material conflict of interest exists. In the event of the Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Trustee unless a new Trustee has already been appointed by the Debentureholders. Failing such appointment by the Corporation, the retiring Trustee or any Debentureholder may apply to a Judge of the Court of King's Bench of Alberta, on such notice as such Judge may direct at the Corporation's expense, for the appointment of a new Trustee but any new Trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Debentureholders and the appointment of such new Trustee shall be effective only upon such new Trustee becoming bound by this Indenture. Any new Trustee appointed under any provision of this Section 15.2 shall be a corporation authorized to carry on the business of a trust company in all of the Provinces of Canada. On any new appointment the new Trustee shall be

vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Trustee.

Any company into which the Trustee may be merged or, with or to which it may be consolidated, amalgamated or sold, or any company resulting from any merger, consolidation, sale or amalgamation to which the Trustee shall be a party, shall be the successor trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Trustee or of the Corporation, the Trustee ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by such Trustee to the successor Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Corporation be required by any new Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Trustee, be made, executed, acknowledged and delivered by the Corporation.

15.3 Duties of Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

15.4 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Trustee may, if acting in good faith, rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 15.5, if applicable, and with any other applicable requirements of this Indenture. The Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Trustee may rely on an opinion of Counsel satisfactory to the Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Corporation.

15.5 Evidence and Authority to Trustee, Opinions, etc.

The Corporation shall furnish to the Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Corporation or the Trustee under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the Authentication and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Trustee at the request of or on the application of the Corporation, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished to the Trustee in accordance with the terms of this Section 15.5, or (b) the Trustee, in the exercise of its rights and duties under this Indenture, gives the Corporation written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of:

- (a) a certificate made by any two officers or directors of the Corporation, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;
- (b) in the case of a condition precedent compliance with which is, by the terms of this Indenture, made subject to review or examination by a solicitor, an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and
- (c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the Auditors of the Corporation whom the Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.

Whenever such evidence relates to a matter other than the Authentication and delivery of Debentures and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a director, officer or employee of the Corporation it shall be in the form of a statutory declaration. Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section.

Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in the Indenture shall include (a) a statement by the person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein, and (d) a statement whether in the opinion of such person the conditions precedent in question have been complied with or satisfied.

The Corporation shall furnish or cause to be furnished to the Trustee at any time if the Trustee reasonably so requires, its certificate that the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such noncompliance. The Corporation shall, whenever the Trustee so requires, furnish the Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Trustee as to any action or step required or permitted to be taken by the Corporation or as a result of any obligation imposed by this Indenture.

15.6 Officers' Certificates Evidence

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Trustee, if acting in good faith, may rely upon an Officers' Certificate.

15.7 Experts, Advisers and Agents

The Trustee may:

- (a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuer, engineer, surveyor, appraiser or other expert, whether obtained by the Trustee or by the Corporation, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and
- (b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Trustee may, but need not be, solicitors for the Corporation.

15.8 Trustee May Deal in Debentures

Subject to Sections 15.1 and 15.3, the Trustee may, in its personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

15.9 Investment of Monies Held by Trustee

Unless otherwise provided in this Indenture, any monies held by the Trustee, which, under the trusts of this Indenture, may or ought to be invested or which may be on deposit with the Trustee or which may be in the hands of the Trustee, may be invested and reinvested in the name or under the control of the Trustee in securities in which, under the laws of the Province of Alberta, trustees are authorized to invest trust monies, provided that such securities are expressed to mature within two years or such shorter period selected to facilitate any payments expected to be made under this Indenture, after their purchase by the Trustee, and unless and until the Trustee shall have declared the principal of and interest on the Debentures to be due and payable, the Trustee shall so invest such monies at the Written Direction of the Corporation given in a reasonably timely manner. Pending the investment of any monies as hereinbefore provided, such monies may be deposited in the name of the Trustee in any chartered bank of Canada or, with the consent of the Corporation, in the deposit department of the Trustee or any other loan or trust company authorized to accept deposits under the laws of Canada or any Province thereof at the rate of interest, if any, then current on similar deposits.

Unless and until the Trustee shall have declared the principal of and interest on the Debentures to be due and payable, the Trustee shall pay over to the Corporation all interest received by the Trustee in respect of any investments or deposits made pursuant to the provisions of this Section.

15.10 Trustee Not Ordinarily Bound

Except as provided in Section 8.2 and as otherwise specifically provided herein, the Trustee shall not, subject to Section 15.3, be bound to give notice to any person of the execution hereof, nor to do, observe or perform or see to the observance or performance by the

Corporation of any of the obligations herein imposed upon the Corporation or of the covenants on the part of the Corporation herein contained, nor in any way to supervise or interfere with the conduct of the Corporation's business, unless the Trustee shall have been required to do so in writing by the holders of not less than 50% of the aggregate principal amount of the Debentures then outstanding and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

15.11 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

15.12 Trustee Not Bound to Act on Corporation's Request

Except as in this Indenture otherwise specifically provided, the Trustee shall not be bound to act in accordance with any direction or request of the Corporation until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be empowered to act upon any such copy purporting to be authenticated and believed by the Trustee to be genuine.

15.13 Conditions Precedent to Trustee's Obligations to Act Hereunder

The obligation of the Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Trustee and of the Debentureholders hereunder shall be conditional upon the Debentureholders furnishing when required by notice in writing by the Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.

The Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Trustee the Debentures held by them for which Debentures the Trustee shall issue receipts.

15.14 Authority to Carry on Business

The Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in each of the provinces of Canada but if, notwithstanding the provisions of this Section 15.14, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in any of the provinces of Canada, either become so authorized or resign in the manner and with the effect specified in Section 15.2.

15.15 Compensation and Indemnity

- (a) The Corporation shall pay to the Trustee from time to time compensation for its services hereunder as agreed separately by the Corporation and the Trustee, and shall pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Trustee under this Indenture shall be finally and fully performed. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.
- (b) The Corporation hereby indemnifies and saves harmless the Trustee and its directors, officers and employees from and against any and all loss, damages, charges, expenses, claims, demands, actions or liability whatsoever which may be brought against the Trustee or which it may suffer or incur as a result of or arising out of the performance of its duties and obligations hereunder save only in the event of the negligence, wilful misconduct or bad faith of the Trustee. This indemnity will survive the termination or discharge of this Indenture and the resignation or removal of the Trustee. The Trustee shall notify the Corporation promptly of any claim for which it may seek indemnity. The Corporation shall defend the claim and the Trustee shall co-operate in the defence. The Trustee may have separate Counsel and the Corporation shall pay the reasonable fees and expenses of such Counsel. The Corporation need not pay for any settlement made without its consent, which consent must not be unreasonably withheld. This indemnity shall survive the resignation or removal of the Trustee or the discharge of this Indenture.
- (c) The Corporation need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through negligence or bad faith.

15.16 Acceptance of Trust

The Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

15.17 Third Party Interests

Each party to this Indenture (in this paragraph referred to as a "**representing party**") hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of such representing party, either (a) is not intended to be used by or on behalf of any third party; or (b) is intended to be used by or on behalf of a third party, in which case such representing party hereby agrees to complete, execute and deliver forthwith to the Trustee a declaration, in the Trustee's prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

15.18 Anti-Money Laundering

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, acting reasonably, determines that such act might cause it to be in noncompliance with any applicable anti-money laundering,

anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in noncompliance with any applicable anti-money laundering, antiterrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice sent to the Corporation provided that (a) the Trustee's written notice shall describe the circumstances of such non-compliance; and (b) if such circumstances are rectified to the Trustee's satisfaction within such 10-day period, then such resignation shall not be effective.

15.19 Privacy Laws

- (a) The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to certain obligations and activities under this Indenture. Notwithstanding any other provision of this Indenture, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (i) to have a designated chief privacy officer; (ii) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (iii) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and to comply with applicable laws and not to use it for any other purpose except with the consent of or direction from the Corporation or the individual involved or as permitted by Privacy Laws; (iv) not to sell or otherwise improperly disclose personal information to any third party; and (v) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.
- (b) Subject to compliance with Section 15.19(a), the Trustee may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides. Further, each party agrees that it shall not provide or cause to be provided to the Trustee any personal information relating to an individual who is not a party to this agreement unless that party has assured itself that such individual understands and has consented to the aforementioned terms, uses and disclosures.

15.20 Force Majeure

Except for the payment of obligations of the Corporation contained herein, neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of acts of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, economic sanctions, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 15.20.

ARTICLE 16 SUPPLEMENTAL INDENTURES

16.1 Supplemental Indentures

Subject to the approval of the TSXV (or such other exchange on which the Debentures are then listed), from time to time the Trustee and, when authorized by a resolution of the directors of Corporation, the Corporation, may, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter shall form part hereof, for any one or more of the following purposes:

- (a) providing for the issuance of Additional Debentures under this Indenture;
- (b) adding to the covenants of the Corporation herein contained for the protection or benefit of the Debentureholders, or of the Debentures of any series, or providing for events of default, in addition to those herein specified;
- (c) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Debentureholders;
- (d) evidencing the succession, or successive successions, of others to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;
- (e) giving effect to any Extraordinary Resolution passed as provided in Article 13; and
- (f) for any other purpose not inconsistent with the terms of this Indenture.

Unless the supplemental indenture requires the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, by Extraordinary Resolution, the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, shall not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Corporation and the Trustee may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Debentures into the United States in order to ensure that such issuances can be made in accordance with applicable law in the United States without the consent or approval of the Debentureholders provided that, in the opinion of the Trustee (relying on an opinion of Counsel), the rights of the Debentureholders are in no way prejudiced thereby. The Trustee will have the right to request a legal opinion regarding matters of United States law on the issuance of Debentures into the United States prior to or concurrently with making such amendments. Further, the Corporation and the Trustee may without the consent or concurrence of the Debentureholders or the holders of a particular series of Debentures, as the case may be, by supplemental indenture or otherwise, make any changes or corrections in this Indenture which it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained herein or in any indenture supplemental hereto or any Written Direction of the Corporation provided for the issue of Debentures, providing that in the opinion of the Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders are in no way prejudiced thereby.

ARTICLE 17
EXECUTION AND FORMAL DATE

17.1 Execution

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.


17.2 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of February 8, 2023 irrespective of the actual date of execution hereof.

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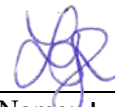
IN WITNESS whereof the parties hereto have executed these presents under their respective corporate seals and the hands of their proper officers in that behalf.

ROYAL HELIUM LTD.

Per: 
Name: Andrew Davidson
Title: President and Chief Executive Officer

Per: 
Name: Jeff Sheppard
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

Per: 
Name: Luci Scholes
Title: Corporate Trust Officer

Per: 
Name: Angela Fletcher
Title: Corporate Trust Officer

SCHEDULE "A"
TO THE DEBENTURE INDENTURE BETWEEN
ROYAL HELIUM LTD.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF DEBENTURE

CUSIP – 78029UAA4
ISIN – CA78029UAA49

No. [●]

\$[●]

ROYAL HELIUM LTD.

(a corporation continued under the laws of the Province of Saskatchewan)

14.0% SENIOR UNSECURED CONVERTIBLE DEBENTURES DUE DECEMBER 31, 2025

Royal Helium Ltd. (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the debenture indenture (the "**Indenture**") dated as of February 8, 2023 between the Corporation and Computershare Trust Company of Canada (the "**Trustee**"), promises to pay to the registered holder hereof on December 31, 2025 (the "**Maturity Date**"), or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of [●] Dollars (\$●) in lawful money of Canada on presentation and surrender of this Debenture at the main branch of the Trustee in Calgary, Alberta or in Toronto, Ontario in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 14.00% per annum (based on a year of 365 days), in like money, in arrears in (with the exception of the first interest payment which will include interest accrued from the Escrow Release Date) semi-annual installments (less any tax required by law to be deducted) on June 30 and December 31 in each year commencing on June 30, 2023 and the last payment (representing interest payable from the Interest Payment Date immediately prior to the Maturity Date to, but excluding, the Maturity Date) to fall due on the Maturity Date and, should the Corporation at any time make default in the payment of any principal, premium, if any, or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. For greater certainty, the first interest payment will include interest accrued from and including the Escrow Release Date to June 30, 2023, which will be equal to \$54.47 for each \$1,000 principal amount of Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

Upon and subject to the terms of the Indenture, the Corporation may elect, from time to time, to satisfy interest hereon by delivering: (a) cash; (b) Freely Tradeable Common Shares; or (c) a combination of (a) and (b), to the Trustee pursuant to the Common Share Interest Payment

Election and delivery of such cash or Freely Tradeable Common Shares, or any combination thereof less the amount of any tax required to be withheld, shall satisfy and discharge all liability for interest on this Debenture to the extent of the sum represented thereby plus any tax withheld as aforesaid.

This Debenture is one of the 14.0% Senior Unsecured Convertible Debentures due December 31, 2025 (referred to herein as the "**Debentures**") of the Corporation issued under the provisions of the Indenture. The Debentures authorized for issue immediately are limited to an aggregate principal amount of \$5,500,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, the Debentures of any denomination may be exchanged for an equal aggregate principal amount of the Debentures in any other authorized denomination or denominations.

Any part, being \$1,000 or an integral multiple thereof, of the principal of this Debenture, provided that the principal amount of this Debenture is in a denomination in excess of \$1,000, is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Trustee in Calgary, Alberta, at any time prior to the close of business on the last Business Day immediately preceding the Maturity Date or, if this Debenture is called for redemption on or prior to such date, then, to the extent so called for redemption, up to but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Debenture or, if called for repurchase pursuant to the 90% Redemption Right on the Business Day immediately prior to the payment date, or, if subject to compulsory acquisition as provided for in the Indenture, on the Business Day immediately prior to the day on which such acquisition becomes effective, into Common Shares (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price of \$0.26 (the "**Conversion Price**") per Common Share, being a ratio of 3,846 Common Shares for each \$1,000 principal amount of Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted during the five Business Days preceding and including June 30 and December 31 in each year, commencing June 30, 2023, as the registers of the Trustee will be closed during such periods. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the market price of such fractional interest determined in accordance with the Indenture. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Common Shares in respect of the Debentures so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date.

This Debenture may be redeemed at the option of the Corporation on the terms and conditions set out in the Indenture at the Redemption Price therein and herein set out provided that this Debenture is not redeemable before December 31, 2023, except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On and after December 31, 2023 and at any time prior to December 31, 2025, the Debentures are redeemable at the option of the Corporation at a price equal to 107.0% of their principal amount plus accrued and unpaid interest and otherwise on the terms and conditions described in the Indenture. In connection with the redemption of the Debentures, the aggregate principal portion of the Redemption Price of the Debentures and any accrued and unpaid interest will be paid in cash.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make an offer to purchase all of the Debentures at a price equal to 100% of the principal amount of such Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the Debentures are so

repurchased (the "**Debenture Offer**"). If 90% or more of the principal amount of all Debentures outstanding on the date the Corporation provides notice of the Change of Control to the Trustee have been tendered for purchase pursuant to the Debenture Offer, the Corporation has the right to redeem all the remaining outstanding Debentures on the same date and at the same price.

In addition to the requirement for the Corporation to make a Debenture Offer in the event of a Change of Control, if any part of the consideration for the Common Shares in the transaction or transactions constituting the Change of Control consists of:

- (a) cash, other than cash payments for fractional Common Shares and cash payments made in respect of dissenter's appraisal rights;
- (b) equity securities that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or
- (c) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange,

then subject to regulatory approvals, during the period beginning 10 trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Debenture Offer is delivered, holders of Debentures will be entitled to convert their Debentures, subject to certain limitations, and receive, in addition to the number of Common Shares they would otherwise be entitled to receive, an additional number of Common Shares per \$1,000 principal amount of Debentures calculated in accordance with the terms of the Indenture.

If an Offer for all of the outstanding Debentures (other than the Offeror's Debentures) is made and 90% or more of the principal amount of all the Debentures (other than Debentures held at the date of the offer by or on behalf of the Offeror, associates or affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Debentures.

On redemption or maturity of the Debentures, the Corporation shall satisfy its obligation to pay the aggregate principal amount of the Debentures due on redemption or maturity in cash. The Corporation may elect to pay any accrued and unpaid interest by delivering: (a) cash; (b) Freely Tradeable Common Shares; or (c) a combination of (a) and (b) to the Trustee, as described above.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment in full of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares and officers, directors and employees of the Corporation in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Calgary or the City of Toronto and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

If any of the provisions of this Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

The Indenture and this Debenture shall be governed by, and construed in accordance with, the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF ROYAL HELIUM LTD. has caused this Debenture to be signed by its authorized representatives as of the _____ day of _____, 2023.

ROYAL HELIUM LTD.

Per: _____
Name:
Title:

(FORM OF TRUSTEE'S CERTIFICATE)

This Debenture is one of the 14.0% Senior Unsecured Convertible Debentures due December 31, 2025 referred to in the Indenture within mentioned.

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

Per: _____
(Authorized Officer)

(Form of Registration Panel)

(No writing hereon except by Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Trustee or Registrar

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Debenture (or \$ _____ principal amount hereof*) of ROYAL HELIUM LTD. standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____

Social Insurance Number of Transferee, if applicable: _____

*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold an Debenture in a non-integral multiple of \$1,000 by reason of your having exercised your right to exchange upon the making of a Debenture Offer, in which case such Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
2. The registered holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

14.0% SENIOR UNSECURED CONVERTIBLE DEBENTURES DUE DECEMBER 31, 2025

CUSIP – 78029UAA4
ISIN – CA78029UAA49

ADJUSTMENTS

[illegible]

SCHEDULE "B"

**TO THE DEBENTURE INDENTURE BETWEEN
ROYAL HELIUM LTD.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA REDEMPTION NOTICE**

To: Holders of 14.0% Senior Unsecured Convertible Debentures due December 31, 2025 (the "**Debentures**") of Royal Helium Ltd. (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the debenture indenture (the "**Indenture**") dated as of February 8, 2023 between the Corporation and Computershare Trust Company of Canada (the "**Trustee**"), that the aggregate principal amount of \$[●] of the \$[●] of Debentures outstanding will be redeemed as of [●] (the "**Redemption Date**"), upon payment of a redemption amount of \$[●] for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$1,000; and (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date (collectively, the "**Redemption Price**").

The Redemption Price will be payable in cash upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

Computershare Trust Company of Canada
Suite 800, 324 8th Avenue SW
Calgary, Alberta, T2P 2Z2

Facsimile No: 403-267-6598
Attention: Manager, Corporate Trust

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Redemption Price shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Price pursuant to the Indenture.

DATED:

ROYAL HELIUM LTD.

Per: _____
(Authorized Director or Officer)

SCHEDULE "C"

**TO THE DEBENTURE INDENTURE BETWEEN
ROYAL HELIUM LTD.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
CONVERSION NOTICE**

TO: Computershare Trust Company of Canada

AND TO: Royal Helium Ltd. (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 14.0% Senior Unsecured Convertible Debentures due December 31, 2025 irrevocably elects to convert such Debentures (or \$_____ principal amount thereof*) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures, and, if applicable, directs that the Common Shares of Royal Helium Ltd. issuable upon a conversion be issued and delivered to the person indicated below. (If Common Shares are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

Dated: _____
(Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be \$1,000 or integral multiples thereof).

Note: If Common Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

(Print name in which Common Shares are to be issued, delivered and registered)

Name: _____

(Address)

(City, Province and Postal Code)

Name of guarantor: _____

Authorized signature: _____

THIS IS **EXHIBIT “MM”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

DEBENTURE INDENTURE

between

ROYAL HELIUM LTD.

and

COMPUTERSHARE TRUST COMPANY OF CANADA

Providing for the Issue of Debentures

Dated as of June 12, 2023

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THIS INDENTURE made as of the 9th day of June, 2023.

BETWEEN:

ROYAL HELIUM LTD., a corporation continued under the laws of the Province of Saskatchewan and having its head office in the City of Saskatoon, in the Province of Saskatchewan

(hereinafter called "**Royal**" or the "**Corporation**")

AND

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company incorporated under the federal laws of Canada

(hereinafter called the "**Trustee**")

WITNESSETH THAT:

WHEREAS the Corporation wishes to create and issue the Debentures (as defined herein) in the manner and subject to the terms and conditions of this Indenture;

NOW THEREFORE THIS INDENTURE WITNESSES that in consideration of the respective covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Corporation and the Trustee covenant and agree, for the benefit of each other and for the equal and ratable benefit of the holders, as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Indenture and in the Debentures, including the recitals, unless there is something in the subject matter or context inconsistent therewith, the expressions following shall have the following meanings, namely:

"**90% Redemption Right**" has the meaning ascribed thereto in Section 2.1(j)(viii);

"**90% Redemption Right Notice**" has the meaning ascribed thereto in Section 2.1(j)(viii);

"**this Indenture**", "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;

"**Acceptance Notice**" has the meaning ascribed thereto in Section 2.1(j)(iv);

"**Applicable Securities Legislation**" means applicable securities laws (including rules, regulations, policies, blanket orders, rulings and instruments) in each of the applicable provinces of Canada;

"**Auditors of the Corporation**" means an independent firm of chartered accountants duly appointed as auditors of the Corporation;

"Authenticated" means: (i) with respect to the issuance of a Debenture Certificate, one which has been duly signed by the Corporation and certified by the signature of an authorized officer of the Trustee; (ii) with respect to the issuance of an Uncertificated Debenture, one in respect of which the Trustee has completed all Internal Procedures such that the particulars of such Uncertificated Debenture as required by Section 2.2 are entered in the register of holders of Debentures, "Authenticate" and "Authentication" have the appropriate correlative meanings;

"Beneficial Owner" means any person who holds a beneficial interest in a Debenture that is represented by a Debenture Certificate or an Uncertificated Debenture registered in the name of CDS or its nominee, for the purposes of being held by or on behalf of CDS as custodian for Participants;

"Board of Directors" means the board of directors of the Corporation or any committee thereof;

"Business Day" means any day other than a Saturday, Sunday or any other day that the Trustee in Calgary, Alberta is not generally open for the transaction of business;

"CDS" or the **"Depository"** means CDS Clearing and Depository Services Inc. and its successors in interest;

"Change of Control" means: (i) the acquisition by any Person, or group of Persons acting jointly or in concert (within the meaning of NI 62-104), of voting control or direction of an aggregate of 50% or more of the outstanding Common Shares; (ii) the sale, merger, reorganization, arrangement, combination or other similar transaction of the Corporation with or into any other Person or any merger of another Person into the Corporation; or (iii) the sale or other transfer of all or substantially all of the assets of the Corporation, but shall not include a sale, merger, reorganization, arrangement, combination or other similar transaction if the previous holders of Common Shares hold at least 50% of the voting control or direction in such merged, reorganized, arranged, combined or other continuing entity (and in the case of a sale or other transfer of all or substantially all of the assets, in the entity which has acquired such assets) immediately following completion of such transaction;

"Change of Control Purchase Date" has the meaning ascribed thereto in Section 2.1(j)(vi);

"Common Share Interest Payment Election" means an election to satisfy an Interest Obligation on the applicable Interest Payment Date in the manner described in the Common Share Interest Payment Election Notice;

"Common Share Interest Payment Election Notice" means a written notice made by the Corporation to the Trustee specifying: (i) the Interest Obligation to which the election relates; and (ii) the portion of the Interest Obligation to be satisfied in cash, if any;

"Common Shares" means common shares in the capital of the Corporation, as such common shares are constituted on the date of execution and delivery of this Indenture; provided that in the event of a change or a subdivision, revision, reduction, combination or consolidation thereof, any reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 6.5, **"Common Shares"** shall mean the shares or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;

"Conversion Price" means the dollar amount for which each Common Share may be issued from time to time upon the conversion of the Debentures which are by their terms convertible in accordance with the provisions hereof, and for greater certainty, the Conversion Price shall be CAD\$0.37 per Common Share, being a ratio of 2,703 Common Shares per \$1,000 principal amount of Debentures;

"Counsel" means a barrister or solicitor or firm of barristers or solicitors retained or employed by the Trustee or retained or employed by the Corporation and reasonably acceptable to the Trustee;

"Current Market Price" means, generally, the VWAP, for the 20 consecutive trading days ending on the fifth trading day preceding the applicable date. If the Common Shares are not listed or quoted on the TSXV or another securities exchange or market, "Current Market Price" shall be the fair value of a Common Share as reasonably determined by the Board of Directors;

"Date of Conversion" has the meaning ascribed thereto in Section 6.4(g);

"Debenture Certificate" means a certificate evidencing Debentures substantially in the form attached as Schedule "A" hereto;

"Debenture Liabilities" has the meaning ascribed thereto in Section 5.1;

"Debenture Offer" has the meaning ascribed thereto in Section 2.1(j)(ii);

"Debentureholders" or **"holders"** means the Persons for the time being entered in the register for Debentures as registered holders of Debentures or any transferees of such Persons by endorsement or delivery;

"Debentures" means the debentures, notes or other evidences of indebtedness of the Corporation issued and Authenticated hereunder, or deemed to be issued and Authenticated hereunder, including, without limitation, the senior unsecured convertible debenture designated as "12.0% Senior Unsecured Convertible Debentures due June 30, 2025";

"Defeased Debentures" has the meaning ascribed thereto in Section 9.6(b);

"Event of Default" has the meaning ascribed thereto in Section 8.1;

"Ex-Dividend Date" means, with respect to any dividend, distribution or issuance on the Common Shares, the first date on which the Common Shares trade on the applicable exchange or in the applicable market without the right to receive such dividend, distribution or issuance;

"Expiry Date" has the meaning ascribed thereto in Section 2.1(j)(iii);

"Expiry Time" has the meaning ascribed thereto in Section 2.1(j)(iii);

"Extraordinary Resolution" has the meaning ascribed thereto in Section 13.12;

"Freely Tradeable" means, in respect of shares of capital of any class of any corporation, shares which: (i) are issuable without the necessity of filing a prospectus or any other similar offering document (other than such prospectus or similar offering document that has already been filed) under Applicable Securities Legislation and such issue does not constitute a distribution (other than a distribution already qualified by prospectus or similar offering document or that is otherwise exempt from the prospectus requirements) under Applicable Securities Legislation; and (ii) can be traded by the holder thereof without any restriction

under Applicable Securities Legislation, such as hold periods, restricted periods or seasoning periods, except in the case of a control distribution (as defined in National Instrument 45-102 – *Resale of Securities*), or a transaction or series of transactions incidental to a control distribution;

"Fully Registered Debentures" means Debentures registered as to both principal and interest;

"generally accepted accounting principles" or **"GAAP"** means generally accepted accounting principles from time to time approved by the Chartered Professional Accountants of Canada (including as further described in Section 1.16) applicable to the Corporation;

"Guarantees" means any guarantee, undertaking to assume, endorse, contingently agree to purchase, or to provide funds for the payment of, or otherwise become liable in respect of, any indebtedness, liability or obligation of any Person;

"Interest Obligation" means the obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due;

"Interest Payment Date" means a date specified in a Debenture as the date on which interest on such Debenture shall become due and payable;

"Internal Procedures" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register of Debentureholders at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Trustee's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Trustee, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;

"Material Subsidiary" means any Subsidiary of the Corporation which has consolidated assets equal to or greater than 5.0% of the consolidated assets of the Corporation and its Subsidiaries;

"Maturity Account" means an account or accounts required to be established by the Corporation (and which shall be maintained by and subject to the control of the Trustee) for each Debenture issued pursuant to and in accordance with this Indenture;

"Maturity Date" means June 30, 2025;

"NI 62-104" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

"Offering" means the offering of Debentures in the aggregate principal amount of \$7,300,000 to be issued by the Corporation;

"Offeror's Notice" has the meaning ascribed thereto in Section 12.3;

"Offer Price" has the meaning ascribed thereto in Section 2.1(j)(ii);

"Officers' Certificate" means a certificate of the Corporation signed by any two authorized officers or directors of the Corporation, in their capacities as officers or directors of the Corporation, and not in their personal capacities;

"Participant" means a Person recognized by CDS as a participant in the book entry system administered by CDS;

"Person" includes an individual, corporation, company, partnership, joint venture, association, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof (and for the purposes of the definition of "Change of Control", in addition to the foregoing, "Person" shall include any syndicate or group that would be deemed to be a "Person" under NI 62-104);

"Privacy Laws" has the meaning ascribed thereto in Section 15.19;

"Redemption Date" has the meaning ascribed thereto in Section 4.3;

"Redemption Notice" has the meaning ascribed thereto in Section 4.3;

"Redemption Price" means, in respect of a Debenture, the amount, including accrued and unpaid interest up to (but excluding) the Redemption Date fixed for such Debenture, payable on the Redemption Date;

"Royal" or the **"Corporation"** means Royal Helium Ltd.;

"Senior Creditor" means a holder or holders of Senior Indebtedness and includes any representative or representatives, agent or agents or trustee or trustees of any such holder or holders;

"Senior Indebtedness" means the principal of and the interest and premium, if any, on: (i) indebtedness of the Corporation or its Subsidiaries for borrowed money; (ii) obligations of the Corporation or its Subsidiaries evidenced by bonds, debentures, notes or other similar instruments; (iii) obligations of the Corporation or its Subsidiaries arising pursuant to or in relation to bankers' acceptances, letters of credit and letters of guarantee (including payment and reimbursement obligations in respect thereof) or indemnities issued in connection therewith; (iv) obligations of the Corporation or its Subsidiaries under any swap, hedging or other similar contracts or arrangements; (v) obligations of the Corporation or its Subsidiaries under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the Senior Indebtedness or other obligations of any other person which would otherwise constitute Senior Indebtedness within the meaning of this definition; (vi) all indebtedness of the Corporation or its Subsidiaries representing the deferred purchase price of any property including, without limitation, purchase money mortgages; (vii) accounts payable to trade creditors of the Corporation or its Subsidiaries; (viii) all renewals, extensions and refinancing of any of the foregoing; (ix) all accrued and unpaid interest, fees and other amounts in respect of any of the foregoing; and (x) all costs and expenses incurred by or on behalf of the holder of any Senior Indebtedness in enforcing payment or collection of any such Senior Indebtedness, including enforcing any security interest securing the same. "Senior Indebtedness" shall not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate to or rank *pari passu* with the Debentures;

"Senior Security" means all mortgages, liens, pledges, charges (whether fixed or floating), security interests or other encumbrances of any kind, contingent or absolute, held by or on behalf of any Senior Creditor and in any manner securing any Senior Indebtedness;

"Subsidiary" has the meaning ascribed thereto in the *Securities Act* (Alberta);

"Tax Act" means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder, each as amended from time to time;

"Time of Expiry" means the time of expiry of certain rights with respect to the conversion of Debentures under Article 6 which by their terms are to be convertible;

"trading day" means, with respect to the TSXV or other market for securities, any day on which such exchange or market is open for trading or quotation;

"Transaction Instruction" means a written order signed by the holder or the Depository entitled to request that one or more actions be taken, or such other form as may be reasonably acceptable to the Trustee, requesting one or more such actions to be taken in respect of an Uncertificated Debenture;

"Trustee" means Computershare Trust Company of Canada, or its successor or successors for the time being as trustee hereunder;

"TSXV" means the TSX Venture Exchange or its successors;

"Uncertificated Debenture" means any Debenture which is not issued as part of a Debenture Certificate but held through a book based (electronic) register maintained by the Trustee;

"Unclaimed Funds Return Date" has the meaning ascribed thereto in Section 2.1(j)(xiii);

"United States" or **"U.S."** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"VWAP" means the volume weighted average trading price of the Common Shares for the applicable period (which must be calculated utilizing days in which the Common Shares actually trade) on the TSXV (or if the Common Shares are no longer traded on the TSXV, on such other exchange as the Common Shares are then traded); and

"Written Direction of the Corporation" means an instrument in writing signed by any one officer or director of the Corporation.

1.2 Meaning of "Outstanding"

Every Debenture Authenticated and delivered or electronically deposited by the Trustee shall be deemed to be outstanding until it is cancelled, converted or redeemed or delivered to the Trustee for cancellation, conversion or redemption for monies and/or Common Shares, as the case may be, for the payment thereof shall have been set aside under Section 9.2, provided that:

- (a) Debentures which have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;
- (b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debentures shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding; and
- (c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures owned directly or indirectly, legally or equitably, by the Corporation or a Subsidiary of the Corporation shall be disregarded except that:
 - (i) for the purpose of determining whether the Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action, or on the holders

of Debentures present or represented at any meeting of Debentureholders, only the Debentures which the Trustee knows are so owned shall be so disregarded; and

- (ii) Debentures so owned which have been pledged in good faith other than to the Corporation or a Subsidiary of the Corporation shall not be so disregarded if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his discretion free from the control of the Corporation or a Subsidiary of the Corporation.

1.3 Interpretation

In this Indenture:

- (a) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa;
- (b) all references to Articles and Schedules refer, unless otherwise specified, to articles of and schedules to this Indenture;
- (c) all references to Sections refer, unless otherwise specified, to Sections, Subsections or clauses of this Indenture;
- (d) words and terms denoting inclusiveness (such as "**include**" or "**includes**" or "**including**"), whether or not so stated, are not limited by and do not imply limitation of their context or the words or phrases which precede or succeed them;
- (e) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (f) unless otherwise indicated, reference to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time; and
- (g) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated by including the day on which the period commences and excluding the day on which the period ends.

1.4 Headings, etc.

The division of this Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Debentures.

1.5 Time of Essence

Time shall be of the essence of this Indenture.

1.6 Monetary References

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

1.7 Invalidity, etc.

Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof.

1.8 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating thereto, including, without limiting the generality of the foregoing, the form of Debenture attached hereto as Schedule "A", be drawn up in the English language only.

1.9 Successors and Assigns

All covenants and agreements of the Corporation in this Indenture and the Debentures shall bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Trustee in this Indenture shall bind its successors.

1.10 Severability

In case any provision in this Indenture or in the Debentures shall be invalid, illegal or unenforceable, such provision shall be deemed to be severed herefrom or therefrom and the validity, legality and enforceability of the remaining provisions shall not in any way be affected, prejudiced or impaired thereby.

1.11 Entire Agreement

This Indenture and all supplemental indentures and Schedules hereto and thereto, and the Debentures issued hereunder and thereunder, together constitute the entire agreement between the parties hereto with respect to the indebtedness created hereunder and thereunder and under the Debentures and supersedes as of the date hereof all prior memoranda, agreements, negotiations, discussions and term sheets, whether oral or written, with respect to the indebtedness created hereunder or thereunder and under the Debentures.

1.12 Benefits of Indenture

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Debentures, the Senior Creditors (to the extent provided in Article 5 only), and (to the extent provided in Section 8.11) the holders of Common Shares, any benefit or any legal or equitable right, remedy or claim under this Indenture.

1.13 Applicable Law and Attornment

This Indenture, any supplemental indenture and the Debentures shall be governed by and interpreted in accordance with the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein and shall be treated in all respects as Saskatchewan contracts. With respect to any suit, action or proceedings relating to this Indenture, any supplemental indenture or any Debenture, the Corporation, the Trustee and each holder irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Saskatchewan.

1.14 Currency of Payment

Unless otherwise indicated in a supplemental indenture with respect to any particular series of Debentures, all payments to be made under this Indenture or a supplemental indenture shall be made in Canadian dollars.

1.15 Non-Business Days

Whenever any payment to be made hereunder shall be due, any period of time would begin or end, any calculation is to be made or any other action is to be taken on, or as of, or from a period ending on, a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other action shall be taken, as the case may be, unless otherwise specifically provided herein, on or as of the next succeeding Business Day without any additional interest, cost or charge to the Corporation.

1.16 Accounting Terms

Except as hereinafter provided or as otherwise indicated in this Indenture, all calculations required or permitted to be made hereunder pursuant to the terms of this Indenture shall be made in accordance with GAAP. For greater certainty, GAAP shall include any accounting standards, including International Financial Reporting Standards that may from time to time be approved for general application by the Chartered Professional Accountants of Canada.

1.17 Calculations

The Corporation shall be responsible for making all calculations called for hereunder including, without limitation, calculations of Current Market Price and calculations under Section 2.1(f). The Corporation shall make such calculations in good faith exercising reasonable care, diligence and skill and, absent manifest error, the Corporation's calculations shall be final and binding on holders and the Trustee. The Corporation will provide a schedule of its calculations to the Trustee and the Trustee shall be entitled to rely conclusively on the accuracy of such calculations without independent verification.

1.18 Schedules

The following Schedules are incorporated into and form part of this Indenture:

Schedule "A" – Form of Debenture
Schedule "B" – Form of Redemption Notice
Schedule "C" – Form of Conversion Notice

In the event of any inconsistency between the provisions of any Section of this Indenture and the provisions of the Schedules which form a part hereof, the provisions of this Indenture shall prevail to the extent of the inconsistency.

ARTICLE 2 THE DEBENTURES

2.1 Form and Terms Debentures

- (a) The Debentures authorized for issue immediately is limited to an aggregate principal amount of \$7,300,000 to be issued upon the execution hereof. The Debentures shall be designated as "12.0% Senior Unsecured Convertible Debentures due June 30, 2025".
- (b) The Debentures shall be dated as of the date of this Indenture and shall have a Maturity Date of June 30, 2025.
- (c) The Debentures shall bear interest from June 12, 2023 at the rate of 12.0% per annum, payable semi-annually in arrears on December 31 and June 30 in each year (computed on the basis of a 365-day year and payable in equal semi-annual amounts; except that interest in respect of any period that is longer or shorter than a full semi-annual interest period will be computed on the basis of a 365 day year and the actual number of days elapsed in the relevant period and will accrue from day to day), the first such payment to fall due on December 31, 2023 and the last such payment (representing interest payable from the Interest Payment Date immediately prior to the Maturity Date to, but excluding, the Maturity Date of the Debenture) to fall due on June 30, 2025, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. For greater certainty, the first interest payment will include interest accrued from and including the date hereof, which will be equal to \$66.41 for each \$1,000 principal amount of Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day. The record dates for the payment of interest on the Debentures will be June 15 and December 15 in each year (or the first Business Day prior to such date if not a Business Day).
- (d) The Debentures will be redeemable in accordance with the terms of Article 4, provided that the Debentures will not be redeemable before June 30, 2024, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as outlined herein. On and after June 30, 2024 and at any time prior to June 30, 2025, the Debentures may be redeemed at the option of the Corporation in whole or in part from time to time on notice as provided for in Section 4.3 at a Redemption Price equal to 106.0% of their principal amount plus accrued and unpaid interest thereon up to (but excluding) the Redemption Date. The Redemption Notice for the Debentures shall be substantially in the form of Schedule "B" attached hereto. In connection with the redemption of the Debentures, the aggregate principal portion of the Redemption Price of the Debentures will be paid in cash. Any accrued and unpaid interest will be paid pursuant to Section 2.1(i).
- (e) The Debentures will be direct, unsecured obligations of the Corporation and will be subordinated to all existing and future Senior Indebtedness of the Corporation in accordance with the provisions of Article 5. In accordance with Section 2.12, the Debentures will rank pari passu with one another issued pursuant to the Offering (regardless of their actual date or terms of issue) and, except as prescribed by law, with all other existing and future unsecured indebtedness of the Corporation other than, for certainty, Senior Indebtedness.
- (f) Upon and subject to the provisions and conditions of Article 6, the holder of a Debenture shall have the right at such holder's option, prior to 4:30 p.m. (Saskatoon time) on the

earliest of (i) the Business Day immediately preceding the Maturity Date; (ii) if the Debentures are called for redemption, on the Business Day immediately preceding the date specified by the Corporation for redemption of the Debentures; (iii) if called for repurchase pursuant to the exercise by the Corporation of the 90% Redemption Right, on the Business Day immediately preceding the payment date; or (iv) if subject to compulsory acquisition as provided for in Article 12, on the Business Day immediately prior to the day on which such acquisition becomes effective, subject to the satisfaction of certain conditions by notice to the holder in accordance with Sections 2.1(d) and 4.3, as applicable (the earliest of which will be the "**Time of Expiry**" for the purposes of Article 6 in respect of the Debentures), to convert any part, being \$1,000 or an integral multiple thereof, of the principal amount of a Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion. To the extent a redemption is a redemption in part only of the Debentures, such right to convert, if not exercised prior to the applicable Time of Expiry, shall survive as to any Debentures not redeemed or converted and be applicable to the next succeeding Time of Expiry.

The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of the Debentures shall be equal to \$0.37 such that 2,703 Common Shares shall be issued for each \$1,000 principal amount of Debentures so converted, subject to the terms of Article 6. Except as provided below, no adjustment in the number of Common Shares to be issued upon conversion will be made for dividends or distributions on Common Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Common Shares in accordance with Article 5, or for interest accrued on the Debentures surrendered. No fractional Common Shares will be issued, and holders will receive a cash payment in satisfaction of any fractional interest based on the Current Market Price as of the Date of Conversion. The Conversion Price applicable to, and the Common Shares, securities or other property receivable on the conversion of, the Debentures is subject to adjustment pursuant to the provisions of Section 6.5.

Holders converting their Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Debentures surrendered for conversion up to but excluding the Date of Conversion from, and including, the most recent Interest Payment Date in accordance with Section 6.4(e). For clarity, payment of such interest, whether in cash or by delivery of Common Shares pursuant to the exercise of the Common Share Interest Payment Election, may, at the option of the Corporation, be paid on the next regularly scheduled Interest Payment Date following the Date of Conversion.

The Conversion Price will not be adjusted for accrued interest.

Notwithstanding any other provisions of this Indenture, if a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Common Shares in respect of the Debenture so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date.

A Debenture in respect of which a holder has accepted a notice in respect of a Debenture Offer pursuant to the provisions of Section 2.1(j) may be surrendered for conversion only if such notice is withdrawn in accordance with this Indenture.

- (g) On redemption or maturity of the Debentures, the Corporation shall satisfy its obligation to pay the aggregate principal amount of the Debentures due on redemption or maturity in cash. Any accrued and unpaid interest will be paid pursuant to Section 2.1(i).
- (h) The Debentures shall be issued in denominations of \$1,000 and integral multiples of \$1,000 and the Trustee is hereby appointed as registrar and transfer agent for the Debentures at its offices in Calgary, Alberta. Each Debenture issued as a Debenture Certificate and the certificate of the Trustee endorsed thereon shall be issued in substantially the form set out in Schedule "A", with such insertions, omissions, substitutions or other variations as shall be required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the director or officer of the Corporation executing such Debenture in accordance with Section 2.4 hereof, as conclusively evidenced by their execution of an Debenture. Each Debenture issued as a Debenture Certificate shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, a Debenture may be in such other form or forms as may, from time to time, be approved by a resolution of the Board of Directors, or as specified in an Officers' Certificate or in one or more indentures supplemental hereto. The Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another, including book entry electronic form.
- (i) Upon and subject to the provisions of Article 8, the Corporation may elect, from time to time, to satisfy its Interest Obligation on the Debentures on any Interest Payment Date (including, for greater certainty, following conversion or upon maturity or redemption) by delivering: (i) cash; (ii) Freely Tradeable Common Shares; or (iii) a combination of (i) and (ii) to the Trustee pursuant to the Common Share Interest Payment Election.
- (j) Within 30 days following the occurrence of a Change of Control, the Corporation shall be obligated to offer to purchase all Debentures then outstanding. The terms and conditions of such obligation (in addition to complying with Applicable Securities Legislation) are set forth below:
 - (i) At least 10 days prior to the anticipated effective date of an occurrence of a Change of Control, the Corporation shall deliver to the holder and the Trustee a notice in writing stating that a Change of Control is anticipated and specifying the date on which such Change of Control is anticipated to be effective and the circumstances or events giving rise to such Change of Control.
 - (ii) Within 30 days following the occurrence of the Change of Control, the Corporation shall deliver to the Trustee a cash offer in writing (the "**Debenture Offer**") to purchase all (or any portion actually tendered to such offer) of the Debentures then outstanding from the holders thereof at a price per Debenture equal to 101% of the principal amount thereof together with accrued and unpaid interest thereon up to but excluding the Change of Control Purchase Date (as defined below) (the "**Offer Price**"). The Trustee will promptly thereafter deliver, by prepaid courier or mail, the Debenture Offer to the holders of all Debentures then outstanding, at their

addresses appearing in the registers of holders of Debentures maintained by the Trustee.

- (iii) The Debenture Offer shall specify the date (the "**Expiry Date**") and time (the "**Expiry Time**") on which the Debenture Offer shall expire and which date and time shall not, unless otherwise required by Applicable Securities Legislation, be earlier than the close of business on the 30th day and not later than the close of business on the 60th day following the date on which such Debenture Offer is made.
- (iv) The Debenture Offer shall specify that the Debenture Offer may be accepted by the holders of Debentures by tendering the Debentures so held by them to the Trustee at its offices in Calgary, Alberta or Toronto, Ontario at or before the Expiry Time together with an acceptance notice (the "**Acceptance Notice**") in form and substance acceptable to the Trustee.
- (v) The Debenture Offer shall state that holders of Debentures may accept the Debenture Offer in respect of all or a portion (in a minimum amount of \$1,000 principal amount and multiples thereof) of their Debentures.
- (vi) The Debenture Offer shall specify a date (the "**Change of Control Purchase Date**") no later than the third Business Day following the Expiry Date on which the Corporation shall take up and pay for all Debentures duly tendered in acceptance of the Debenture Offer.
- (vii) The Corporation shall, on or before 11:00 a.m. (Saskatoon time), on the Business Day immediately prior to the Change of Control Purchase Date pay to the Trustee by wire transfer or such other means as may be acceptable to the Trustee, an amount of money sufficient to pay the aggregate Offer Price in respect of all Debentures duly tendered to the Debenture Offer (less any tax required by law to be deducted). The Trustee, on behalf of the Corporation, will pay the Offer Price to the holders of the Debentures in the respective amounts to which they are entitled in accordance with the Debenture Offer as aforesaid.
- (viii) If holders of 90% or more of the aggregate principal amount of Debentures outstanding on the date the Corporation delivers the Debenture Offer to the Trustee (other than Debentures held at such date by or on behalf of the Corporation, associates or affiliates of the Corporation or anyone acting jointly or in concert with the Corporation) accept the Debenture Offer, the Corporation shall have the right (the "**90% Redemption Right**"), upon written notice (the "**90% Redemption Right Notice**") provided to the Trustee within ten Business Days following the Expiry Date, to redeem on the purchase date specified in the 90% Redemption Right Notice all the Debentures remaining outstanding at the Offer Price and on the other terms and conditions provided herein. Upon receipt of such notice by the Trustee, the Trustee shall promptly provide written notice to each holder of outstanding Debentures (other than those that have accepted the Debenture Offer) that:
 - (A) the Corporation has exercised the 90% Redemption Right and is purchasing all outstanding Debentures effective as at the Change of Control Purchase Date at the Offer Price;

- (B) such holder must surrender its Debentures to the Trustee on the same terms as those holders that accepted the Debenture Offer within ten days after the sending of such notice; and
 - (C) the rights of such holder under the terms of the Debentures and this Indenture shall cease to be effective as of the Change of Control Purchase Date provided the Corporation has, on or before the date on which the Corporation delivers the 90% Redemption Right Notice to the Trustee, paid the aggregate Offer Price to, or to the order of, the Trustee and thereafter such holder's Debentures shall not be considered to be outstanding and such holder shall not have any rights hereunder except to receive such Offer Price to which such holder is entitled upon surrender and delivery of such holder's Debentures in accordance with this Indenture.
- (ix) The Corporation shall on or before 11:00 a.m. (Saskatoon time) on the Business Day immediately prior to the date on which the Corporation delivers the 90% Redemption Right Notice pay to the Trustee by wire transfer or such other means as may be acceptable to the Trustee an amount of money sufficient to pay the aggregate Offer Price in respect of all Debentures to be redeemed pursuant to the 90% Redemption Right (less any tax required by law to be deducted). The Trustee, on behalf of the Corporation, will pay the Offer Price to the holders of Debentures in the respective amounts to which they are entitled in accordance with the exercise of the 90% Redemption Right as aforesaid upon surrender and delivery of such holders' Debentures.
 - (x) The Debentures in respect of which the Corporation has made payment to the Trustee in accordance with the terms of this Section 2.1(j) (or the portion thereof tendered in acceptance of the Debenture Offer) shall thereafter no longer be considered to be outstanding under this Indenture. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with the Debenture Offer and the exercise of the 90% Redemption Right, if applicable. All Debentures in respect of which payment of the Offer Price has been so made shall be cancelled by the Trustee.
 - (xi) In the event only a portion of the principal amount of a Debenture is tendered by a holder thereof in acceptance of the Debenture Offer, the Corporation shall execute and deliver to the Trustee and the Trustee shall authenticate, without charge to such holder, a certificate (if applicable) or such other evidence of ownership representing the principal amount of the Debenture not so tendered in acceptance of the Debenture Offer.
 - (xii) Debentures for which holders have accepted the Debenture Offer and Debentures which the Corporation has elected to redeem in accordance with this Section 2.1(j) shall become due and payable at the Offer Price on the Change of Control Purchase Date, in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after the Change of Control Purchase Date, if the money necessary to purchase or redeem the Debentures shall have been deposited

as provided in this Section 2.1(j) and affidavits or other proofs satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.

- (xiii) In case the holder of any Debenture to be purchased or redeemed in accordance with this Section 2.1(j) shall fail on or before the Change of Control Purchase Date to so surrender such holder's Debenture or shall not within such time accept payment of the monies payable, or give such receipt therefor, if any, as the Trustee may require, such monies may be set aside in trust, without interest, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and the Debentureholder shall have no other right except to receive payment of the monies so paid and deposited upon surrender and delivery of such holder's Debenture. In the event that any money required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of two years less a day from the Change of Control Purchase Date (the "**Unclaimed Funds Return Date**"), then such monies, together with any accumulated interest thereon, shall at the end of such period be paid over or delivered over by Trustee or such depository or paying agent to the Corporation and the Trustee shall not be responsible to Debentureholders for any amounts owing to them.
- (xiv) Subject to the provisions above related to the Debentures purchased in part, all Debentures redeemed and paid under this Section 2.1(j) shall forthwith be delivered to the Trustee and cancelled and no Debentures shall be issued in substitution therefor.
- (k) The Trustee shall be provided with the documents and instruments referred to in Sections 2.2(b), 2.2(c) and 2.2(d) with respect to the Debentures prior to the issuance of the Debentures.

2.2 Authentication and Delivery of Debentures

The Corporation may from time to time request the Trustee to Authenticate and deliver Debentures by delivering to the Trustee the documents referred to below in this Section 2.2 whereupon the Trustee shall Authenticate such Debentures and cause the same to be delivered in accordance with the Written Direction of the Corporation referred to below or pursuant to such procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Corporation. The maturity date, issue date, interest rate (if any) and any other terms of the Debentures of such series shall be set forth in or determined by or pursuant to such Written Direction of the Corporation and procedures. In Authenticating such Debentures, the Trustee shall be entitled to receive and shall be fully protected in relying upon, unless and until such documents have been superseded or revoked:

- (a) an Officers' Certificate and/or executed supplemental indenture by or pursuant to which the form and terms of such Debentures were established;

- (b) a Written Direction of the Corporation requesting Authentication and delivery of such Debentures and setting forth delivery instructions, provided that, with respect to Debentures of a series subject to a Periodic Offering:
 - (i) such Written Direction of the Corporation may be delivered by the Corporation to the Trustee prior to the delivery to the Trustee of such Debentures of such series for Authentication and delivery;
 - (ii) the Trustee shall Authenticate and deliver Debentures of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount, if any, established for such series, pursuant to a Written Direction of the Corporation or pursuant to procedures acceptable to the Trustee as may be specified from time to time by a Written Direction of the Corporation; and
 - (iii) the maturity date or dates, issue date or dates, interest rate or rates (if any) and any other terms of Debentures of such series shall be determined by an executed supplemental indenture or by Written Direction of the Corporation or pursuant to such procedures;
- (c) an opinion of Counsel, in form and substance satisfactory to the Trustee, acting reasonably, to the effect that all requirements imposed by this Indenture and by law in connection with the proposed issue of Debentures have been complied with, subject to the delivery of certain documents or instruments specified in such opinion; and
- (d) an Officers' Certificate (which Officers' Certificate shall be in such form that satisfies all applicable laws) certifying that the Corporation is not in default under this Indenture, that the terms and conditions for the certification and delivery of Debentures (including those set forth in Section 15.5), have been complied with subject to the delivery of any documents or instruments specified in such Officers' Certificate and that no Event of Default exists or will exist upon such Authentication and delivery.

2.3 Book Entry Debentures

- (a) Subject to the provisions hereof, at the Corporation's option, Debentures may be issued and registered in the name of CDS or its nominee through the electronic book entry system pursuant to which a Participant provides:
 - (i) the deposit ID of which is confirmed electronically by the Trustee to a particular Participant through CDS; and
 - (ii) shall be identified by a specific CUSIP/ISIN as requested by the Corporation from CDS, identified by CUSIP – 78029UAB2 / ISIN – CA78029UAB22.
- (b) If the Corporation issues Debentures in an electronic format, Beneficial Owners of such Debentures registered and deposited with CDS shall not receive Debenture Certificates in definitive form and shall not be considered owners or holders thereof under this Indenture or any supplemental indenture. Beneficial interests in Debentures registered and deposited with CDS will be represented only through the book-entry registration system administered by CDS. Transfers of Debentures registered and deposited with CDS between Participants shall occur in accordance with the rules and procedures of CDS. Neither the Corporation

nor the Trustee shall have any responsibility or liability for any aspects of the records relating to or payments made by CDS or its nominee, on account of the beneficial interests in Debentures registered and deposited with CDS. Nothing herein shall prevent the Beneficial Owners of Debentures registered and deposited with CDS from voting such Debentures using duly executed proxies or voting instruction forms.

- (c) All references herein to actions by, notices given or payments made to Debentures shall, where Debentures are held through CDS, refer to actions taken by, or notices given or payments made to, CDS upon instruction from the Participants in accordance with its rules and procedures. For the purposes of any provision hereof requiring or permitting actions with the consent of or at the direction of Debentureholders evidencing a specified percentage of the aggregate Debentures outstanding, such direction or consent may be given by Beneficial Owners acting through CDS and the Participants owning Debentures evidencing the requisite percentage of the Debentures. The rights of a Beneficial Owner whose Debentures are held through CDS shall be exercised only through CDS and the Participants and shall be limited to those established by law and agreements between such holders and CDS and the Participants upon instructions from the Participants. Each of the Trustee and the Corporation may deal with CDS for all purposes (including the making of payments) as the registered holder of the respective Debentures and such dealing with CDS shall constitute satisfaction or performance, as applicable, of their respective obligations hereunder.
- (d) For so long as Debentures are held through CDS, if any notice or other communication is required to be given to Debentureholders, the Trustee will give such notices and communications to CDS.
- (e) If CDS resigns or is removed from its responsibility as Depository and the Trustee is unable or does not wish to locate a qualified successor, CDS shall provide the Trustee with instructions for registration of Debentures in the names and in the amounts specified by CDS and the Corporation shall issue and the Trustee shall Authenticate and deliver the aggregate number of Debentures then outstanding in the form of definitive Debentures Certificates representing such Debentures.
- (f) The rights of Beneficial Owners who hold securities entitlements in respect of the Debentures through the book entry system administered by CDS shall be limited to those established by applicable law and agreements between the Depository and the Participants and between such Participants and the Beneficial Owners who hold securities entitlements in respect of the Debentures through the book entry system administered by CDS, and such rights must be exercised through a Participant in accordance with the rules and procedures of the Depository.
- (g) Notwithstanding anything herein to the contrary, none of the Corporation nor the Trustee nor any agent thereof shall have any responsibility or liability for:
 - (i) the electronic records maintained by the Depository relating to any ownership interests or any other interests in the Debentures or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any Person in any Debenture represented by an electronic position in the book entry system administered by CDS (other than the Depository or its nominee);

- (ii) for maintaining, supervising or reviewing any records of the Depository or any Participant relating to any such interest; or
 - (iii) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Participant.
- (h) The Corporation may terminate the application of this Section 2.2 in its sole discretion in which case all Debentures shall be evidenced by Debenture Certificates registered in the name of a Person other than the Depository.

2.4 Execution of Debenture Certificates

All Debenture Certificates shall be signed (either manually, by facsimile signature, scanned or other electronic copy) by any one authorized director or officer of the Corporation holding office at the time of signing. A facsimile, scanned or other electronic signature upon a Debenture Certificate shall for all purposes of this Indenture be deemed to be the signature of the person whose signature it purports to be. Notwithstanding that any person whose signature, either manual or in facsimile, scan or other electronic form, appears on a Debenture Certificate as a director or officer may no longer hold such office at the date of the Debenture Certificate or at the date of the Authentication and delivery thereof, such Debenture Certificate shall be valid and binding upon the Corporation and entitled to the benefits of this Indenture.

2.5 Authentication

- (a) No Debenture shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefits of this Indenture, until it has been Authenticated by or on behalf of the Trustee substantially in the form set out in this Indenture, in the relevant supplemental indenture, or in some other form approved by the Trustee. Such Authentication on any Debenture shall be conclusive evidence that such Debenture is duly issued, is a valid obligation of the Corporation and the holder is entitled to the benefits hereof.
- (b) The Authentication of the Trustee signed on the Debentures shall not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of the Debentures or as to the issuance of the Debentures and the Trustee shall in no respect be liable or answerable for the use made of the Debentures or the proceeds thereof. The Authentication of the Trustee on the Debentures shall, however, be a representation and warranty by the Trustee that the Debentures have been duly Authenticated by or on behalf of the Trustee pursuant to the provisions of this Indenture.
- (c) The Trustee shall Authenticate Uncertificated Debentures (whether upon original issuance, exchange, registration of transfer or otherwise) by completing its Internal Procedures and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Debentures under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Debentures have been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Debentures with respect to which this Indenture requires the Trustee to maintain records or book accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error and such Uncertificated Debentures are binding on the Corporation.

2.6 Mutilation, Loss, Theft or Destruction

In case any of the Debentures issued hereunder shall become mutilated or be lost, stolen or destroyed, the Corporation, in its discretion, may issue, and thereupon the Trustee shall Authenticate and deliver, a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Trustee and shall be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. In case of loss, theft or destruction the applicant for a substituted Debenture shall furnish to the Corporation and to the Trustee such evidence of the loss, theft or destruction of the Debenture as shall be satisfactory to them in their discretion and shall also furnish an indemnity and surety bond satisfactory to them in their discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture.

2.7 Concerning Interest

- (a) Except as may otherwise be provided in this Indenture or in any supplemental indenture or in a Written Direction of the Corporation in respect of the Debentures and subject to Section 2.1(c) with respect to the calculation of interest in respect of the initial interest payment to be paid on the Debentures, all Debentures issued hereunder, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest (i) from and including their issue date, or (ii) from and including the last Interest Payment Date to which interest shall have been paid or made available for payment on the outstanding Debentures, whichever shall be the later.
- (b) Unless otherwise specifically provided in the terms of the Debentures, interest shall be computed on the basis of a year of 365 days and shall be based on the actual number of days in the applicable period. With respect to any series of Debentures, whenever interest is computed on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

2.8 Debentures to Rank *Pari Passu*

The Debentures will be direct unsecured subordinated obligations of the Corporation. Each Debenture of the same series of Debentures will rank *pari passu* with each other Debenture of the same series (regardless of their actual date or terms of issue) and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the Corporation, other than, for certainty, Senior Indebtedness, to the extent that such other existing and future subordinated unsecured indebtedness of the Corporation is subordinated on the same terms.

2.9 Payments of Amounts Due on Maturity

Except as may otherwise be provided herein, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Corporation will establish and maintain with the Trustee a Maturity Account for the Debentures. The Maturity Account shall be maintained by and be subject to the control of the Trustee for the purposes of this Indenture. On or before 11:00 a.m. (Saskatoon time) on the Business Day immediately prior to each Maturity Date for Debentures outstanding from time to time under this Indenture, the Corporation will deliver to the Trustee a certified cheque or wire transfer for

deposit in the applicable Maturity Account in an amount sufficient to pay the cash amount payable in respect of such Debentures (including the principal amount together with any accrued and unpaid interest thereon less any tax required by law to be deducted), provided the Corporation may elect to satisfy this requirement by providing the Trustee with a certified cheque or with funds by wire transfer for such amounts required under this Section 2.9 post-dated to the applicable Maturity Date. The Trustee, on behalf of the Corporation, will pay to each holder entitled to receive payment the principal amount of and premium (if any) and accrued and unpaid interest on the Debenture, upon surrender of the Debenture at any branch of the Trustee designated for such purpose from time to time by the Corporation and the Trustee. The delivery of such funds to the Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Corporation for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid and remitted to the appropriate governmental authority) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so delivered or made available the amount to which it is entitled.

2.10 Payment of Interest

The following provisions shall apply to Debentures, except as otherwise provided in Section 2.1(c) or specified in a resolution of the Board of Directors or an Officers' Certificate:

- (a) Interest becomes due on each Debenture (except, subject to certain exceptions set forth herein including in Section 2.1(c), on conversion or on redemption, when interest may at the option of the Corporation be paid upon surrender of such Debenture), the Corporation, either directly or through the Trustee or any agent of the Trustee, shall send or forward by prepaid ordinary mail, wire transfer of funds or such other means as may be agreed to by the Trustee, payment of such interest (less any tax required to be withheld therefrom) to the order of the registered holder of such Debenture appearing on the registers maintained by the Trustee at the close of business on the fifth Business Day prior to the applicable Interest Payment Date and addressed to the holder at the holder's last address appearing on the register, unless such holder otherwise directs. If payment is made by certified cheque, such cheque shall be forwarded at least three days prior to each date on which interest becomes due and if payment is made by other means (such as electronic transfer of funds, provided the Trustee must receive confirmation of receipt of funds one Business Day prior to being able to wire funds to holders), such payment shall be made in a manner whereby the holder receives credit for such payment on the date such interest on such Debenture becomes due. The mailing of such certified cheque or the making of such payment by other means shall, to the extent of the sum represented thereby, plus the amount of any tax withheld and remitted to the appropriate governmental authority as aforesaid, satisfy and discharge all liability for interest on such Debenture, unless in the case of payment by cheque, such cheque is not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the person to whom it is so sent as aforesaid, the Corporation will issue to such person a replacement cheque or other payment for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Corporation is prevented by circumstances beyond its control (including, without limitation, any interruption in mail service) from making payment of any interest due on each Debenture in the manner provided above, the Corporation may make payment of such interest or make such interest available for payment in any other manner acceptable to the Trustee with the same effect as though payment had been made in the manner provided above.

- (b) Notwithstanding Section 2.10(a) above, in the case of an Uncertificated Debenture, all payments of interest on the Uncertificated Debenture shall be delivered to the Trustee on or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to each Interest Payment Date by wire transfer or certified cheque made payable to the Depository or its nominee to Beneficial Owners of the applicable Uncertificated Debenture through the applicable Participant, unless the Corporation and the Depository otherwise agree. None of the Corporation, the Trustee or any agent of the Trustee for any Debenture issued as an Uncertificated Debenture will be liable or responsible to any person for any aspect of the records related to or payments made on account of beneficial interests in any Uncertificated Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

2.11 Withholding Tax

The Corporation will be entitled to deduct and withhold any applicable taxes or similar charges (including interest, penalties or similar amounts in respect thereof) imposed or levied by or on behalf of the Canadian government or of any province or territory thereof or any authority or agency therein or thereof having power to tax, including pursuant to the Tax Act, from any payment to be made on or in connection with the Debentures and, provided that the Corporation forthwith remits such withheld amount to such government, authority or agency and files all required forms in respect thereof and, at the same time, provides copies of such remittance and filing to the Trustee and the relevant Debentureholder, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Corporation's obligations under the Debentures and there is no obligation on the Corporation to gross-up amounts paid to a holder in respect of such deductions or withholdings. The Corporation shall provide the Trustee and the relevant Debentureholder with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of such forms received from such government, authority or agency promptly after receipt thereof.

The Trustee shall have no obligation to verify any payments under the Tax Act or any provision of provincial, state, local or foreign tax law. The Trustee shall at all times be indemnified and held harmless by the Corporation from and against any personal liabilities of the Trustee incurred in connection with the failure of the Corporation or its agents, to report, remit or withhold taxes as required by the Tax Act or otherwise failing to comply with the Tax Act. This indemnification shall survive the resignation or removal of the Trustee and the termination of this Indenture solely to the extent that such liabilities have been incurred in connection with taxation years occurring during the term of this Indenture.

ARTICLE 3 REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

3.1 Fully Registered Debentures

- (a) With respect to the Debentures issuable as Fully Registered Debentures, the Corporation shall cause to be kept by and at the principal office of the Trustee in Calgary, Alberta and Toronto, Ontario and by the Trustee or such other registrar as the Corporation, with the approval of the Trustee, may appoint at such other place or places, if any, as may be specified in the Debentures of such series or as the Corporation may designate with the approval of the Trustee, a register in which shall be entered the names and addresses of the holders of Fully Registered Debentures and particulars of the Debentures held by them respectively and of all transfers of Fully Registered Debentures. Such registration shall be

noted on the Debentures by the Trustee or other registrar unless a new Debenture shall be issued upon such transfer.

- (b) No transfer of a Fully Registered Debenture shall be valid unless made on such register referred to in Section 3.1(a) by the registered holder or such holder's executors, administrators or other legal representatives or an attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Trustee and upon compliance with such other reasonable requirements as the Trustee or other registrar may prescribe, or unless the name of the transferee shall have been noted on the Debenture by the Trustee or other registrar.
- (c) Fully Registered Debentures and the Common Shares issuable upon conversion thereof have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "**1933 Act**"), and may only be transferred pursuant to an exemption or exclusion from the registration requirements of the 1933 Act and applicable state securities laws.

3.2 Transferee Entitled to Registration

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Trustee or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on the register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Debenture, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction. Upon surrender for registration of transfer of Debentures, the Corporation shall issue and thereupon the Trustee shall Authenticate and deliver a new Debenture Certificate or confirm the electronic deposit of Uncertificated Debentures of like tenor in the name of the designated transferee and register such transfer in accordance with Section 3.1. If less than all the Debentures evidenced by the Debenture Certificate(s) or Uncertificated Debentures so surrendered are transferred, the transferor shall be entitled to receive, in the same manner, a new Debenture Certificate or electronically deposited Uncertificated Debentures registered in his name evidencing the Debentures not transferred.

3.3 No Notice of Trusts

Neither the Corporation nor the Trustee nor any registrar shall be bound to take notice of or see to the execution of any trust (other than that created by this Indenture) whether express, implied or constructive, in respect of any Debenture, and may transfer the same on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.

3.4 Registers Open for Inspection

The registers referred to in Section 3.1 shall at all reasonable times be open for inspection by the Corporation, the Trustee or any Debentureholder. Every registrar, including the Trustee, shall from time to time when requested so to do by the Corporation or by the Trustee, in writing, furnish the Corporation or the Trustee, as the case may be, with a list of names and addresses of holders of registered Debentures entered on the register kept by them and showing the principal amount and serial numbers of the Debentures held by each such holder, provided the Trustee shall be entitled to charge a reasonable fee to provide such a list.

3.5 Exchanges of Debenture Certificates

- (a) Subject to Section 3.6, Debentures in any authorized form or denomination, other than Uncertificated Debentures, may be exchanged for Debentures in any other authorized form or denomination, of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Debentures so exchanged.
- (b) In respect of exchanges of Debentures permitted by Section 3.5(a), Debentures may be exchanged only at the principal offices of the Trustee in the cities of Calgary, Alberta and Toronto, Ontario or at such other place or places, if any, as may be specified in the Debentures of such series and at such other place or places as may from time to time be designated by the Corporation with the approval of the Trustee. Any Debentures tendered for exchange shall be surrendered to the Trustee. The Corporation shall execute and the Trustee shall Authenticate all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange shall be cancelled.
- (c) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect.

3.6 Closing of Registers

- (a) Neither the Corporation nor the Trustee nor any registrar shall be required to:
 - (i) make transfers or exchanges or convert any Debentures on any Interest Payment Date for such Debentures or during the five preceding Business Days;
 - (ii) make transfers or exchanges of, or convert any Debentures on the day of any selection by the Trustee of Debentures to be redeemed or during the five preceding Business Days; or
 - (iii) make exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures shall not be redeemed.
- (b) Subject to any restriction herein provided, the Corporation with the approval of the Trustee may at any time close any register for any series of Debentures, other than those kept at the principal offices of the Trustee in Calgary, Alberta and Toronto, Ontario, and transfer the registration of any Debentures registered thereon to another register (which may be an existing register) and thereafter such Debentures shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Debentures.

3.7 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Trustee or other registrar, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Debenture issued (such amounts to be agreed upon from time to time by the Trustee and the Corporation), and payment of such charges and reimbursement of the Trustee or other registrar for any stamp taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange, registration, transfer or discharge from registration as a

condition precedent thereto. Notwithstanding the foregoing provisions, no charge shall be made to a Debentureholder hereunder:

- (a) for any exchange, registration, transfer or discharge from registration of any Debenture applied for within a period of two months from the date of the first delivery of Debentures, within a period of two months from the date of delivery of any such Debenture;
- (b) for any exchange of an Uncertificated Debenture as contemplated in Section 3.1;
- (c) for any exchange of any Debenture resulting from a partial redemption under Section 4.2;
- (d) for any exchange of any Debenture resulting from a partial conversion under Section 6.4(i); or
- (e) for any exchange of any Debenture resulting from a partial purchase under Section 2.1(j).

3.8 Ownership of Debentures

- (a) Unless otherwise required by law, the person in whose name any registered Debenture is registered shall for all purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of and premium, if any, on such Debenture and interest thereon shall be made to such registered holder.
- (b) The registered holder from time to time of any registered Debenture shall be entitled to the principal, premium, if any, and/or interest evidenced by such instruments, respectively, free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all persons may act accordingly and the receipt of any such registered holder for any such principal, premium or interest shall be a good discharge to the Trustee, any registrar and to the Corporation for the same and none shall be bound to inquire into the title of any such registered holder.

ARTICLE 4 REDEMPTION AND PURCHASE OF DEBENTURES AND CERTAIN PAYMENTS ON MATURITY

4.1 Applicability of Article

Subject to regulatory approval, Section 2.1(d), Article 5 and the provisions relating to the Debentures, the Corporation shall have the right at its option to redeem, either in whole at any time or in part from time to time before maturity, by payment of money, any Debentures issued hereunder which by their terms are made so redeemable (subject, however, to any applicable restriction on the redemption of Debentures) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and as shall have been expressed in this Indenture, in the Debentures or in an Officers' Certificate.

Subject to regulatory approval and Article 5, the Corporation shall also have the right at its option to repay, either in whole or in part, on redemption or at maturity, by payment of money in accordance with Section 2.9, the principal amount of any Debentures issued hereunder which by their terms are made so repayable on maturity (subject however, to any applicable restriction on the repayment of the principal amount of the Debentures of such series) at such rate or rates of premium, if any, and on such date or dates

and in accordance with such other provisions as shall have been determined at the time of issue of such Debenture and shall have been expressed in this Indenture, in the Debentures or in an Officers' Certificate.

4.2 Partial Redemption

If less than all the Debentures for the time being outstanding are at any time to be redeemed, the Debentures to be so redeemed shall be selected by the Trustee on a pro rata basis to the nearest multiple of \$1,000 in accordance with the principal amount of the Debentures registered in the name of each holder or in such other manner as the Trustee deems equitable, subject to the approval of the TSXV (or such other exchange on which the Debentures are then listed), as may be required from time to time.. Unless otherwise specifically provided in the terms of the Debentures, no Debenture shall be redeemed in part unless the principal amount redeemed is \$1,000 or a multiple thereof. For this purpose, the Trustee may make, and from time to time vary, regulations with respect to the manner in which such Debentures may be drawn for redemption and regulations so made shall be valid and binding upon all holders of such Debentures notwithstanding that as a result thereof one or more of such Debentures may become subject to redemption in part only. In the event that one or more of such Debentures becomes subject to redemption in part only, upon surrender of any such Debentures for payment of the Redemption Price, together with interest accrued to but excluding the Redemption Date, the Corporation shall execute and the Trustee shall Authenticate and deliver without charge to the holder thereof or upon the holder's order one or more new Debentures for the unredeemed part of the principal amount of the Debenture or Debentures so surrendered or, with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's book entry system. Unless the context otherwise requires, the terms "Debenture" or "Debentures" as used in this Article 4 shall be deemed to mean or include any part of the principal amount of any Debenture which in accordance with the foregoing provisions has become subject to redemption.

4.3 Notice of Redemption

Notice of redemption (the "**Redemption Notice**") of the Debentures shall be given to the holders of the Debentures so to be redeemed not more than 60 days nor less than 30 days prior to the date fixed for redemption (the "**Redemption Date**") in the manner provided in Section 14.2. Every such notice shall specify the aggregate principal amount of Debentures called for redemption, the Redemption Date, the Redemption Price and the places of payment and shall state that interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date. In addition, unless all the outstanding Debentures are to be redeemed, the Redemption Notice shall specify:

- (a) the distinguishing letters and numbers of the registered Debentures which are to be redeemed (or of such thereof as are registered in the name of such Debentureholder);
- (b) in the case of a published notice, the distinguishing letters and numbers of the Debentures which are to be redeemed or, if such Debentures are selected pro rata or other similar system, such particulars as may be sufficient to identify the Debentures so selected;
- (c) in the case of an Uncertificated Debenture, that the redemption will take place in such manner as may be agreed upon by the Depository, the Trustee and the Corporation; and
- (d) in all cases, the principal amounts of such Debentures or, if any such Debenture is to be redeemed in part only, the principal amount of such part.

In the event that all Debentures to be redeemed are registered Debentures, publication shall not be required.

4.4 Debentures Due on Redemption Dates

Notice having been given as aforesaid, all the Debentures so called for redemption shall thereupon be and become due and payable at the Redemption Price on the Redemption Date specified in such notice, in the same manner and with the same effect as if it were the date of maturity specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the monies necessary to redeem such Debentures shall have been deposited as provided in Section 4.5 and affidavits or other proof satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest upon the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.

4.5 Deposit of Redemption Monies

Redemption of Debentures shall be provided for by the Corporation depositing with the Trustee or any paying agent to the order of the Trustee, on or before 11:00 a.m. (Calgary time) on the Business Day immediately prior to the Redemption Date specified in such notice, such sums of money as may be sufficient to pay the Redemption Price of the Debentures so called for redemption, provided the Corporation may elect to satisfy this requirement by providing the Trustee with a certified cheque for such amounts required under this Section 4.5 postdated to the Redemption Date or by providing the Trustee with such funds through wire transfer of funds on the Business Day immediately prior to the Redemption Date. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such redemption. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Debentures so called for redemption, upon surrender of such Debentures, the principal, premium (if any) and interest (if any) to which they are respectively entitled on redemption.

4.6 Failure to Surrender Debentures Called for Redemption

In case the holder of any Debenture so called for redemption shall fail on or before the Redemption Date to so surrender such holder's Debenture, or shall not within such time accept payment of the redemption monies payable, or give such receipt therefor, if any, as the Trustee may require, such redemption monies may be set aside in trust, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and, to that extent, the Debenture shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to receive payment out of the monies so paid and deposited to satisfy the Redemption Price, upon surrender and delivery of such holder's Debenture. In the event that any money required to be deposited hereunder with the Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Debentures issued hereunder shall remain so deposited for a period of three years less one day from the Redemption Date, then such monies, together with any accumulated interest thereon, shall at the end of such period be paid over or delivered over by the Trustee or such depository or paying agent to the Corporation on its demand, and thereupon the Trustee shall not be responsible to Debentureholders for any amounts owing to them and subject to applicable law, thereafter the holder of a Debenture in respect of which such money was so repaid to the Corporation shall have no rights in respect thereof except to obtain payment of the money due from the Corporation, subject to any limitation period provided by the laws of Alberta. Notwithstanding the foregoing, the Trustee will pay any remaining funds prior to the expiry of three years less one day after the Redemption Date to the Corporation upon receipt from the Corporation, of an unconditional letter of credit from a Canadian chartered bank in an amount equal to or in excess of the amount of the remaining funds. If the remaining funds are paid to the Corporation prior to the expiry of three years less one day after the Redemption Date,

the Corporation shall reimburse the Trustee for any amounts required to be paid by the Trustee to a holder of a Debenture pursuant to the redemption after the date of such payment of the remaining funds to the Corporation but prior to three years less one day after the redemption.

4.7 Cancellation of Debentures Redeemed

Subject to the provisions of Sections 4.2 and 4.8 as to Debentures redeemed or purchased in part, all Debentures redeemed and paid under this Article 4 shall forthwith be delivered to the Trustee and cancelled and no Debentures shall be issued in substitution therefore.

4.8 Purchase of Debentures by the Corporation

Subject to Applicable Securities Legislation and unless otherwise specifically provided with respect to a particular series of Debentures, the Corporation may, if it is not at the time in default hereunder, at any time and from time to time, purchase Debentures by tender or by private contract, at any price. All Debentures so purchased will be delivered to the Trustee and shall be cancelled and no Debentures shall be issued in substitution therefor.

If, upon an invitation for tenders, more Debentures are tendered at the same lowest price that the Corporation is prepared to accept, the Debentures to be purchased by the Corporation shall be selected by the Trustee on a pro rata basis or in such other manner as consented to by the TSXV (or such other exchange on which the Debentures are then listed which the Trustee considers appropriate), from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders, notwithstanding the fact that as a result thereof one or more of such Debentures become subject to purchase in part only. The holder of a Debenture Certificate of which a part only is purchased, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such holder, one or more new Debenture Certificates for the unpurchased part so surrendered, and the Trustee shall Authenticate and deliver such new Debenture Certificate(s) upon receipt of the Debenture so surrendered or, with respect to Uncertificated Debentures, the Depository shall electronically deposit the unpurchased part so surrendered.

ARTICLE 5 SUBORDINATION OF DEBENTURES

5.1 Applicability of Article

The indebtedness, liabilities and obligations of the Corporation hereunder (except as provided in Section 15.15) and under the Debentures, whether on account of principal, premium, if any, interest or otherwise (but excluding the issuance of Common Shares upon any conversion pursuant to Article 6) (collectively, the "**Debenture Liabilities**"), shall be subordinated and postponed and subject in right of payment, to the extent and in the manner hereinafter set forth in the following Sections of this Article 5 and in Section 2.1(e), to the prior full and final payment of all Senior Indebtedness, and each holder of any such Debenture by his acceptance thereof, whether directly or on the holder's behalf, agrees to and shall be bound by the provisions of this Article 5.

5.2 Order of Payment

In the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to the Corporation, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or voluntary winding-up of the Corporation,

whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Corporation or otherwise:

- (a) all Senior Indebtedness shall first be paid in full, or provision made for such payment, in cash before any payment is made on account of Debenture Liabilities;
- (b) any payment or distribution of assets of the Corporation, whether in cash, property or securities, to which the holders of the Debentures or the Trustee on behalf of such holders would be entitled except for the provisions of this Article 5, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other liquidating agent making such payment or distribution, directly to the Senior Creditors, to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution, or provision therefor, to the Senior Creditors; and
- (c) the Senior Creditors or a receiver or a receiver-manager of the Corporation or of all or part of its assets or any other enforcement agent may sell, mortgage, or otherwise dispose of the Corporation's assets in whole or in part, free and clear of all Debenture Liabilities and without the approval of the Debentureholders or the Trustee or any requirement to account to the Trustee or the Debentureholders.

The rights and priority of the Senior Indebtedness and the subordination pursuant hereto shall not be affected by:

- (a) whether or not the Senior Indebtedness is secured;
- (b) the time, sequence or order of creating, granting, executing, delivering of, or registering, perfecting or failing to register or perfect any security notice, caveat, financing statement or other notice in respect of the Senior Security;
- (c) the time or order of the attachment, perfection or crystallization of any security constituted by the Senior Security;
- (d) the taking of any collection, enforcement or realization proceedings pursuant to the Senior Security;
- (e) the date of obtaining of any judgment or order of any bankruptcy court or any court administering bankruptcy, insolvency or similar proceedings as to the entitlement of the Senior Creditors, or any of them or the Debentureholders or any of them to any money or property of the Corporation;
- (f) the failure to exercise any power or remedy reserved to the Senior Creditors under the Senior Security or to insist upon a strict compliance with any terms thereof;
- (g) whether any Senior Security is now perfected, hereafter ceases to be perfected, is avoidable by any trustee in bankruptcy or like official or is otherwise set aside, invalidated or lapses;
- (h) the date of giving or failing to give notice to or making demand upon the Corporation;
- (i) any amendment, modification, increase, extension, renewal, replacement of any Senior Indebtedness or Senior Security; or

- (j) any other matter whatsoever.

5.3 Subrogation to Rights of Senior Creditors

Subject to the prior payment in full of all Senior Indebtedness, the holders of the Debentures shall be subrogated to the rights of the Senior Creditors to receive payments or distributions of assets of the Corporation to the extent of the application thereto of such payments or other assets which would have been received by the holders of the Debentures but for the provisions hereof until the principal of, premium, if any, and interest on the Debentures shall be paid in full, and no such payments or distributions to the holders of the Debentures of cash, property or securities, which otherwise would be payable or distributable to the Senior Creditors, shall, as between the Corporation, its creditors other than the Senior Creditors, and the holders of Debentures, be deemed to be a payment by the Corporation to the Senior Creditors or on account of the Senior Indebtedness, it being understood that the provisions of this Article 5 are and are intended solely for the purpose of defining the relative rights of the holders of the Debentures, on the one hand, and the Senior Creditors, on the other hand.

The Trustee, for itself and on behalf of each of the Debentureholders, hereby waives any and all rights to require a Senior Creditor to pursue or exhaust any rights or remedies with respect to the Corporation or any property and assets subject to any Senior Security or in any other manner to require the marshalling or other orderly disposition of property, assets or security in connection with the exercise by the Senior Creditors of any rights, remedies or recourses available to them.

5.4 Obligation to Pay Not Impaired

Nothing contained in this Article 5 or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as between the Corporation, its creditors other than the Senior Creditors, and the holders of the Debentures, the obligation of the Corporation, which is absolute and unconditional, to pay to the holders of the Debentures the principal of, premium, if any, and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the holders of the Debentures and creditors of the Corporation other than the Senior Creditors, nor shall anything herein or therein prevent the Trustee or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 5 of the Senior Creditors.

5.5 No Payment if Senior Indebtedness in Default

Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, or any other enforcement of any Senior Indebtedness, then all such Senior Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment is made on account of the Debenture Liabilities.

In case of a circumstance constituting a default or event of default with respect to any Senior Indebtedness permitting (whether at that time or upon notice, lapse of time, or satisfaction of any other condition precedent) a Senior Creditor to demand payment or accelerate the maturity thereof where the notice of such default or event of default has been given by or on behalf of the Senior Creditors to the Corporation or the Corporation otherwise has knowledge thereof, unless and until such default or event of default shall have been cured or waived or shall have ceased to exist, no payment (by purchase of Debentures or otherwise) shall be made by the Corporation with respect to the Debenture Liabilities and neither the Trustee nor the holders of Debentures shall be entitled to demand, accelerate, institute proceedings for the collection of (which shall, for certainty include, without limitation, proceedings related to an adjudication or declaration as to the insolvency or bankruptcy of the Corporation and other similar

creditor proceedings), or receive any payment or benefit (including without limitation by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Debentures after the happening of such a default or event of default (except as provided in Section 5.8), and unless and until such default or event of default shall have been cured or waived or shall have ceased to exist, such payments shall be held in trust for the benefit of, and, if and when such Senior Indebtedness shall have become due and payable, shall be paid over to the Senior Creditors until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the Senior Creditors; provided, however, that, subject to the priorities and rights of the Senior Creditors under this Article 5, the foregoing shall in no way prohibit, restrict or prevent the Trustee from taking such actions as may be necessary to preserve claims of the Trustee and/or the holders of the Debentures under this Indenture in any bankruptcy, reorganization or insolvency proceeding (including, without limitation, the filing of proofs of claim in any such bankruptcy, reorganization or insolvency proceedings by or against the Corporation or its Subsidiaries and exercising its rights to vote as an unsecured creditor under any such bankruptcy, reorganization or insolvency proceedings commenced by or against the Corporation or its Subsidiaries).

The fact that any payment hereunder is prohibited by this Section 5.5 shall not prevent the failure to make such payment from being an Event of Default hereunder.

5.6 Payment on Debentures Permitted

Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall affect the obligation of the Corporation to make, or prevent the Corporation from making, at any time except as prohibited by Section 5.2 or 5.5, any payment of principal of or, premium, if any, or interest on the Debentures as the same may become due. The fact that any such payment is prohibited by Section 5.2 or 5.5 shall not prevent the failure to make such payment from being an Event of Default hereunder. Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall prevent the conversion of the Debentures or, except as prohibited by Sections 5.2 and 5.5, the application by the Trustee of any monies deposited with the Trustee hereunder for such purpose, to the payment of or on account of the Debenture Liabilities.

5.7 Confirmation of Subordination

Each holder of Debentures by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effect the subordination as provided in this Article 5 and appoints the Trustee his attorney-in-fact for any and all such purposes. Upon request of the Corporation, and upon being furnished an Officers' Certificate stating that one or more named Persons are Senior Creditors and specifying the amount and nature of the Senior Indebtedness of such Senior Creditor, the Trustee shall enter into a written agreement or agreements with the Corporation and the Person or Persons named in such Officers' Certificate providing that such Person or Persons are entitled to all the rights and benefits of this Article 5 as a Senior Creditor and for such other matters, as the Senior Creditor may reasonably request, including, without limitation, those items set out in Section 5.17. Such agreement shall be conclusive evidence that the indebtedness specified therein is Senior Indebtedness, however, nothing herein shall impair the rights of any Senior Creditor who has not entered into such an agreement.

5.8 Knowledge of Trustee

Notwithstanding the provisions of this Article 5 or any provision in this Indenture or in the Debentures contained, the Trustee will not be charged with knowledge of any default in the payment of any Senior Indebtedness, or of the existence of any Event of Default or any other fact that would prohibit the making of any payment of monies to or by the Trustee, or the taking of any other action by the Trustee, unless and until the Trustee has received written notice thereof from the Corporation, any Debentureholder

or any Senior Creditor. The Trustee will notify holders of Debentures of such notice as soon as reasonably practicable after receipt thereof.

5.9 Trustee May Hold Senior Indebtedness

The Trustee is entitled to all the rights set forth in this Article 5 with respect to any Senior Indebtedness at the time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture deprives the Trustee of any of its rights as such holder.

5.10 Rights of Senior Creditors Not Impaired

No right of any present or future Senior Creditor to enforce the subordination herein will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation or by any non-compliance by the Corporation with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such Senior Creditor may have or be otherwise charged with.

5.11 Altering the Senior Indebtedness

The Senior Creditors have the right to extend, renew, revise, restate, modify or amend the terms of the Senior Indebtedness (including, without limitation, increasing the principal amount of the Senior Indebtedness) or any Senior Security and to release, sell or exchange such security and otherwise to deal freely with the Corporation and its Subsidiaries, all without notice to or consent of the Debentureholders or the Trustee and without affecting the liabilities and obligations of the parties to this Indenture or the Debentureholders.

5.12 Additional Indebtedness

This Indenture does not restrict the Corporation or any Subsidiary of the Corporation from incurring additional indebtedness for borrowed money or other obligations or liabilities (including, without limitation, Senior Indebtedness) or mortgaging, pledging or charging its properties to secure any indebtedness or obligations or liabilities.

5.13 Right of Debentureholder to Convert Not Impaired

The subordination of the Debenture Liabilities to the Senior Indebtedness and the provisions of this Article 5 do not impair in any way the right of a Debentureholder to convert its Debentures pursuant to Article 6.

5.14 Invalidated Payments

In the event that any of the Senior Indebtedness shall be paid in full and subsequently, for whatever reason, such formerly paid or satisfied Senior Indebtedness becomes unpaid or unsatisfied, the terms and conditions of this Article 5 shall be reinstated and the provisions of this Article shall again be operative until all Senior Indebtedness is repaid in full, provided that such reinstatement shall not give the Senior Creditors any rights or recourses against the Trustee or the Debentureholders for amounts paid to the Debentureholders subsequent to such payment or satisfaction in full and prior to such reinstatement.

5.15 Contesting Security

The Trustee, for itself and on behalf of the Debentureholders, agrees that it shall not contest or bring into question the validity, perfection or enforceability of any of the Senior Indebtedness, the Senior Security, or the relative priority of the Senior Security.

5.16 Obligations Created by this Article 5

The Corporation and the Trustee, in its capacity as trustee hereunder and not in its corporate or personal capacity, agree, and each holder by its acceptance of a Debenture, whether directly or on the holder's behalf, likewise agrees, that:

- (a) the provisions of this Article 5 are an inducement and consideration to each Senior Creditor to give or continue credit to the Corporation, the Corporation's Subsidiaries or others or to acquire Senior Indebtedness; and
- (b) each Senior Creditor may accept the benefit of this Article 5 on the terms and conditions set forth in this Article 5 by giving or continuing credit to the Corporation, the Corporation's Subsidiaries or others or by having outstanding or acquiring Senior Indebtedness, in each case without notice to the Trustee and without establishing actual reliance on this Article 5.

5.17 Amendment to Indenture

Each of the Corporation and the Trustee (relying on the opinion of Counsel) agrees, and each holder of a Debenture, by his acceptance thereof, whether directly or on the holder's behalf, likewise agrees, not to make any changes to this Indenture or the Debentures which prejudice the rights of the Senior Creditors under this Article 5, and without limiting the generality of the foregoing, not amend, terminate or otherwise alter: (a) any of the provisions of this Article 5 nor any of the defined terms used therein; (b) provisions to reduce the maturity date of the Debentures; (c) provisions to increase the interest rate or change the interest payment dates of the Debentures; or (d) the provisions that would result in an earlier date for any scheduled or mandatory payment, redemption or repurchase of principal under the Debentures or create any new scheduled or mandatory payment, redemption or repurchase of principal under the Debentures.

ARTICLE 6 CONVERSION OF DEBENTURES

6.1 Applicability of Article

Any Debentures issued hereunder which by their terms are convertible (subject, however, to any applicable restriction of the conversion of Debentures) will be convertible into Common Shares or other securities of the Corporation, at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and shall have been expressed in this Indenture (including Sections 2.1(f), 2.1 (k) and 3.6 hereof), in such Debentures or in an Officers' Certificate.

Such right of conversion shall extend only to the maximum number of whole Common Shares into which the aggregate principal amount of the Debenture or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Common Shares shall be adjusted for in the manner provided in Section 6.6.

6.2 Notice of Expiry of Conversion Privilege

Notice of the expiry of the conversion privileges of the Debentures (other than resulting from the occurrence of the Maturity Date) shall be given by or on behalf of the Corporation, not more than 60 days and not less than 40 days prior to the date fixed for the Time of Expiry, in the manner provided in Section 14.2.

6.3 Revival of Right to Convert

If the redemption of any Debenture called for redemption by the Corporation is not made or the payment of the purchase price of any Debenture which has been tendered in acceptance of an offer by the Corporation to purchase Debentures for cancellation is not made, in the case of a redemption upon due surrender of such Debenture or in the case of a purchase on the date on which such purchase is required to be made, as the case may be, then, provided the Time of Expiry has not passed, the right to convert such Debentures shall revive and continue as if such Debenture had not been called for redemption or tendered in acceptance of the Corporation's offer, respectively.

6.4 Manner of Exercise of Right to Convert

- (a) The holder of a Debenture desiring to convert such Debenture in whole or in part into Common Shares shall surrender such Debenture to the Trustee at either of its principal offices in the City of Calgary, Alberta or the City of Toronto, Ontario together with the conversion notice attached hereto as Schedule "C" or any other written notice in a form satisfactory to the Trustee, in either case duly executed by the holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Trustee, exercising his right to convert such Debenture in accordance with the provisions of this Article; provided that with respect to an Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's book entry system. Thereupon such Debentureholder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Trustee, his nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Date of Conversion (or such later date as is specified in Section 6.4(g)) as the holder of the number of Common Shares into which such Debenture is convertible in accordance with the provisions of this Article and, as soon as practicable thereafter, the Corporation shall deliver to such Debentureholder or, subject as aforesaid, his nominee(s) or assignee(s), a certificate or certificates for such Common Shares or deposit such Common Shares through the Depository's book entry system and make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 6.4(j) hereof.
- (b) A Beneficial Owner may exercise the right evidenced by a Debenture to receive Common Shares by causing a Participant to deliver to the Depository on behalf of the Beneficial Owner, a notice of such Beneficial Owner's intention to convert the Debentures in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, the Depository shall deliver to the Trustee a Transaction Instruction confirming its intention to convert Debentures in a manner acceptable to the Trustee, including by electronic means through the book entry system.
- (c) A notice in form acceptable to the Participant from such Beneficial Owner should be provided to the Participant sufficiently in advance so as to permit the Participant to deliver

notice to the Depository and for the Depository in turn to deliver notice to the Trustee prior to the Time of Expiry. The Depository will initiate the exercise by way of the Transaction Instruction and the Trustee will execute the exercise by issuing to the Depository through the book entry system the Common Shares to which the exercising Debentureholder is entitled pursuant to the conversion.

- (d) By causing a Participant to deliver notice to the Depository, a Debentureholder shall be deemed to have irrevocably surrendered his or her Debentures so exercised and appointed such Participant to act as his or her exclusive settlement agent with respect to the conversion and the receipt of Common Shares in connection with the obligations arising from such conversion.
- (e) Any notice which the Depository determines to be incomplete, not in proper form, or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Participant to exercise or to give effect to the settlement thereof in accordance with the Debentureholder's instructions will not give rise to any obligations or liability on the part of the Corporation or Trustee to the Participant or the Debentureholder.
- (f) Any Transaction Instruction referred to in this Section 6.4 shall be signed by the registered Debentureholder, or its executors or administrators or other legal representatives or an attorney of the registered Debentureholder, duly appointed by an instrument in writing satisfactory to the Trustee but such exercise form need not be executed by the Depository.
- (g) For the purposes of this Article, a Debenture shall be deemed to be surrendered for conversion on the date on which it is so surrendered when the register of the Trustee is open and in accordance with the provisions of this Article or, in the case of Uncertificated Debentures which the Trustee received notice of and all necessary documentation in respect of the exercise of the conversion rights and, in the case of a Debenture so surrendered by post or other means of transmission, on the date on which it is received by the Trustee at one of its offices specified in Section 6.4(a); provided that if a Debenture is surrendered for conversion on a day on which the register of Common Shares is closed, the person or persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares as at the date on which such registers are next reopened (in each case, called the "**Date of Conversion**").
- (h) Any part, being \$1,000 or an integral multiple thereof, of a Debenture in a denomination in excess of \$1,000 may be converted as provided in this Article and all references in this Indenture to conversion of Debentures shall be deemed to include conversion of such parts.
- (i) The holder of any Debenture of which only a part is converted shall, upon the exercise of his right of conversion surrender such Debenture to the Trustee in accordance with Section 6.4(a), and the Trustee shall cancel the same and shall without charge forthwith Authenticate and deliver to the holder a new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered or, with respect to a Uncertificated Debenture, registration and surrender of interests in the Debentures will be made only through the Depository's book entry system.
- (j) The holder of a Debenture surrendered for conversion in accordance with this Section 6.4 shall be entitled (subject to any applicable restriction on the right to receive interest on conversion of the Debentures) to receive accrued and unpaid interest in respect thereof, in

cash, up to but excluding the Date of Conversion and the Common Shares issued upon such conversion shall rank only in respect of distributions or dividends declared in favour of shareholders of record on and after the Date of Conversion or such later date as such holder shall become the holder of record of such Common Shares pursuant to Section 6.5(f), from which applicable date they will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

6.5 Adjustment of Conversion Price

Subject to the requirements of the TSXV (or such other recognized exchange on which the Debentures are then listed), the Conversion Price in effect at any date shall be subject to adjustment from time to time as set forth below.

- (a) If and whenever at any time prior to the Time of Expiry the Corporation shall: (i) subdivide or redivide the outstanding Common Shares into a greater number of shares; (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of shares; or (iii) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of cash dividends or cash distributions paid in the ordinary course on the Common Shares), the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a dividend or distribution, as the case may be, shall in the case of any of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, redivision, dividend or distribution, or shall, in the case of any of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6.5(a) shall occur. Any such issue of Common Shares by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Common Shares under Subsections (b) and (c) of this Section 6.5.
- (b) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares (other than for the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of cash dividends or cash distributions paid in the ordinary course on the Common Shares) entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price of a Common Share on such record date (other than pursuant to a distribution reinvestment plan of the Corporation), the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the quotient obtained by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible

securities so offered) by such Current Market Price per Common Share, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect if only the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.

- (c) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of: (i) shares of any class other than Common Shares and other than shares distributed to holders of Common Shares who have elected to receive dividends or distributions in the form of such shares in lieu of dividends or distributions paid in the ordinary course; (ii) rights, options or warrants (excluding rights, options or warrants for which any adjustment was made pursuant to Section 6.5(b) and rights, options or warrants entitling the holders thereof for a period of not more than 45 days to subscribe for or purchase Common Shares or securities convertible into Common Shares); (iii) evidences of its indebtedness; or (iv) assets (excluding dividends or distributions paid in the ordinary course) then, in each such case, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share on such record date, less the fair market value (as determined by the Board of Directors, subject to TSXV approval and with the approval of the Trustee, which determination shall be conclusive) of such shares or rights, options or warrants or evidences of indebtedness or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price per Common Share. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be. In clause (iv) of this Subsection (c) the term "dividends or distributions paid in the ordinary course" shall include the value of any securities or other property or assets distributed in lieu of cash dividends or distributions paid in the ordinary course at the option of shareholders. Notwithstanding the foregoing, if the securities distributed by the Corporation to all holders of its Common Shares consist of capital stock of, or similar equity interests in, a Subsidiary or other business of the Corporation (the "**Spinoff Securities**"), the Conversion Price shall be adjusted, unless the Corporation makes an equivalent distribution to the holders of Debentures, so that the same shall be equal to the rate determined by multiplying the Conversion Price in effect on the record date fixed for the determination of shareholders entitled to receive such distribution by a fraction, the denominator of which shall be the sum of (A) the weighted average trading price of one Common Share over the 20 consecutive trading day period (the "**Spinoff Valuation Period**") commencing on and including the fifth trading day after the Ex-Dividend Date and (B) the product of (I) the

weighted average trading price (calculated in substantially the same way as the Current Market Price is calculated for the Common Shares) over the Spinoff Valuation Period of one Spinoff Security or, if no such prices are available, the fair market value of one Spinoff Security as reasonably determined by the Board of Directors, subject to TSXV approval (which determination shall be conclusive and shall be evidenced by an Officers' Certificate delivered to the Trustee) multiplied by (II) the number of Spinoff Securities distributed in respect of one Common Share and the numerator of which shall be the weighted average trading price of one Common Share over the Spinoff Valuation Period, such adjustment to become effective immediately preceding the opening of business on the 25th trading day after the date on which ex-dividend trading commences; provided, however, that the Corporation may in lieu of the foregoing adjustment elect to make adequate provision so that each holder of Debentures shall have the right to receive upon conversion thereof the amount of such Spinoff Securities that such holder of Debentures would have received if such Debentures had been converted on the record date with respect to such distribution. In respect of any conversion during the Spinoff Valuation Period, references to consecutive trading days shall be deemed to be replaced with such lesser number of trading days as have elapsed between the commencement of the Spinoff Valuation Period and the relevant conversion date.

- (d) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization or change of the Common Shares other than as described in Section 6.5(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other person or other entity; or a sale, transfer or other disposition of the property and assets of the Corporation as an entirety or substantially as an entirety to any other person or other entity or a liquidation, dissolution or winding-up of the Corporation, any holder of a Debenture who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement or merger, sale, transfer, disposition or liquidation, dissolution or winding-up, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares then sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the person or other entity resulting from such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement or merger, or to which such sale, transfer, disposition may be made or which holders of Common Shares receive pursuant to such liquidation, dissolution or winding-up, as the case may be, that such holder of a Debenture would have been entitled to receive on such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement or merger, sale, transfer, dispositions or liquidation, dissolution or winding-up, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right. If determined appropriate by the Directors to give effect to or to evidence the provisions of this Section 6.5(d), the Corporation, its successor, or such purchasing person or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement, merger, sale, transfer, dispositions or liquidation, dissolution or winding-up or other similar transaction, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the holder of Debentures to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares or other

securities or property to which a holder of Debentures is entitled on the exercise of its conversion rights thereafter. Any indenture entered into between the Corporation and the Trustee pursuant to the provisions of this Section 6.5(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 16. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing person or other entity and the Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 6.5(d) and which shall apply to successive reclassifications, capital reorganizations, changes, consolidations, amalgamations, mergers, sales, transfers, dispositions and to any successive liquidation, dissolution or winding up or other similar transaction. For greater certainty, nothing in this Section 6.5(d) shall affect or reduce the requirement for any person to make a Debenture Offer in accordance with Section 2.1, and notice of any transaction to which this Section 6.5(d) applies shall be given in accordance with Section 6.10.

- (e) If any issuer bid (other than a normal course issuer bid made through the facilities of the TSXV or such other exchange the Common Shares are listed and posted for trading on) made by the Corporation or any of its Subsidiaries for all or any portion of the Common Shares shall expire, then, if the issuer bid shall require the payment to shareholders who accept such bid of consideration per Common Share having a fair market value (determined as provided below) that exceeds 95% of the Current Market Price per Common Share on the last date (the "**Expiration Date**") tenders could have been made pursuant to such issuer bid (as it may be amended) (the last time at which such tenders could have been made on the Expiration Date is hereinafter sometimes called the "**Expiration Time**"), the Conversion Price in respect of the Debentures shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately preceding the close of business on the Expiration Date by a fraction of which (i) the numerator of which shall be the product of the number of Common Shares outstanding (including Purchased Common Shares (as defined below) but excluding any Common Shares held in the treasury of the Corporation) at the Expiration Time multiplied by the Current Market Price per Common Share on the Expiration Date; and (ii) the denominator shall be the sum of (A) the fair market value of the aggregate consideration (the fair market value being as determined by the Board of Directors, subject to TSXV approval, if applicable, which determination shall be conclusive) payable to shareholders based on the acceptance (up to any maximum specified in the terms of the issuer bid) of all Common Shares validly tendered to the issuer bid and not withdrawn as of the Expiration Time (the Common Shares deemed so accepted, up to any such maximum, being referred to as the "**Purchased Common Shares**"), and (B) the product of the number of Common Shares outstanding (less any Purchased Common Shares and excluding any Common Shares held in the treasury of the Corporation) at the Expiration Time and the Current Market Price per Common Share on the Expiration Date, such adjustment to be effective immediately preceding the opening of business on the day following the Expiration Date. In the event that the Corporation is obligated to purchase Common Shares pursuant to any such issuer bid, but the Corporation is permanently prevented by applicable law from effecting any or all such purchases or any or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would have been in effect based upon the number of Common Shares actually purchased, if any. If the application of this Section 6.5(d) to any issuer bid would result in an increase in the Conversion Price, no adjustment shall be made for such issuer bid pursuant hereto.

For purposes of this Section 6.5(d), the term "issuer bid" shall mean an issuer bid (other than an issuer bid which is exempt from the requirements of Part 2 of NI 62-104) under Applicable Securities Legislation or a take-over bid (other than a take-over bid which is exempt from the requirements of Part 2 of NI 62-104) under Applicable Securities Legislation by a Subsidiary of the Corporation for the Common Shares and all references to "purchases" of Common Shares in issuer bids (and all similar references) shall mean and include the purchase of Common Shares in issuer bids and all references to "tendered Common Shares" (and all similar references) shall mean and include Common Shares tendered in issuer bids.

- (f) In any case in which this Section 6.5 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the Date of Conversion or such later date as such holder would, but for the provisions of this Section 6.5(f), have become the holder of record of such additional Common Shares pursuant to Section 6.5(g).
- (g) The adjustments provided for in this Section 6.5 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided however, that any adjustments which by reason of this Section 6.5(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (h) For the purpose of calculating the number of Common Shares outstanding, Common Shares owned by or for the benefit of the Corporation shall not be counted.
- (i) In the event of any question arising with respect to the adjustments provided in this Section 6.5, such question shall be conclusively determined by a firm of nationally recognized chartered professional accountants appointed by the Corporation and acceptable to the Trustee (who may be the Auditors of the Corporation); such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation, the Trustee, and the Debentureholders.
- (j) In case the Corporation shall take any action affecting the Common Shares other than action described in this Section 6.5, which in the opinion of the Directors, would materially affect the rights of Debentureholders, the Conversion Price shall be adjusted in such manner and at such time, by action of the Directors, subject to the prior written consent of the TSXV (or, if the Debentures are not listed thereon, on such other exchange on which the Debentures are then listed), as the Directors in their sole discretion may determine to be equitable in the circumstances. Failure of the Directors to make such an adjustment shall

be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.

- (k) Except as stated above in this Section 6.5, no adjustment in the Conversion Price shall be made in respect of any event described in Sections 6.5(a), 6.5(b) or 6.5(c) other than the events described in Sections 6.5(a)(i) or 6.5(a)(ii) if the holders of the Debentures are entitled to participate in such event on the same terms mutatis mutandis as if they had converted their Debentures prior to the effective date or record date, as the case may be, of such event.
- (l) Except as stated above in this Section 6.5, no adjustment will be made in the Conversion Price for any Debentures as a result of the issuance of Common Shares at less than the Current Market Price for such Common Shares on the date of issuance or the then applicable Conversion Price.

6.6 No Requirement to Issue Fractional Common Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of Debentures pursuant to this Article. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of such Debentures to be converted. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal amount of Debentures, the Corporation shall, in lieu of delivering any certificate or electronic deposit representing such fractional interest, make a cash payment to the holder of such Debenture of an amount equal to the fractional interest which would have been issuable multiplied by the Current Market Price.

6.7 Corporation to Reserve Common Shares

The Corporation covenants with the Trustee that it will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited), solely for the purpose of issue upon conversion of Debentures as in this Article provided, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Common Shares as shall then be issuable upon the conversion of all outstanding Debentures. The Corporation covenants with the Trustee that all Common Shares which shall be so issuable shall be duly and validly issued as fully-paid and non-assessable.

6.8 Cancellation of Converted Debentures

Subject to the provisions of Section 6.4 as to Debentures converted in part, all Debentures converted in whole or in part under the provisions of this Article shall be forthwith delivered to and cancelled by the Trustee and no Debenture shall be issued in substitution for those converted.

6.9 Certificate as to Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 6.5, deliver an Officers' Certificate to the Trustee specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall, in the event of any question regarding such calculation, be verified by a firm of nationally recognized chartered

accountants appointed by the Corporation and acceptable to the Trustee (who may be the Auditors of the Corporation) and shall be conclusive and binding on all parties in interest. When so approved, the Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Common Shares, forthwith give notice to the Debentureholders in the manner provided in Section 14.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price. In such circumstances, the Corporation shall contemporaneously provide the TSXV or such other exchange on which the Common Shares are then listed with written notice of the adjustment.

6.10 Notice of Special Matters

The Corporation covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 14.2, of its intention to fix a record date for any event referred to in Section 6.5(a), 6.5(b), 6.5(c) or 6.5(e) (other than the subdivision, redivision, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days in each case prior to such applicable record date.

In addition, the Corporation covenants with the Trustee that so long as any Debenture remains outstanding, it will give notice to the Trustee, and to the Debentureholders in the manner provided in Section 14.2, at least 30 days prior to the (a) effective date of any transaction referred to in Section 6.5(d) stating the consideration into which the Debentures will be convertible after the effective date of such transaction, and (b) the Expiration Date of any transaction referred to in Section 6.5(d) stating the consideration paid per Common Share in such transaction.

6.11 Protection of Trustee

Subject to Section 15.3, the Trustee:

- (a) shall not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist which may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any shares or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture; and
- (c) shall not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver Common Shares or share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article.

6.12 Payment of Cash in Lieu of Common Shares

Upon conversion, the Corporation may offer and the converting holder may agree to the delivery of cash for all or a portion of the Debentures surrendered in lieu of Common Shares, the cash equivalent

thereto to be determined on the basis of the Current Market Price of the Common Shares to be received upon conversion on the Date of Conversion (less applicable withholding taxes, if any).

ARTICLE 7 COVENANTS OF THE CORPORATION

The Corporation hereby covenants and agrees with the Trustee for the benefit of the Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

7.1 To Pay Principal, Premium (if any) and Interest

The Corporation will duly and punctually pay or cause to be paid to every Debentureholder the principal of, premium (if any) and interest accrued on the Debentures of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

7.2 To Pay Trustee's Remuneration

The Corporation will pay the Trustee reasonable remuneration for its services as Trustee hereunder and will repay to the Trustee on demand all monies which shall have been paid by the Trustee in connection with the execution of the trusts hereby created and such monies including the Trustee's remuneration, shall be payable out of any funds coming into the possession of the Trustee in priority to payment of any principal of the Debentures or interest or premium thereon. Such remuneration shall continue to be payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture shall be in the course of administration by or under the direction of a court of competent jurisdiction.

7.3 To Give Notice of Default

The Corporation shall notify the Trustee immediately upon obtaining knowledge of any Event of Default hereunder.

7.4 Preservation of Existence, etc.

Subject to the express provisions hereof, the Corporation will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and rights.

7.5 Keeping of Books

The Corporation will keep or cause to be kept proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Corporation in accordance with generally accepted accounting principles.

7.6 Annual Certificate of Compliance

The Corporation shall deliver to the Trustee, within 120 days after the end of each calendar year, (and at any reasonable time upon demand by the Trustee) an Officers' Certificate as to the knowledge of such officers of the Corporation who execute the Officers' Certificate of the Corporation's compliance with all conditions and covenants in this Indenture certifying that after reasonable investigation and inquiry, the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or if such is not the case, setting forth with reasonable particulars the

circumstances of any failure to comply and steps taken or proposed to be taken to eliminate such circumstances and remedy such Event of Default, as the case may be.

7.7 Performance of Covenants by Trustee

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Trustee may notify the Debentureholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it, but shall be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Trustee shall be repayable as provided in Section 7.2. No such performance, expenditure or advance by the Trustee shall be deemed to relieve the Corporation of any default hereunder.

7.8 SEC Notice

The Corporation represents and warrants that it is not required to file reports with the U.S. Securities and Exchange Commission ("SEC") pursuant to Section 13(a) or 15(d) of the United States Securities Exchange Act of 1934, as amended, and covenants that, in the event that it shall incur such a reporting obligation, the Corporation shall promptly deliver to the Trustee an Officer's Certificate (in a form provided by the Trustee) to such effect and containing such other information as the Trustee may reasonably require.

7.9 No Dividends on Common Shares if Event of Default

The Corporation shall not declare or pay any dividend to the holders of its issued and outstanding Common Shares after the occurrence of an Event of Default unless and until such default shall have been cured or waived or shall have ceased to exist.

7.10 Maintain Listing

The Corporation will use reasonable commercial efforts to maintain the listing of the Common Shares and the Debentures on the TSXV and to maintain the Corporation's status as a "reporting issuer" not in default of the requirements of the Applicable Securities Legislation; provided that the foregoing covenant shall not prevent or restrict the Corporation from carrying out a transaction to which Article 11 would apply if carried out in compliance with Article 11 even if as a result of such transaction the Corporation ceases to be a "reporting issuer" in all or any of the provinces of Canada or the Common Shares or Debentures cease to be listed on the TSXV or any other stock exchange.

ARTICLE 8 DEFAULT

8.1 Events of Default

Each of the following events constitutes, and is herein referred to as, an "Event of Default":

- (a) failure for 30 days to pay interest on the Debentures when due;
- (b) failure to pay principal or premium, if any, when due on the Debentures whether at maturity or upon redemption or a Change of Control, by declaration or otherwise;
- (c) default in the delivery, when due, of any Common Shares or other consideration, payable on conversion with respect to the Debentures, which default continues for 15 days;

- (d) default in the observance or performance of any covenant or condition of the Indenture by the Corporation and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given by the Trustee or from holders of not less than 50% in aggregate principal amount of the Debentures to the Corporation specifying such default and requiring the Corporation to rectify such default or obtain a waiver for same;
- (e) if a decree or order of a Court having jurisdiction is entered adjudging the Corporation or any Material Subsidiary a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Corporation or any Material Subsidiary, or appointing a receiver of, or of any substantial part of, the property of the Corporation or any Material Subsidiary or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;
- (f) if the Corporation or any Material Subsidiary institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Corporation or any Material Subsidiary or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (g) if a resolution is passed for the winding-up or liquidation of the Corporation except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 11.1 are duly observed and performed;
- (h) if, after the date of this Indenture, any proceedings with respect to the Corporation or any Material Subsidiary are taken with respect to a compromise or arrangement, with respect to creditors of the Corporation or any Material Subsidiary generally, under the applicable legislation of any jurisdiction; or
- (i) if an event of default occurs or exists under any indenture, agreement or other instrument evidencing or governing indebtedness for borrowed money of the Corporation or any Material Subsidiary and as a result of such event of default (i) indebtedness for borrowed money thereunder in excess of \$10,000,000 (or the equivalent amount in any other currency) has become due and payable before the date it would otherwise have been due and payable and (ii) the holders of such indebtedness are entitled to commence, and have commenced, the enforcement of security they hold for such indebtedness (if any) or the exercise of any other creditors' remedies to collect such indebtedness;

then: (x) in each and every such event listed above, the Trustee may, in its discretion, but subject to the provisions of this section, and shall, upon receipt of a request in writing signed by the holders of not less than 50% in principal amount of the Debentures then outstanding (or if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures of such series then outstanding), subject to the provisions of Section 8.3, by notice in writing to the Corporation declare the principal of and interest and premium, if any, on all Debentures then outstanding (and, where such a declaration is based upon a voluntary winding-up

or liquidation of the Corporation, the premium, if any, on the Debentures then outstanding which would have been payable upon the redemption thereof by the Corporation on the date of such declaration) and all other monies outstanding hereunder to be due and payable and the same shall thereupon forthwith become immediately due and payable (or, if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then the Trustee may declare due and payable the principal and interest and premium, if any, only with respect to such Debentures in respect of which there is an Event of Default) to the Trustee, and (y) on the occurrence of an Event of Default under Section 8.1(e), 8.1(f), 8.1(g), 8.1(g) (if such proceedings are initiated by the Corporation or any Material Subsidiary) or 8.1(i), the principal of and interest and premium, if any, on all Debentures then outstanding hereunder and all other monies outstanding hereunder, shall automatically without any declaration or other act on the part of the Trustee or any Debentureholder become immediately due and payable to the Trustee and, in either case, upon such amounts becoming due and payable in either (x) or (y) above, the Corporation shall forthwith pay to the Trustee for the benefit of the Debentureholders such principal, accrued and unpaid interest and premium, if any, and interest on amounts in default on such Debenture and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal, interest, premium and such other monies from the date of such declaration or event until payment is received by the Trustee, such subsequent interest to be payable at the times and places and in the manner mentioned in and according to the tenor of the Debentures. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder and any monies so received by the Trustee shall be applied in the manner provided in Section 8.6.

For greater certainty, for the purposes of this Section 8.1, the Debentures shall be in default in respect of an Event of Default if such Event of Default relates to a default in the payment of principal, premium, if any, or interest on the Debentures.

8.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 14.2, provided that notwithstanding the foregoing, unless the Trustee shall have been requested to do so by the holders of at least 50% of the principal amount of the Debentures then outstanding, the Trustee shall not be required to give such notice if the Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Corporation in writing.

When notice of the occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Trustee to the Debentureholders within 15 days after the Trustee becomes aware the Event of Default has been cured.

8.3 Waiver of Default

Upon the happening of any Event of Default hereunder:

- (a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of more than 66 $\frac{2}{3}$ % of the principal amount of Debentures then outstanding, to instruct the Trustee to waive any Event of Default and to cancel any declaration made by the Trustee pursuant to Section 8.1 and the Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be

prescribed in such requisition; provided that notwithstanding the foregoing if the Event of Default has occurred by reason of the non-observance or non-performance by the Corporation of any covenant applicable only to one or more series of Debentures, then the holders of more than 66 ⅔% of the principal amount of the outstanding Debentures shall be entitled to exercise the foregoing power and the Trustee shall so act and it shall not be necessary to obtain a waiver from the holders of any other series of Debentures; and

- (b) the Trustee, so long as it has not become bound to declare the principal and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Trustee in the exercise of its discretion, upon such terms and conditions as the Trustee may deem advisable.

No such act or omission either of the Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

8.4 Enforcement by the Trustee

Subject to the provisions of Section 8.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders, if the Corporation shall fail to pay to the Trustee, forthwith after the same shall have been declared to be due and payable under Section 8.1, the principal of and premium (if any) and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 50% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of and premium (if any) and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Trustee shall deem expedient.

The Trustee shall be entitled and empowered, either in its own name or as Trustee of an express trust, or as attorney-in-fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Trustee) the true and lawful attorney-in-fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claims of the Trustee and of the holders of the Debentures against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 8.3, nothing

contained in this Indenture shall be deemed to give to the Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

The Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.

All rights of action hereunder may be enforced by the Trustee without the possession of any of the Debentures or the production thereof on the trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Trustee shall be brought in the name of the Trustee as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

8.5 No Suits by Debentureholders

No holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of, premium (if any) or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the *Bankruptcy and Insolvency Act* (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 50% in principal amount of the Debentures then outstanding shall have made a request to the Trustee and the Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Trustee, when so requested by the Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

8.6 Application of Monies by Trustee

- (a) Except as herein otherwise expressly provided, any monies received by the Trustee from the Corporation pursuant to the foregoing provisions of this Article 8, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation, shall be applied, together with any other monies in the hands of the Trustee available for such purpose, as follows:
 - (i) first, in payment or in reimbursement to the Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;

- (ii) second, but subject as hereinafter in this Section 8.6 provided, in payment, ratably and proportionately to the holders of Debentures, of the principal of and premium (if any) and accrued and unpaid interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal, premium (if any) and interest as may be directed by such resolution; and
- (iii) third, in payment of the surplus, if any, of such monies to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to clause (ii) above in respect of the principal, premium or interest on any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any Subsidiary (other than any Debenture pledged for value and in good faith to a person other than the Corporation or any Subsidiary but only to the extent of such person's interest therein) except subject to the prior payment in full of the principal, premium (if any) and interest (if any) on all Debentures which are not so held.

- (b) The Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Trustee may think necessary to provide for the payments mentioned in Section 8.6(a), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided in Section 15.9 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment in distribution hereunder.

8.7 Notice of Payment by Trustee

Not less than 15 days' notice shall be given in the manner provided in Section 14.2 by the Trustee to the Debentureholders of any payment to be made under this Article 8. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies, premium (if any) and interest due (if any) to them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

8.8 Trustee May Demand Production of Debentures

The Trustee shall have the right to demand production of the Debentures in respect of which any payment of principal, interest or premium required by this Article 8 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Corporation as the Trustee shall deem sufficient.

8.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee, or upon or to the holders of Debentures is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

8.10 Judgment Against the Corporation

The Corporation covenants and agrees with the Trustee that, in case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against it in favour of the Debentureholders or in favour of the Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and premium (if any) and the interest thereon and any other monies owing hereunder.

8.11 Immunity of Directors, Officers and Others

The Debentureholders and the Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer, director or employee of the Corporation or holder of Common Shares of the Corporation or of any successor for the payment of the principal of or premium or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Debentures.

ARTICLE 9 SATISFACTION AND DISCHARGE

9.1 Cancellation and Destruction

All Debentures shall forthwith after payment thereof be delivered to the Trustee and cancelled by it. All Debentures Certificates cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Trustee, within a reasonable period of time and in accordance with the rules applicable to the Trustee, and, if required by the Corporation, the Trustee shall furnish to it a destruction certificate setting out the designating numbers of the Debentures so destroyed.

9.2 Non-Presentation of Debentures

In case the holder of any Debenture shall fail to present the same for payment on the date on which the principal of, premium (if any) or the interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Trustee may require:

- (a) the Corporation shall be entitled to pay or deliver to the Trustee and direct it to set aside; or
- (b) in respect of monies or Common Shares in the hands of the Trustee which may or should be applied to the payment of the Debentures, the Corporation shall be entitled to direct the Trustee to set aside; or
- (c) if the redemption was pursuant to notice given by the Trustee, the Trustee may itself set aside;

the monies or Common Shares, as the case may be, in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal of, premium (if any) or the interest payable on or represented by each Debenture in respect whereof such monies or Common Shares, if applicable, have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the monies or Common Shares, if applicable, so set aside by the Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 9.3.

9.3 Repayment of Unclaimed Monies or Common Shares

Subject to applicable law, any monies or Common Shares, if applicable, set aside under Section 9.2 and not claimed by and paid to holders of Debentures as provided in Section 9.2 within three years less one day after the date of such setting aside shall be repaid and delivered to the Corporation by the Trustee and thereupon the Trustee shall be released from all further liability with respect to such monies or Common Shares, if applicable, and thereafter the holders of the Debentures in respect of which such monies or Common Shares, if applicable, were so repaid to the Corporation shall have no rights in respect thereof except to obtain payment and delivery of the monies or Common Shares, if applicable, from the Corporation subject to any limitation provided by the laws of the Province of Alberta. Notwithstanding the foregoing, the Trustee will pay any remaining funds prior to the expiry of three years less one day after the setting aside described in Section 9.2 to the Corporation upon receipt from the Corporation, of an unconditional letter of credit from a Canadian chartered bank in an amount equal to or in excess of the amount of the remaining funds. If the remaining funds are paid to the Corporation prior to the expiry of three years less one day after such setting aside, the Corporation shall reimburse the Trustee for any amounts so set aside which are required to be paid by the Trustee to a holder of a Debenture after the date of such payment of the remaining funds to the Corporation but prior to three years less one day after such setting aside.

9.4 Discharge

The Trustee shall at the written request of the Corporation release and discharge this Indenture and execute and deliver such instruments as it shall be advised by Counsel are requisite for that purpose and to release the Corporation from its covenants herein contained (other than the provisions relating to the indemnification of the Trustee), upon proof being given to the reasonable satisfaction of the Trustee that the principal of, premium (if any) and interest (including interest on amounts in default, if any), on all the Debentures and all other monies payable hereunder have been paid or satisfied or that all the Debentures having matured or having been duly called for redemption, payment of the principal of and interest (including interest on amounts in default, if any) on such Debentures and of all other monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

9.5 Satisfaction

- (a) The Corporation shall be deemed to have fully paid, satisfied and discharged all of the outstanding Debentures and the Trustee, at the expense of the Corporation, shall execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Debentures, when, with respect to all of the outstanding Debentures or all of the outstanding Debentures:
 - (i) the Corporation has deposited or caused to be deposited with the Trustee as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money or Common Shares, if applicable, sufficient to pay, satisfy and discharge the entire amount of principal of, premium, if any, and interest, if

any, to maturity, or any repayment date or Redemption Date, or any Change of Control Purchase Date, or upon conversion or otherwise as the case may be, of such Debentures;

(ii) the Corporation has deposited or caused to be deposited with the Trustee as trust property in trust for the purpose of making payment on such Debentures:

(A) if the Debentures are issued in Canadian dollars, such amount in Canadian dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or Common Shares, if applicable; or

(B) if the Debentures are issued in a currency or currency unit other than Canadian dollars, cash in the currency or currency unit in which the Debentures are payable and/or such amount in such currency or currency unit of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or the government that issued the currency or currency unit in which the Debentures are payable or Common Shares, if applicable;

as will be sufficient to pay and discharge the entire amount of principal of, premium, if any, on, and accrued and unpaid interest to maturity or any repayment date, as the case may be, of all such Debentures; or

(iii) all Debentures authenticated and delivered (other than (A) Debentures which have been destroyed, lost or stolen and which have been replaced or paid and (B) Debentures for whose payment has been deposited in trust and thereafter repaid to the Corporation as provided in Section 9.3) have been delivered to the Trustee for cancellation; so long as in any such event:

(A) the Corporation has paid, caused to be paid or made provisions to the satisfaction of the Trustee for the payment of all other sums payable or which may be payable with respect to all of such Debentures (together with all applicable expenses of the Trustee in connection with the payment of such Debentures); and

(B) the Corporation has delivered to the Trustee an Officers' Certificate stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Debentures have been complied with.

Any deposits with the Trustee referred to in this Section 9.5 shall be irrevocable, subject to Section 9.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Trustee and which provides for the due and punctual payment of the principal of, premium, if any, and interest on the Debentures being satisfied.

(b) Upon the satisfaction of the conditions set forth in this Section 9.5 with respect to all the outstanding Debentures, the terms and conditions of the Debentures, including the terms and conditions with respect thereto set forth in this Indenture (other than those contained in Article 2, Article 4 and Article 6 and the provisions of Article 1 pertaining to Article 2, Article 4 and Article 6) shall no longer be binding upon or applicable to the Corporation.

- (c) Any funds or obligations deposited with the Trustee pursuant to this Section 9.5 shall be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.
- (d) If the Trustee is unable to apply any money or securities in accordance with this Section 9.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Corporation's obligations under this Indenture and the affected Debentures shall be revived and reinstated as though no money or securities had been deposited pursuant to this Section 9.5 until such time as the Trustee is permitted to apply all such money or securities in accordance with this Section 9.5, provided that if the Corporation has made any payment in respect of principal of, premium, if any, or interest on Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the Corporation shall be subrogated to the rights of the holders of such Debentures to receive such payment from the money or securities held by the Trustee.

9.6 Continuance of Rights, Duties and Obligations

- (a) Where trust funds or trust property have been deposited pursuant to Section 9.5, the holders of Debentures and the Corporation shall continue to have and be subject to their respective rights, duties and obligations under Article 2, Article 4 and Article 6 and the provisions of Article 1 pertaining to the foregoing provisions, as may be applicable.
- (b) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5 in respect of a series of Debentures (the "**Defeased Debentures**"), any holder of any of the Defeased Debentures from time to time converts its Debentures to Common Shares or other securities of the Corporation in accordance with Subsections 2.1(f) and, if applicable, Article 6 or any other provision of this Indenture, the Trustee shall upon receipt of a Written Direction of the Corporation return to the Corporation from time to time the proportionate amount of the trust funds or other trust property deposited with the Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures so converted (which amount shall be based on the applicable principal amount of the Defeased Debentures being converted in relation to the aggregate outstanding principal amount of all the Defeased Debentures).
- (c) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5, the Corporation is required to make a Debenture Offer to purchase any outstanding Debentures pursuant to Subsection 2.1(j), in relation to the Debentures, the Corporation shall be entitled to use any trust money or trust property deposited with the Trustee pursuant to Section 9.5 for the purpose of paying to any holders of Defeased Debentures who have accepted any such offer of the Corporation the Offer Price payable to such holders in respect of such Debenture Offer in respect of the Debentures. Upon receipt of a Written Direction of the Corporation, the Trustee shall be entitled to pay to such holder from such trust money or trust property deposited with the Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures held by such holders who have accepted any such offer to the Corporation (which amount shall be based on the applicable principal amount of the Defeased Debentures held by accepting offerees in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

ARTICLE 10
COMMON SHARE INTEREST PAYMENT ELECTION

10.1 Common Share Interest Payment Election

- (a) The Corporation shall have the right, from time to time (including following conversion, at the time of redemption or at the time of maturity), to make a Common Share Interest Payment Election in respect of any Interest Obligation by delivering a Common Share Interest Payment Election Notice to the Trustee no later than the earlier of: (i) the date required by applicable law or the rules of any stock exchange on which the Debentures or Common Shares are then listed; and (ii) the day which is 15 Business Days prior to the Interest Payment Date to which the Common Share Interest Payment Election relates. Such Common Share Interest Payment Election Notice shall provide that all or a portion of such Interest Obligation may be paid by the Corporation in Common Shares by the delivery of Common Shares, as provided in Subsection 10.1(c), in an amount equal to (A) the amount of interest payable pursuant to such Interest Obligation divided by (B) VWAP of the Common Shares for two trading days immediately prior to, and the two trading days immediately following delivery of the Common Share Interest Payment Election Notice.
- (b) The Corporation's right to exercise the Common Share Interest Payment Election shall be conditional upon the following conditions being met on or before 2:00 p.m. (Saskatoon time) on the day which is 3 Business Days prior to the Interest Payment Date, such conditions being in favour of the Debentureholders:
 - (i) the issuance of the Common Shares on the exercise of the Common Share Interest Payment Election shall be made in accordance with Applicable Securities Legislation and such Common Shares shall be issued as Freely Tradeable Common Shares;
 - (ii) the listing of such additional Freely Tradeable Common Shares on each stock exchange on which the Common Shares are then listed;
 - (iii) no Event of Default shall have occurred and be continuing;
 - (iv) the receipt by the Trustee of an Officers' Certificate stating that conditions (i), (ii) and (iii) above have been satisfied and setting forth (A) the number of Common Shares to be delivered for each \$1,000 principal amount of Debentures, (B) the amount of interest payable on such Interest Payment Date, and (C) the Current Market Price as of the Interest Payment Date; and
 - (v) the receipt by the Trustee of an opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Interest Obligations, will be validly issued as fully paid and non-assessable Common Shares, and that conditions (i) and (ii) above have been satisfied.

If the foregoing conditions are not satisfied on or before 2:00 p.m. (Saskatoon time) on the day which is 3 Business Days prior to the Interest Payment Date, the Corporation shall pay the interest payable on the Debentures on such Interest Payment Date for which a Common Share Interest Payment Election was made in accordance with Section 2.9, unless the

Debentureholders waive the conditions in writing in form and substance delivered to the Corporation and to the Trustee, acting reasonably.

- (c) In the event that the Corporation duly exercises its Common Share Interest Payment Election, the Corporation shall on or before 11:00 a.m. (Saskatoon time) on the Business Day immediately prior to the Interest Payment Date issue to the registered holders of such Debentures appearing on the registers maintained by the Trustee at the close of business on the fifth Business Day prior to the applicable Interest Payment Date (the "**Entitled Debentureholders**"), the Freely Tradeable Common Shares to which such holders are entitled. The Corporation shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with the Common Share Interest Payment Election. Every such deposit shall be irrevocable. The Trustee shall deliver to such Debentureholders the Freely Tradeable Common Shares to which they are entitled pursuant to the Common Share Interest Payment Election Notice, if at the relevant time CDS is the registered holder of the Debentures then the Trustee shall deliver such Freely Tradeable Common Shares to CDS. The delivery of such Freely Tradeable Common Shares to the registered holder of the Debentures by the Trustee will satisfy and discharge the liability of the Corporation for the Interest Obligation to which the delivery of such Freely Tradeable Common Shares relates (including the amount of any Common Shares sold to pay applicable withholding taxes in accordance with Section 10.1(i)), and such Common Shares will represent full satisfaction of such Interest Obligation and such holders will have no further recourse to the Corporation in respect of such Interest Obligation. For greater certainty, in the event that the Corporation duly exercises its Common Share Interest Payment Election, the Corporation shall deliver a treasury direction to the Trustee no later than 11:00 a.m. (Saskatoon time) on the Business Day immediately prior to the Interest Payment Date that directs the Trustee to issue the Freely Tradeable Common Shares to the registered holder of the Debentures in satisfaction of the Corporation's Interest Obligation and directs the Trustee to update the register of holders of Common Shares on such date. The Freely Tradeable Common Shares to be issued to the Debentureholders in the event the Corporation duly exercises its Common Share Interest Payment Election may be issued and registered in the name of CDS or its nominee through the electronic book entry system pursuant to which a Participant provides the deposit ID of which is confirmed electronically by the Trustee to a particular Participant through CDS and shall be identified by a specific CUSIP/ISIN as requested by the Corporation from CDS to identify the Freely Tradeable Common Shares.
- (d) No fractional Freely Tradeable Common Shares shall be delivered upon the exercise of the Common Share Interest Payment Election but, in lieu thereof, the Corporation shall pay to the Trustee for the account of the Entitled Debentureholders, at the time contemplated in Section 10.1(c), the cash equivalent thereof determined on the basis of the Current Market Price as of the Interest Payment Date except for amounts less than \$25.00 (less applicable withholding tax, if any), for which no cash amount shall be delivered.
- (e) A holder shall be treated as the shareholder of record of the Freely Tradeable Common Shares issued on due exercise by the Corporation of its Common Share Interest Payment Election effective immediately after the close of business on the Interest Payment Date, and shall be entitled to all substitutions therefore, all income earned thereon or accretions thereto and all dividends or distributions (including dividends and dividends or distributions in kind) thereon and arising thereafter, and in the event that the Trustee receives the same, it shall hold the same in trust for the benefit of such holder.

- (f) The Corporation shall at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue and delivery upon the exercise of the Common Share Interest Payment Election as provided herein, and shall issue to Debentureholders to whom Freely Tradeable Common Shares will be issued pursuant to exercise of the Common Share Interest Payment Election, such number of Freely Tradeable Common Shares as shall be issuable in such event. All Freely Tradeable Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (g) The Corporation shall from time to time promptly pay, or make provision satisfactory to the Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province thereof (except income tax, withholding tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Freely Tradeable Common Shares to holders upon exercise of the Common Share Interest Payment Election pursuant to the terms of the Debentures and of this Indenture.
- (h) If the Corporation makes a Common Share Interest Payment Election in accordance with this Section 10.1 and if the payment represented by the Freely Tradable Common Shares issuable in satisfaction of the Interest Obligation is subject to withholding taxes and the amount of the cash payment, if any, of the principal amount due on maturity, if such maturity is concurrent with the interest payment, is insufficient to satisfy such withholding taxes, the Corporation shall deduct and withhold such withholding taxes from any payment to be made with respect to the Debentures and, provided that the Corporation forthwith remit such amount to the relevant governmental authority or agency, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Corporation's obligations under the Debentures. There is no obligation on the Corporation to gross-up or pay additional amounts to a Debentureholder in respect of such deductions or withholdings.
- (i) For greater certainty, if any amount is required or permitted to be deducted or withheld in respect of withholding taxes, whether of interest or other amounts, and including with respect to delivery of Freely Tradeable Common Shares upon conversion of Debentures or in respect of any Interest Obligation, the Corporation shall be entitled to liquidate such number of Common Shares issuable in connection with such payment as shall be necessary in order to satisfy such deduction or withholding and remit to Debentureholders the remaining net Common Shares. The Corporation shall provide the Trustee with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of any forms received from such governmental authority or agency promptly after receipt thereof.

ARTICLE 11 SUCCESSORS

11.1 Corporation may Consolidate, etc., Only on Certain Terms

- (a) The Corporation may not, without the consent of the holders provided by Extraordinary Resolution, consolidate with or amalgamate or merge with or into any Person (other than a directly or indirectly wholly-owned Subsidiary of the Corporation) or sell, convey, transfer or lease all or substantially all of the properties and assets of the Corporation to another Person (other than a directly or indirectly wholly-owned Subsidiary of the Corporation) unless:

- (i) the Person formed by such consolidation or into which the Corporation is amalgamated or merged, or the Person which acquires by sale, conveyance, transfer or lease all or substantially all of the properties and assets of the Corporation is a corporation, organized and existing under the laws of Canada or any province or territory thereof or the laws of the United States or any state thereof and such corporation (if other than the Corporation or the continuing corporation resulting from the amalgamation of the Corporation with another corporation under the laws of Canada or any province or territory thereof) expressly assumes, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the obligations of the Corporation under the Debentures and this Indenture and the performance or observance of every covenant and provision of this Indenture and the Debentures required on the part of the Corporation to be performed or observed and the conversion rights shall be provided for in accordance with Article 4, by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee, by the Person (if other than the Corporation or the continuing corporation resulting from the amalgamation of the Corporation with another corporation under the laws of Canada or any province or territory thereof) formed by such consolidation or into which the Corporation shall have been merged or by the Person which shall have acquired the Corporation's assets;
 - (ii) after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and
 - (iii) if the Corporation or the continuing corporation resulting from the amalgamation or merger of the Corporation with another Person under the laws of Canada or any province or territory thereof or the laws of the United States or any state thereof will not be the resulting, continuing or surviving corporation, the Corporation shall have, at or prior to the effective date of such consolidation, amalgamation, merger or sale, conveyance, transfer or lease, delivered to the Trustee an Officers' Certificate and an opinion of Counsel, each stating that such consolidation, merger or transfer complies with this Article and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with this Article, and that all conditions precedent herein provided for relating to such transaction have been complied with.
- (b) For purposes of the foregoing, the sale, conveyance, transfer or lease (in a single transaction or a series of related transactions) of the properties or assets of one or more Subsidiaries of the Corporation (other than to the Corporation or another wholly-owned Subsidiary of the Corporation), which, if such properties or assets were directly owned by the Corporation, would constitute all or substantially all of the properties and assets of the Corporation and its Subsidiaries, taken as a whole, shall be deemed to be the sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Corporation.

11.2 Successor Substituted

Upon any consolidation of the Corporation with, or amalgamation or merger of the Corporation into, any other Person or any sale, conveyance, transfer or lease of all or substantially all of the properties and assets of the Corporation and its Subsidiaries, taken as a whole, in accordance with Section 11.1(b) the

successor Person formed by such consolidation or into which the Corporation is amalgamated or merged or to which such sale, conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Corporation under this Indenture with the same effect as if such successor Person had been named as the Corporation herein, and thereafter, except in the case of a lease, and except for obligations the predecessor Person may have under a supplemental indenture entered into pursuant to Section 11.1(a)(iii), the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Debentures.

ARTICLE 12

COMPULSORY ACQUISITION

12.1 Definitions

In this Article:

- (a) **"Affiliate"** and **"Associate"** shall have their respective meanings set forth in the *Securities Act* (Alberta);
- (b) **"Dissenting Debentureholders"** means a Debentureholder who does not accept an Offer referred to in Section 12.2 and includes any assignee of the Debenture of a Debentureholder to whom such an Offer is made, whether or not such assignee is recognized under this Indenture;
- (c) **"Offer"** means an offer to acquire outstanding Debentures where, as of the date of the offer to acquire, the Debentures that are subject to the offer to acquire, together with the Offeror's Debentures, constitute in the aggregate 20% or more of the outstanding principal amount of the Debentures;
- (d) **"offer to acquire"** includes an acceptance of an offer to sell;
- (e) **"Offeror"** means a person, or two or more persons acting jointly or in concert, who make an Offer to acquire Debentures;
- (f) **"Offeror's Debentures"** means Debentures beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any Affiliate or Associate of the Offeror or any person or company acting jointly or in concert (as such term is defined in NI 62-104) with the Offeror; and
- (g) **"Offeror's Notice"** means the notice described in Section 12.3.

12.2 Offer for Debentures

If an Offer for all of the outstanding Debentures (other than the Offeror's Debentures) is made and:

- (a) within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Debentureholders representing at least 90% of the outstanding principal amount of the Debentures, other than the Offeror's Debentures;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for the Debentures of the Debentureholders who accepted the Offer; and

- (c) the Offeror complies with Sections 12.3 and 12.5;

the Offeror is entitled to acquire, and the Dissenting Debentureholders are required to sell to the Offeror, the Debentures held by the Dissenting Debentureholder for the same consideration per Debenture payable or paid, as the case may be, under the Offer.

12.3 Offeror's Notice to Dissenting Debentureholders

Where an Offeror is entitled to acquire Debentures held by Dissenting Debentureholders pursuant to Section 12.2 and the Offeror wishes to exercise such right, the Offeror shall send by registered mail within 30 days after the date of termination of the Offer a notice (the "**Offeror's Notice**") to each Dissenting Debentureholder stating that:

- (a) Debentureholders holding at least 90% of the principal amount of all outstanding Debentures, other than Offeror's Debentures, have accepted the Offer;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for, the Debentures of the Debentureholders who accepted the Offer;
- (c) Dissenting Debentureholders must transfer their respective Debentures to the Offeror on the terms on which the Offeror acquired the Debentures of the Debentureholders who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and
- (d) Dissenting Debentureholders must send their respective Debenture Certificate(s) to the Trustee within 21 days after the date of the sending of the Offeror's Notice.

12.4 Delivery of Debenture Certificates

A Dissenting Debentureholder to whom an Offeror's Notice is sent pursuant to Section 12.3 shall, within 21 days after the sending of the Offeror's Notice, send his or her Debenture Certificate(s) to the Trustee duly endorsed for transfer.

12.5 Payment of Consideration to Trustee

Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 12.3, the Offeror shall pay or transfer to the Trustee, or to such other person as the Trustee may direct, the cash or other consideration that is payable to Dissenting Debentureholders pursuant to Section 12.2. The acquisition by the Offeror of all Debentures held by all Dissenting Debentureholders shall be effective as of the time of such payment or transfer.

12.6 Consideration to be held in Trust

The Trustee, or the person directed by the Trustee, shall hold in trust for the Dissenting Debentureholders the cash or other consideration they or it receives under Section 12.5. The Trustee, or such persons, shall deposit cash in a separate account in a Canadian chartered bank, or other body corporate, any of whose deposits are insured by the Canada Deposit Insurance Corporation, and shall place other consideration in the custody of a Canadian chartered bank or such other body corporate.

12.7 Completion of Transfer of Debentures to Offeror

Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 12.3, the Trustee, if the Offeror has complied with Section 12.5, shall:

- (a) do all acts and things and execute and cause to be executed all instruments as in the Trustee's opinion may be necessary or desirable to cause the transfer of the Debentures of the Dissenting Debentureholders to the Offeror;
- (b) send to each Dissenting Debentureholder who has complied with Section 12.4 the consideration to which such Dissenting Debentureholder is entitled under this Article 12; and
- (c) send to each Dissenting Debentureholder who has not complied with Section 12.4 a notice stating that:
 - (i) his or her Debentures have been transferred to the Offeror;
 - (ii) the Trustee or some other person designated in such notice are holding in trust the consideration for such Debentures; and
 - (iii) the Trustee, or such other person, will send the consideration to such Dissenting Debentureholder as soon as possible after receiving such Dissenting Debentureholder's Debenture Certificate(s) or such other documents as the Trustee or such other person may require in lieu thereof;

and the Trustee is hereby appointed the agent and attorney of the Dissenting Debentureholders for the purposes of giving effect to the foregoing provisions.

12.8 Communication of Offer to Trust

An Offeror cannot make an Offer for Debentures unless, concurrent with the communication of the Offer to any Debentureholder, a copy of the Offer is provided to the Corporation.

ARTICLE 13 MEETINGS OF DEBENTUREHOLDERS

13.1 Right to Convene Meeting

The Trustee or the Corporation may at any time and from time to time, and the Trustee shall, on receipt of a Written Direction of the Corporation or a written request signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding and upon receiving funding and being indemnified to its reasonable satisfaction by the Corporation or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Debentureholders. In the event of the Trustee failing, within 30 days after receipt of any such request and such funding of indemnity, to give notice convening a meeting, the Corporation or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Calgary or at such other place as may be approved or determined by the Trustee.

13.2 Notice of Meetings

- (a) At least 21 days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 14.2 and a copy of such notice shall be sent by post to the Trustee, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article. The accidental omission to give notice of a meeting to any holder of Debentures shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.
- (b) If the business to be transacted at any meeting by Extraordinary Resolution or otherwise, or any action to be taken or power exercised by instrument in writing under Section 13.15, especially affects the rights of holders of Debentures of one or more series in a manner or to an extent differing in any material way from that in or to which the rights of holders of Debentures of any other series are affected (determined as provided in Sections 13.2(c) and (d)), then:
 - (i) a reference to such fact, indicating each series of Debentures in the opinion of the Trustee so especially affected (hereinafter referred to as the "**especially affected series**") shall be made in the notice of such meeting, and in any such case the meeting shall be and be deemed to be and is herein referred to as a "Serial Meeting"; and
 - (ii) the holders of Debentures of an especially affected series shall not be bound by any action taken at a Serial Meeting or by instrument in writing under Section 13.15 unless in addition to compliance with the other provisions of this Article 13:
 - (A) at such Serial Meeting: (I) there are Debentureholders present in person or by proxy and representing at least 25% in principal amount of the Debentures then outstanding of such series, subject to the provisions of this Article 13 as to quorum at adjourned meetings; and (II) the resolution is passed by the affirmative vote of the holders of more than 50% (or in the case of an Extraordinary Resolution not less than 66 ²/₃%) of the principal amount of the Debentures of such series then outstanding voted on the resolution; or
 - (B) in the case of action taken or power exercised by instrument in writing under Section 13.15, such instrument is signed in one or more counterparts by the holders of not less than 66²/₃% in principal amount of the Debentures of such series then outstanding.
- (c) Subject to Section 13.2(d), the determination as to whether any business to be transacted at a meeting of Debentureholders, or any action to be taken or power to be exercised by instrument in writing under Section 13.15, especially affects the rights of the Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which it affects the rights of Debentureholders of any other series (and is therefore an especially affected series) shall be determined by an opinion of

Counsel, which shall be binding on all Debentureholders, the Trustee and the Corporation for all purposes hereof.

(d) A proposal:

- (i) to extend the maturity of Debentures of any particular series or to reduce the principal amount thereof, the rate of interest or redemption premium thereon or to impair any conversion right thereof;
- (ii) to modify or terminate any covenant or agreement which by its terms is effective only so long as Debentures of a particular series are outstanding; or
- (iii) to reduce with respect to Debentureholders of any particular series any percentage stated in this Section 13.2 or Sections 13.4, 13.12 and 13.15;

shall be deemed to especially affect the rights of the Debentureholders of such series in a manner differing in a material way from that in which it affects the rights of holders of Debentures of any other series, whether or not a similar extension, reduction, modification or termination is proposed with respect to Debentures of any or all other series.

13.3 Chairman

Some person, who need not be a Debentureholder, nominated in writing by the Corporation (in case it convenes the meeting) or by the Trustee (in any other case) shall be chairman of the meeting and if no person is so nominated, or if the person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Debentureholders present in person or by proxy shall choose some person present to be chairman.

13.4 Quorum

Subject to the provisions of Section 13.12, at any meeting of the Debentureholders a quorum shall consist of Debentureholders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures and, if the meeting is a Serial Meeting, at least 25% of the Debentures then outstanding of each especially affected series. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in person or by proxy shall, subject to the provisions of Section 13.12, constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures or of the Debentures then outstanding of each especially affected series. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum is present at the commencement of business.

13.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Debentureholders is present may, with the consent of the holders of a majority in principal amount of the Debentures represented thereat, adjourn any

such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

13.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 13.7, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.

13.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Debentureholders or proxies for Debentureholders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures and of each especially affected series, if applicable, represented at the meeting and voted on the poll.

13.8 Voting

On a show of hands every person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, shall have one vote. On a poll each Debentureholder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each \$1,000 principal amount of Debentures of which he shall then be the holder. In the case of any Debenture denominated in a currency or currency unit other than Canadian dollars, the principal amount thereof for these purposes shall be computed in Canadian dollars on the basis of the conversion of the principal amount thereof at the applicable spot buying rate of exchange for such other currency or currency unit as reported by the Bank of Canada at the close of business on the Business Day next preceding the meeting. Any fractional amounts resulting from such conversion shall be rounded to the nearest \$100. A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

13.9 Proxies

A Debentureholder may be present and vote at any meeting of Debentureholders by an authorized representative. The Corporation (in case it convenes the meeting) or the Trustee (in any other case) for the purpose of enabling the Debentureholders to be present and vote at any meeting without producing their Debentures, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held, may from time to time make and vary such regulations as it shall think fit providing for and governing any or all of the following matters:

- (a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any person signing on behalf of a Debentureholder;

- (b) the deposit of instruments appointing proxies at such place as the Trustee, the Corporation or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited; and
- (c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed or sent by other electronic means before the meeting to the Corporation or to the Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be Debentureholders and persons whom Debentureholders have by instrument in writing duly appointed as their proxies.

13.10 Persons Entitled to Attend Meetings

The Corporation and the Trustee, by their respective officers and directors, the Auditors of the Corporation and the legal advisors of the Corporation, the Trustee or any Debentureholder may attend any meeting of the Debentureholders, but shall have no vote as such.

13.11 Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution, subject in the case of the matters in paragraphs (a), (b), (c), (d) and (l) to receipt of the prior approval of the TSXV (or such other exchange on which the Debentures are then listed):

- (a) power to authorize the Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue;
- (b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Trustee against the Corporation, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise provided that such sanctioned actions are not prejudicial to the Trustee;
- (c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any Debenture which shall be agreed to by the Corporation and to authorize the Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;
- (d) power to sanction any scheme for the reconstruction, reorganization or recapitalization of the Corporation or for the consolidation, amalgamation, arrangement, combination or merger of the Corporation with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Corporation or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 11.1 shall have been complied with;

- (e) power to direct or authorize the Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (f) power to waive, and direct the Trustee to waive, any default hereunder and/or cancel any declaration made by the Trustee pursuant to Section 8.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (g) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal, premium or interest on the Debentures, or for the execution of any trust or power hereunder;
- (h) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 8.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;
- (i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation;
- (j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings and the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;
- (k) power to remove the Trustee from office and to appoint a new Trustee or Trustees provided that no such removal shall be effective unless and until a new Trustee or Trustees shall have become bound by this Indenture;
- (l) power to sanction the exchange of the Debentures for or the conversion thereof into shares, bonds, debentures or other securities or obligations of the Corporation or of any other Person formed or to be formed;
- (m) power to authorize the distribution in specie of any shares or securities received pursuant to a transaction authorized under the provisions of Section 13.11(l); and

- (n) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to Section 13.11(j).

Notwithstanding the foregoing provisions of this Section 13.11 none of such provisions shall in any manner allow or permit any amendment, modification, abrogation or addition to the provisions of Article 5 which could reasonably be expected to detrimentally affect the rights, remedies or recourse of the priority of the Senior Creditors.

13.12 Meaning of "Extraordinary Resolution"

- (a) The expression "Extraordinary Resolution" when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are present in person or by proxy and passed by the favourable votes of the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures, and if the meeting is a Serial Meeting by the affirmative vote of the holders of not less than 66 $\frac{2}{3}$ % of each especially affected series, in each case present or represented by proxy at the meeting and voted upon on a poll on such resolution.
- (b) If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding and, if the meeting is a Serial Meeting, 25% of the principal amount of the Debentures then outstanding of each especially affected series, in each case are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved but in any other case it shall stand adjourned to such date, being not less than 14 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 10 days' notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 14.2. Such notice shall state that at the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum. At the adjourned meeting the Debentureholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures and, if the meeting is a Serial Meeting, by the affirmative vote of the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of the Debentures of each especially affected series, in each case present or represented by proxy at the meeting voted upon on a poll shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are not present in person or by proxy at such adjourned meeting.
- (c) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

13.13 Powers Cumulative

Any one or more of the powers in this Indenture stated to be exercisable by the Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers thereafter from time to time.

13.14 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.

13.15 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting held as hereinbefore in this Article provided may also be taken and exercised by the holders of 66 $\frac{2}{3}$ % of the principal amount of all the outstanding Debentures and, if the meeting at which such actions might be taken would be a Serial Meeting, by the holders of 66 $\frac{2}{3}$ % of the principal amount of the Debentures then outstanding of each especially affected series, by an instrument in writing signed in one or more counterparts and the expression "Extraordinary Resolution" when used in this Indenture shall include an instrument so signed.

13.16 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 13.15 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

13.17 Evidence of Rights Of Debentureholders

- (a) Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor signed or executed by such Debentureholders.
- (b) The Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

13.18 Concerning Serial Meetings

If in the opinion of Counsel any business to be transacted at any meeting, or any action to be taken or power to be exercised by instrument in writing under Section 13.15, does not adversely affect the rights

of the holders of Debentures of one or more series, the provisions of this Article 13 shall apply as if the Debentures of such series were not outstanding and no notice of any such meeting need be given to the holders of Debentures of such series. Without limiting the generality of the foregoing, a proposal to modify or terminate any covenant or agreement which is effective only so long as Debentures of a particular series are outstanding shall be deemed not to adversely affect the rights of the holders of Debentures of any other series.

ARTICLE 14

NOTICES

14.1 Notice to Corporation

Any notice to the Corporation under the provisions of this Indenture shall be valid and effective if delivered to the Corporation at: Suite 602 – 224 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5, Attention: Chief Financial Officer, and a copy delivered to Bennett Jones LLP, 4500 Bankers Hall East, 855 2 Street SW, Calgary, Alberta, T2P 4K7, Attention: Brent Kraus, or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given three days following the mailing thereof. The Corporation may from time to time notify the Trustee in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Corporation for all purposes of this Indenture.

14.2 Notice to Debentureholders

Subject to Section 2.2, all notices to be given hereunder with respect to the Debentures shall be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned and shall be deemed to have been effectively given three days following the day of mailing; provided that any for any Debentures held through CDS or other Depository, if any notice or other communication is required to be given to Debentureholders, the Trustee or the Corporation may give such notices and communications to CDS or such other Depository by e-mail or facsimile (at such email or facsimile number as is given by CDS or the Depository, as applicable, for such purpose from time to time) or in such other manner as is acceptable to CDS or the Depository, as applicable, and notice will deemed to have been effective/given on the date of delivery. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Corporation to give or mail any notice due to anything beyond the reasonable control of the Corporation shall not invalidate any action or proceeding founded thereon. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Corporation to give or mail any notice due to anything beyond the reasonable control of the Corporation shall not invalidate any action or proceeding founded thereon.

If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Debentureholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Corporation shall give such notice by publication at least once in the cities of Calgary and Toronto (or in such of those cities as, in the opinion of the Trustee, is sufficient in the particular circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.

Any notice given to Debentureholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required.

All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of any persons interested in such Debenture.

14.3 Notice to Trustee

Any notice to the Trustee under the provisions of this Indenture shall be valid and effective if delivered to the Trustee at its principal office in the City of Calgary, at #800, 324 – 8th Avenue S.W., Calgary, Alberta, T2P 2Z2, Attention: Manager, Corporate Trust, Facsimile No: 403-267-6598 or if given by registered letter, postage prepaid, to such office and so addressed and, if mailed, shall be deemed to have been effectively given three days following the mailing thereof.

14.4 Mail Service Interruption

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Trustee would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to Section 14.3, such notice shall be valid and effective only if delivered at the appropriate address in accordance with Section 14.3.

ARTICLE 15 CONCERNING THE TRUSTEE

15.1 No Conflict of Interest

The Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder but if, notwithstanding the provisions of this Section 15.1 such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Debentures issued hereunder, shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises but the Trustee shall, within 30 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 15.2.

15.2 Replacement of Trustee

The Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Corporation 90 days' notice in writing or such shorter notice as the Corporation may accept as sufficient. If at any time a material conflict of interest exists in the Trustee's role as a fiduciary hereunder the Trustee shall, within 30 days after ascertaining that such a material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in this Section 15.2. The validity and enforceability of this Indenture and of the Debentures issued hereunder shall not be affected in any manner whatsoever by reason only that such a material conflict of interest exists. In the event of the Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Trustee unless a new Trustee has already been appointed by the Debentureholders. Failing such appointment by the Corporation, the retiring Trustee or any Debentureholder may apply to a Judge of the Court of King's Bench of Alberta, on such notice as such Judge may direct at the Corporation's expense, for the appointment of a new Trustee but any new Trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Debentureholders and the appointment of such new Trustee shall be effective only upon such new Trustee becoming bound by this Indenture. Any new Trustee appointed under any provision of this Section 15.2 shall be a corporation authorized to carry on the business of a trust company in all of the Provinces of Canada. On any new appointment the new Trustee shall be

vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Trustee.

Any company into which the Trustee may be merged or, with or to which it may be consolidated, amalgamated or sold, or any company resulting from any merger, consolidation, sale or amalgamation to which the Trustee shall be a party, shall be the successor trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Trustee or of the Corporation, the Trustee ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by such Trustee to the successor Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Corporation be required by any new Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Trustee, be made, executed, acknowledged and delivered by the Corporation.

15.3 Duties of Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

15.4 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Trustee may, if acting in good faith, rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 15.5, if applicable, and with any other applicable requirements of this Indenture. The Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Trustee may rely on an opinion of Counsel satisfactory to the Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Corporation.

15.5 Evidence and Authority to Trustee, Opinions, etc.

The Corporation shall furnish to the Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Corporation or the Trustee under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the Authentication and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Trustee at the request of or on the application of the Corporation, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished to the Trustee in accordance with the terms of this Section 15.5, or (b) the Trustee, in the exercise of its rights and duties under this Indenture, gives the Corporation written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of:

- (a) a certificate made by any two officers or directors of the Corporation, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;
- (b) in the case of a condition precedent compliance with which is, by the terms of this Indenture, made subject to review or examination by a solicitor, an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and
- (c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the Auditors of the Corporation whom the Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.

Whenever such evidence relates to a matter other than the Authentication and delivery of Debentures and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a director, officer or employee of the Corporation it shall be in the form of a statutory declaration. Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section.

Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in the Indenture shall include (a) a statement by the person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein, and (d) a statement whether in the opinion of such person the conditions precedent in question have been complied with or satisfied.

The Corporation shall furnish or cause to be furnished to the Trustee at any time if the Trustee reasonably so requires, its certificate that the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such noncompliance. The Corporation shall, whenever the Trustee so requires, furnish the Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Trustee as to any action or step required or permitted to be taken by the Corporation or as a result of any obligation imposed by this Indenture.

15.6 Officers' Certificates Evidence

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Trustee, if acting in good faith, may rely upon an Officers' Certificate.

15.7 Experts, Advisers and Agents

The Trustee may:

- (a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuer, engineer, surveyor, appraiser or other expert, whether obtained by the Trustee or by the Corporation, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and
- (b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Trustee may, but need not be, solicitors for the Corporation.

15.8 Trustee May Deal in Debentures

Subject to Sections 15.1 and 15.3, the Trustee may, in its personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

15.9 Investment of Monies Held by Trustee

Unless otherwise provided in this Indenture, any monies held by the Trustee, which, under the trusts of this Indenture, may or ought to be invested or which may be on deposit with the Trustee or which may be in the hands of the Trustee, may be invested and reinvested in the name or under the control of the Trustee in securities in which, under the laws of the Province of Alberta, trustees are authorized to invest trust monies, provided that such securities are expressed to mature within two years or such shorter period selected to facilitate any payments expected to be made under this Indenture, after their purchase by the Trustee, and unless and until the Trustee shall have declared the principal of and interest on the Debentures to be due and payable, the Trustee shall so invest such monies at the Written Direction of the Corporation given in a reasonably timely manner. Pending the investment of any monies as hereinbefore provided, such monies may be deposited in the name of the Trustee in any chartered bank of Canada or, with the consent of the Corporation, in the deposit department of the Trustee or any other loan or trust company authorized to accept deposits under the laws of Canada or any Province thereof at the rate of interest, if any, then current on similar deposits.

Unless and until the Trustee shall have declared the principal of and interest on the Debentures to be due and payable, the Trustee shall pay over to the Corporation all interest received by the Trustee in respect of any investments or deposits made pursuant to the provisions of this Section.

15.10 Trustee Not Ordinarily Bound

Except as provided in Section 8.2 and as otherwise specifically provided herein, the Trustee shall not, subject to Section 15.3, be bound to give notice to any person of the execution hereof, nor to do, observe or perform or see to the observance or performance by the

Corporation of any of the obligations herein imposed upon the Corporation or of the covenants on the part of the Corporation herein contained, nor in any way to supervise or interfere with the conduct of the Corporation's business, unless the Trustee shall have been required to do so in writing by the holders of not less than 50% of the aggregate principal amount of the Debentures then outstanding and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

15.11 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

15.12 Trustee Not Bound to Act on Corporation's Request

Except as in this Indenture otherwise specifically provided, the Trustee shall not be bound to act in accordance with any direction or request of the Corporation until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be empowered to act upon any such copy purporting to be authenticated and believed by the Trustee to be genuine.

15.13 Conditions Precedent to Trustee's Obligations to Act Hereunder

The obligation of the Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Trustee and of the Debentureholders hereunder shall be conditional upon the Debentureholders furnishing when required by notice in writing by the Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Trustee to protect and hold harmless the Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.

The Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Trustee the Debentures held by them for which Debentures the Trustee shall issue receipts.

15.14 Authority to Carry on Business

The Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in each of the provinces of Canada but if, notwithstanding the provisions of this Section 15.14, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in any of the provinces of Canada, either become so authorized or resign in the manner and with the effect specified in Section 15.2.

15.15 Compensation and Indemnity

- (a) The Corporation shall pay to the Trustee from time to time compensation for its services hereunder as agreed separately by the Corporation and the Trustee, and shall pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Trustee under this Indenture shall be finally and fully performed. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.
- (b) The Corporation hereby indemnifies and saves harmless the Trustee and its directors, officers and employees from and against any and all loss, damages, charges, expenses, claims, demands, actions or liability whatsoever which may be brought against the Trustee or which it may suffer or incur as a result of or arising out of the performance of its duties and obligations hereunder save only in the event of the negligence, wilful misconduct or bad faith of the Trustee. This indemnity will survive the termination or discharge of this Indenture and the resignation or removal of the Trustee. The Trustee shall notify the Corporation promptly of any claim for which it may seek indemnity. The Corporation shall defend the claim and the Trustee shall co-operate in the defence. The Trustee may have separate Counsel and the Corporation shall pay the reasonable fees and expenses of such Counsel. The Corporation need not pay for any settlement made without its consent, which consent must not be unreasonably withheld. This indemnity shall survive the resignation or removal of the Trustee or the discharge of this Indenture.
- (c) The Corporation need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee through negligence or bad faith.

15.16 Acceptance of Trust

The Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

15.17 Third Party Interests

Each party to this Indenture (in this paragraph referred to as a "**representing party**") hereby represents to the Trustee that any account to be opened by, or interest to be held by, the Trustee in connection with this Indenture, for or to the credit of such representing party, either (a) is not intended to be used by or on behalf of any third party; or (b) is intended to be used by or on behalf of a third party, in which case such representing party hereby agrees to complete, execute and deliver forthwith to the Trustee a declaration, in the Trustee's prescribed form or in such other form as may be satisfactory to it, as to the particulars of such third party.

15.18 Anti-Money Laundering

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, acting reasonably, determines that such act might cause it to be in noncompliance with any applicable anti-money laundering,

anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Trustee, in its sole judgment, acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in noncompliance with any applicable anti-money laundering, antiterrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice sent to the Corporation provided that (a) the Trustee's written notice shall describe the circumstances of such non-compliance; and (b) if such circumstances are rectified to the Trustee's satisfaction within such 10-day period, then such resignation shall not be effective.

15.19 Privacy Laws

- (a) The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to certain obligations and activities under this Indenture. Notwithstanding any other provision of this Indenture, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Trustee agrees: (i) to have a designated chief privacy officer; (ii) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (iii) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and to comply with applicable laws and not to use it for any other purpose except with the consent of or direction from the Corporation or the individual involved or as permitted by Privacy Laws; (iv) not to sell or otherwise improperly disclose personal information to any third party; and (v) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.
- (b) Subject to compliance with Section 15.19(a), the Trustee may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides. Further, each party agrees that it shall not provide or cause to be provided to the Trustee any personal information relating to an individual who is not a party to this agreement unless that party has assured itself that such individual understands and has consented to the aforementioned terms, uses and disclosures.

15.20 Force Majeure

Except for the payment of obligations of the Corporation contained herein, neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of acts of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, economic sanctions, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 15.20.

ARTICLE 16 SUPPLEMENTAL INDENTURES

16.1 Supplemental Indentures

Subject to the approval of the TSXV (or such other exchange on which the Debentures are then listed), from time to time the Trustee and, when authorized by a resolution of the directors of Corporation, the Corporation, may, and they shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter shall form part hereof, for any one or more of the following purposes:

- (a) providing for the issuance of Additional Debentures under this Indenture;
- (b) adding to the covenants of the Corporation herein contained for the protection or benefit of the Debentureholders, or of the Debentures of any series, or providing for events of default, in addition to those herein specified;
- (c) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Debentureholders;
- (d) evidencing the succession, or successive successions, of others to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;
- (e) giving effect to any Extraordinary Resolution passed as provided in Article 13; and
- (f) for any other purpose not inconsistent with the terms of this Indenture.

Unless the supplemental indenture requires the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, by Extraordinary Resolution, the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, shall not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Corporation and the Trustee may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Debentures into the United States in order to ensure that such issuances can be made in accordance with applicable law in the United States without the consent or approval of the Debentureholders provided that, in the opinion of the Trustee (relying on an opinion of Counsel), the rights of the Debentureholders are in no way prejudiced thereby. The Trustee will have the right to request a legal opinion regarding matters of United States law on the issuance of Debentures into the United States prior to or concurrently with making such amendments. Further, the Corporation and the Trustee may without the consent or concurrence of the Debentureholders or the holders of a particular series of Debentures, as the case may be, by supplemental indenture or otherwise, make any changes or corrections in this Indenture which it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained herein or in any indenture supplemental hereto or any Written Direction of the Corporation provided for the issue of Debentures, providing that in the opinion of the Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders are in no way prejudiced thereby.

ARTICLE 17
EXECUTION AND FORMAL DATE

17.1 Execution

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.


17.2 Formal Date


For the purpose of convenience this Indenture may be referred to as bearing the formal date of June 12, 2023 irrespective of the actual date of execution hereof.

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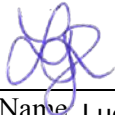
IN WITNESS whereof the parties hereto have executed these presents under their respective corporate seals and the hands of their proper officers in that behalf.

ROYAL HELIUM LTD.

Per: 
Name: Andrew Davidson
Title: President and Chief Executive Officer

Per: 
Name: Jeff Sheppard
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

Per: 
Name: Luci Scholes
Title: Corporate Trust Officer

Per: 
Name: Shannon Grover
Title: Manager Corporate Trust

SCHEDULE "A"
TO THE DEBENTURE INDENTURE BETWEEN
ROYAL HELIUM LTD.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
FORM OF DEBENTURE

CUSIP – 78029UAB2
ISIN – CA78029UAB22

No. [●]

\$[●]

ROYAL HELIUM LTD.

(a corporation continued under the laws of the Province of Saskatchewan)

12.0% SENIOR UNSECURED CONVERTIBLE DEBENTURES DUE JUNE 30, 2025

Royal Helium Ltd. (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the debenture indenture (the "**Indenture**") dated as of June 12, 2023 between the Corporation and Computershare Trust Company of Canada (the "**Trustee**"), promises to pay to the registered holder hereof on June 30, 2025 (the "**Maturity Date**"), or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of [●] Dollars (\$●) in lawful money of Canada on presentation and surrender of this Debenture at the main branch of the Trustee in Calgary, Alberta or in Toronto, Ontario in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date to which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 12.00% per annum (based on a year of 365 days), in like money, in arrears in (with the exception of the first interest payment which will include interest accrued from the date hereof) semi-annual installments (less any tax required by law to be deducted) on June 30 and December 31 in each year commencing on December 31, 2023 and the last payment (representing interest payable from the Interest Payment Date immediately prior to the Maturity Date to, but excluding, the Maturity Date) to fall due on the Maturity Date and, should the Corporation at any time make default in the payment of any principal, premium, if any, or interest, to pay interest on the amount in default at the same rate, in like money and on the same dates. For greater certainty, the first interest payment will include interest accrued from and including the date hereof to December 31, 2023, which will be equal to \$66.41 for each \$1,000 principal amount of Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day.

Upon and subject to the terms of the Indenture, the Corporation may elect, from time to time, to satisfy interest hereon by delivering: (a) cash; (b) Freely Tradeable Common Shares; or (c) a combination of (a) and (b), to the Trustee pursuant to the Common Share Interest Payment

Election and delivery of such cash or Freely Tradeable Common Shares, or any combination thereof less the amount of any tax required to be withheld, shall satisfy and discharge all liability for interest on this Debenture to the extent of the sum represented thereby plus any tax withheld as aforesaid.

This Debenture is one of the 12.0% Senior Unsecured Convertible Debentures due June 30, 2025 (referred to herein as the "**Debentures**") of the Corporation issued under the provisions of the Indenture. The Debentures authorized for issue immediately are limited to an aggregate principal amount of \$7,300,000 in lawful money of Canada. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are or are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, the Debentures of any denomination may be exchanged for an equal aggregate principal amount of the Debentures in any other authorized denomination or denominations.

Any part, being \$1,000 or an integral multiple thereof, of the principal of this Debenture, provided that the principal amount of this Debenture is in a denomination in excess of \$1,000, is convertible, at the option of the holder hereof, upon surrender of this Debenture at the principal office of the Trustee in Calgary, Alberta, at any time prior to the close of business on the last Business Day immediately preceding the Maturity Date or, if this Debenture is called for redemption on or prior to such date, then, to the extent so called for redemption, up to but not after the close of business on the last Business Day immediately preceding the date specified for redemption of this Debenture or, if called for repurchase pursuant to the 90% Redemption Right on the Business Day immediately prior to the payment date, or, if subject to compulsory acquisition as provided for in the Indenture, on the Business Day immediately prior to the day on which such acquisition becomes effective, into Common Shares (without adjustment for interest accrued hereon or for dividends or distributions on Common Shares issuable upon conversion) at a conversion price of \$0.37 (the "**Conversion Price**") per Common Share, being a ratio of 2,703 Common Shares for each \$1,000 principal amount of Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. No Debentures may be converted during the five Business Days preceding and including June 30 and December 31 in each year, commencing June 30, 2024, as the registers of the Trustee will be closed during such periods. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the market price of such fractional interest determined in accordance with the Indenture. Holders converting their Debentures will receive accrued and unpaid interest thereon. If a Debenture is surrendered for conversion on an Interest Payment Date or during the five preceding Business Days, the person or persons entitled to receive Common Shares in respect of the Debentures so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date.

This Debenture may be redeemed at the option of the Corporation on the terms and conditions set out in the Indenture at the Redemption Price therein and herein set out provided that this Debenture is not redeemable before June 30, 2024, except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On and after June 30, 2024 and at any time prior to June 30, 2025, the Debentures are redeemable at the option of the Corporation at a price equal to 106.0% of their principal amount plus accrued and unpaid interest and otherwise on the terms and conditions described in the Indenture. In connection with the redemption of the Debentures, the aggregate principal portion of the Redemption Price of the Debentures and any accrued and unpaid interest will be paid in cash.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make an offer to purchase all of the Debentures at a price equal to 101% of the principal amount of such

Debentures plus accrued and unpaid interest (if any) up to, but excluding, the date the Debentures are so repurchased (the "**Debenture Offer**"). If 90% or more of the principal amount of all Debentures outstanding on the date the Corporation provides notice of the Change of Control to the Trustee have been tendered for purchase pursuant to the Debenture Offer, the Corporation has the right to redeem all the remaining outstanding Debentures on the same date and at the same price.

In addition to the requirement for the Corporation to make a Debenture Offer in the event of a Change of Control, if any part of the consideration for the Common Shares in the transaction or transactions constituting the Change of Control consists of:

- (a) cash, other than cash payments for fractional Common Shares and cash payments made in respect of dissenter's appraisal rights;
- (b) equity securities that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or
- (c) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange,

then subject to regulatory approvals, during the period beginning 10 trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Debenture Offer is delivered, holders of Debentures will be entitled to convert their Debentures, subject to certain limitations, and receive, in addition to the number of Common Shares they would otherwise be entitled to receive, an additional number of Common Shares per \$1,000 principal amount of Debentures calculated in accordance with the terms of the Indenture.

If an Offer for all of the outstanding Debentures (other than the Offeror's Debentures) is made and 90% or more of the principal amount of all the Debentures (other than Debentures held at the date of the offer by or on behalf of the Offeror, associates or affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Debentures.

On redemption or maturity of the Debentures, the Corporation shall satisfy its obligation to pay the aggregate principal amount of the Debentures due on redemption or maturity in cash. The Corporation may elect to pay any accrued and unpaid interest by delivering: (a) cash; (b) Freely Tradeable Common Shares; or (c) a combination of (a) and (b) to the Trustee, as described above.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment in full of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder (or in certain circumstances specific series of Debentures) resolutions passed at meetings of such

holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Common Shares and officers, directors and employees of the Corporation in respect of any obligation or claim arising out of the Indenture or this Debenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in the City of Calgary or the City of Toronto and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee or other registrar, and upon compliance with such reasonable requirements as the Trustee and/or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

If any of the provisions of this Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern.

Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

The Indenture and this Debenture shall be governed by, and construed in accordance with, the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF ROYAL HELIUM LTD. has caused this Debenture to be signed by its authorized representatives as of the _____ day of _____, 2023.

ROYAL HELIUM LTD.

Per: _____
Name:
Title:

(FORM OF TRUSTEE'S CERTIFICATE)

This Debenture is one of the 12.0% Senior Unsecured Convertible Debentures due June 30, 2025 referred to in the Indenture within mentioned.

**COMPUTERSHARE TRUST COMPANY
OF CANADA**

Per: _____
(Authorized Officer)

(Form of Registration Panel)

(No writing hereon except by Trustee or other registrar)

Date of Registration	In Whose Name Registered	Signature of Trustee or Registrar

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Debenture (or \$ _____ principal amount hereof*) of ROYAL HELIUM LTD. standing in the name(s) of the undersigned in the register maintained by the Corporation with respect to such Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____

Social Insurance Number of Transferee, if applicable: _____

*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold an Debenture in a non-integral multiple of \$1,000 by reason of your having exercised your right to exchange upon the making of a Debenture Offer, in which case such Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
2. The registered holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

Authorized Officer

Signature of transferring registered holder

Name of Institution

EXHIBIT 1

ROYAL HELIUM LTD.

12.0% SENIOR UNSECURED CONVERTIBLE DEBENTURES DUE JUNE 30, 2025

Initial Principal Amount: \$[●]

CUSIP – 78029UAB2
ISIN – CA78029UAB22

Authorization:

ADJUSTMENTS

[illegible]

SCHEDULE "B"

**TO THE DEBENTURE INDENTURE BETWEEN
ROYAL HELIUM LTD.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA REDEMPTION NOTICE**

To: Holders of 12.0% Senior Unsecured Convertible Debentures due June 30, 2025 (the "**Debentures**") of Royal Helium Ltd. (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the debenture indenture (the "**Indenture**") dated as of June 12, 2023 between the Corporation and Computershare Trust Company of Canada (the "**Trustee**"), that the aggregate principal amount of \$[●] of the \$[●] of Debentures outstanding will be redeemed as of [●] (the "**Redemption Date**"), upon payment of a redemption amount of \$[●] for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$1,000; and (ii) all accrued and unpaid interest hereon to but excluding the Redemption Date (collectively, the "**Redemption Price**").

The Redemption Price will be payable in cash upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

Computershare Trust Company of Canada
Suite 800, 324 8th Avenue SW
Calgary, Alberta, T2P 2Z2

Facsimile No: 403-267-6598
Attention: Manager, Corporate Trust

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Redemption Price shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Price pursuant to the Indenture.

DATED:

ROYAL HELIUM LTD.

Per: _____
(Authorized Director or Officer)

SCHEDULE "C"

**TO THE DEBENTURE INDENTURE BETWEEN
ROYAL HELIUM LTD.
AND
COMPUTERSHARE TRUST COMPANY OF CANADA
CONVERSION NOTICE**

TO: Computershare Trust Company of Canada

AND TO: Royal Helium Ltd. (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 12.0% Senior Unsecured Convertible Debentures due June 30, 2025 irrevocably elects to convert such Debentures (or \$_____ principal amount thereof*) in accordance with the terms of the Indenture referred to in such Debentures and tenders herewith the Debentures, and, if applicable, directs that the Common Shares of Royal Helium Ltd. issuable upon a conversion be issued and delivered to the person indicated below. (If Common Shares are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

Dated: _____
(Signature of Registered Holder)

* If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be \$1,000 or integral multiples thereof).

Note: If Common Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

(Print name in which Common Shares are to be issued, delivered and registered)

Name: _____

(Address)

(City, Province and Postal Code)

Name of guarantor: _____

Authorized signature: _____

THIS IS **EXHIBIT “NN”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

Our File: 097394-0003/DVT:slh
Your File:

Legal Assistant: Shannon Headrick
Email: sheadrick@stringam.ca
Phone: (780) 513-6883
Fax: (780) 513-6884

Barristers & Solicitors
9805 106A Street
Grande Prairie, AB T8V 8E9
Office Phone: (780) 513-6883

January 3, 2025

Imperial Helium Corp.
c/o Bennett Jones
4500, 855 2nd Street SW
Calgary, AB T2P 4K7

Attention: Nancy Helm

- | | |
|-------------------------------------|---------------------|
| <input checked="" type="checkbox"/> | Registered Mail |
| <input type="checkbox"/> | Solicitor's Mail |
| <input type="checkbox"/> | Courier |
| <input type="checkbox"/> | Pick-up or Delivery |
| <input type="checkbox"/> | Fax: |
| <input type="checkbox"/> | Email: |

Dear Madam:

Re: Jag Energy Ltd. v. Royal Helium Corp and Imperial Helium Corp

Further to the above noted matter, enclosed for service are the following filed documents:

1. Statement of Claim; and
2. Amended Statement of Claim.

Yours truly,
STRINGAM LLP

Per:


DEREK VAN TASSELL, KC
Regional Managing Partner | LL.B
dvantassell@stringam.ca
DVT/slh
Enclosures

cc. client

COURT FILE NO.

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

GRANDE PRAIRIE

PLAINTIFF

JAG ENERGY LTD.

DEFENDANT

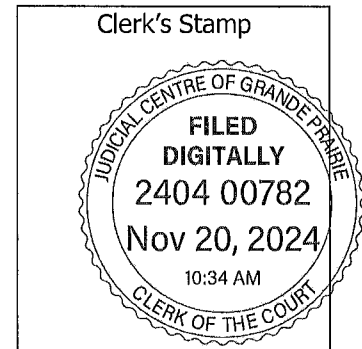
ROYAL HELIUM CORP AND IMPERIAL HELIUM
CORP

DOCUMENT

STATEMENT OF CLAIM

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

DEREK VAN TASSELL, K.C.
Stringam LLP
Barristers & Solicitors
9805 106A Street
Grande Prairie, AB T8V 8E9
Phone: (780) 513-6883 Fax: (780) 513-6884
File No: 097394-0003/DVT:slh



NOTICE TO THE DEFENDANT

You have been sued. You are a Defendant.

Go to the end of this document to see what you can do and when you must do it.

Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

1. The Plaintiff, Jag Energy Ltd (the "Plaintiff") is an Alberta Corporation carrying on business in or around the Town of Cochrane and elsewhere, in the Province of Alberta.
2. The Defendant, Imperial Helium Corp. and Royal Helium Corp. the ("Defendant") were separate companies. In July 2022, Royal Helium Ltd., acquired Imperial Helium Corp.
3. This acquisition expanded the Defendant's portfolio to include the Steveville project in Alberta, complementing their existing helium projects in Saskatchewan. Insofar as known to the Plaintiff, the Defendant's business involves exploring and developing helium resources to supply various industries that rely on this non-renewable resource.
4. In or around the month of May 2024, the Plaintiff and Defendant entered into a contract under which the Defendant purchased products and received services from the Plaintiff (the "Contract").
5. Between May 1, 2024 and September 30, 2024, the Plaintiff supplied and delivered services to the Defendant in accordance with the Contract (the "Work").
6. As of November 20, 2024, the Defendant owes the Plaintiff a total amount of \$601,350.95, pursuant to the Contract (the "Outstanding Account").

7. Despite demands being made, the Defendant failed or refused to pay the Outstanding Account, which amounts to a breach of contract and the Plaintiff has suffered corresponding damages and a loss.
8. The Plaintiff pleads and relies upon the provisions of the *Judgment Interest Act*, RSA 2000, c J-1, as amended.
9. The Plaintiff propose that the trial of this action be held at the Court House at the City of Grande Prairie, in the Province of Alberta.
10. The Plaintiff proposes that the trial of this action not expected to last in excess of 25 days and be held in the Court House, in the City of Grande Prairie, in the Province of Alberta.

Remedy sought:

11. Judgment against the Defendant in debt in the amount of \$601,350.95.
12. Interest pursuant to the *Judgment Interest Act*, RSA 2000 c J-1, as amended, from May 31, 2024 to the date of judgment;
13. Costs; and
14. Such further and other relief as this Honourable Court may deem just.

NOTICE TO THE DEFENDANT(S):

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta
1 month if you are served outside Alberta but in Canada
2 months if you are served outside Canada

You can respond by filing a Statement of Defence or a Demand for Notice in the Office of the Clerk of the Court of Queen's Bench at Grande Prairie, Alberta, AND serving your Statement of Defence or a Demand for Notice on the Plaintiff's address for service.

WARNING

If you do not file and serve a Statement of Defence or a Demand for Notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a Court may give a Judgment to the Plaintiff(s) against you.

COURT FILE NO.

COURT COURT OF KING'S BENCH OF ALBERTA

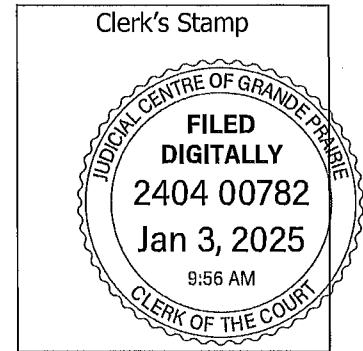
JUDICIAL CENTRE GRANDE PRAIRIE

PLAINTIFF JAG ENERGY LTD.

DEFENDANT ROYAL HELIUM LTD. AND IMPERIAL HELIUM
CORP

DOCUMENT **AMENDED STATEMENT OF CLAIM**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT
DEREK VAN TASSELL, K.C.
Stringam LLP
Barristers & Solicitors
9805 106A Street
Grande Prairie, AB T8V 8E9
Phone: (780) 513-6883 Fax: (780) 513-6884
File No: 097394-0003/DVT:slh



AMENDED *E. Wheaton*
on Jan 3, 2025
before the close of pleadings

NOTICE TO THE DEFENDANT

You have been sued. You are a Defendant.

Go to the end of this document to see what you can do and when you must do it.

Note: State below only facts and not evidence (Rule 13.6)

Statement of facts relied on:

1. The Plaintiff, Jag Energy Ltd (the "Plaintiff") is an Alberta Corporation carrying on business in or around the Town of Cochrane and elsewhere, in the Province of Alberta.
2. The Defendant, Imperial Helium Corp. and Royal Helium Ltd., the ("Defendant") were separate companies. In July 2022, Royal Helium Ltd., acquired Imperial Helium Corp.
3. This acquisition expanded the Defendant's portfolio to include the Steeveville project in Alberta, complementing their existing helium projects in Saskatchewan. Insofar as known to the Plaintiff, the Defendant's business involves exploring and developing helium resources to supply various industries that rely on this non-renewable resource.
4. In or around the month of May 2024, the Plaintiff and Defendant entered into a contract under which the Defendant purchased products and received services from the Plaintiff (the "Contract").
5. Between May 1, 2024 and September 30, 2024, the Plaintiff supplied and delivered services to the Defendant in accordance with the Contract (the "Work").
6. As of November 20, 2024, the Defendant owes the Plaintiff a total amount of \$601,350.95, pursuant to the Contract (the "Outstanding Account").

7. Despite demands being made, the Defendant failed or refused to pay the Outstanding Account, which amounts to a breach of contract and the Plaintiff has suffered corresponding damages and a loss.
8. The Plaintiff pleads and relies upon the provisions of the *Judgment Interest Act*, RSA 2000, c J-1, as amended.
9. The Plaintiff propose that the trial of this action be held at the Court House at the City of Grande Prairie, in the Province of Alberta.
10. The Plaintiff proposes that the trial of this action not expected to last in excess of 25 days and be held in the Court House, in the City of Grande Prairie, in the Province of Alberta.

Remedy sought:

11. Judgment against the Defendant in debt in the amount of \$601,350.95.
12. Interest pursuant to the *Judgment Interest Act*, RSA 2000 c J-1, as amended, from May 31, 2024 to the date of judgment;
13. Costs; and
14. Such further and other relief as this Honourable Court may deem just.

NOTICE TO THE DEFENDANT(S):

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta
1 month if you are served outside Alberta but in Canada
2 months if you are served outside Canada

You can respond by filing a Statement of Defence or a Demand for Notice in the Office of the Clerk of the Court of Queen's Bench at Grande Prairie, Alberta, AND serving your Statement of Defence or a Demand for Notice on the Plaintiff's address for service.

WARNING

If you do not file and serve a Statement of Defence or a Demand for Notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a Court may give a Judgment to the Plaintiff(s) against you.

THIS IS **EXHIBIT “OO”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER

FORM 3-9
(Rule 3-9)

COURT FILE NUMBER KBG-RG-02707-2024

COURT OF KING'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE REGINA

PLAINTIFF CANPAR HOLDINGS LTD.

DEFENDANT ROYAL HELIUM EXPLORATION LTD.

NOTICE TO DEFENDANT

1. The plaintiff may enter judgment in accordance with this Statement of Claim or the judgment that may be granted pursuant to *The King's Bench Rules* unless, in accordance with paragraph 2, you:
 - (a) serve a Statement of Defence on the plaintiff; and
 - (b) file a copy of it in the office of the local registrar of the Court for the judicial centre named above.
2. The Statement of Defence must be served and filed within the following period of days after you are served with the Statement of Claim (excluding the day of service):
 - (a) 20 days if you were served in Saskatchewan;
 - (b) 30 days if you were served elsewhere in Canada or in the United States of America;
 - (c) 40 days if you were served outside Canada and the United States of America.
3. In many cases a defendant may have the trial of the action held at a judicial centre other than the one at which the Statement of Claim is issued. Every defendant should consult a lawyer as to his or her rights.
4. This Statement of Claim is to be served within 6 months from the date on which it is issued.
5. This Statement of Claim is issued at the above-named judicial centre on the 22 day of November, 2024.

SEAL

R. HEISLER
DY. LOCAL REGISTRAR

(Deputy) Local Registrar

STATEMENT OF CLAIM

The Parties

1. The Plaintiff, Canpar Holdings Ltd. ("**Canpar**") is a body corporate incorporated pursuant to the laws of Alberta and carries on business in Alberta, Saskatchewan, and Manitoba.
2. At all material times, Canpar was the 100% beneficial owner of all mines and minerals, including, without limitation, all hydrogen sulphide, nitrogen, helium, hydrogen, and carbon dioxide, but excluding petroleum, natural gas, and associated hydrocarbons (the "**Balance of Minerals**") in the Leased Lands as hereinafter described.
3. The Defendant, Royal Helium Exploration Ltd. ("**Royal Helium**") is a body corporate incorporated pursuant to the laws of Saskatchewan with a registered office in Saskatoon, Saskatchewan. Royal Helium carries on business in Saskatchewan and Alberta with a primary focus on the development and production of helium.

The Mineral Leases

4. In or around November 30, 2021 (the "**Lease Date**"), Canpar entered into three mineral leases identified as lease numbers M042702, M042703, and M042704 (collectively, the "**Mineral Leases**") whereby Canpar leased to Royal Helium its undivided 100% mineral interest in lands in the Province of Saskatchewan, described, respectively, as follows:

Lease M042702

- (a) Township 3, Range 17, West of the Third Meridian: Section 8
- (b) Township 3, Range 17, West of the Third Meridian: South Half and North West Quarter, Section 26;
- (c) Township 4, Range 17, West of the Third Meridian: Section 8;
- (d) Township 4, Range 17, West of the Third Meridian: South Half and North West Quarter, Section 26;

Lease M042703

- (e) Township 3, Range 18, West of the Third Meridian: Section 8;
- (f) Township 3, Range 18, West of the Third Meridian: South Half and North West Quarter, Section 26;
- (g) Township 4, Range 18, West of the Third Meridian: South Half and North West Quarter: Section 8;

- (h) Township 4; Range 18; West of the Third Meridian: South Half and North West Quarter, Section 26;

Lease M042704

- (i) Township 3, Range 16, West of the Third Meridian: Section 8;
- (j) Township 3, Range 16, West of the Third Meridian: South Half and North West Quarter: Section 26;
- (k) Township 4, Range 16, West of the Third Meridian, Section 8;
- (l) Township 4, Range 16, West of the Third Meridian: South Half and North West Quarter, Section 26; and
- (m) Township 5, Range 16, West of the Third Meridian: Section 8

(collectively the "**Leased Lands**")

5. Pursuant to the Mineral Leases, Canpar provided a grant and lease of helium (the "**Leased Substances**") to Royal Helium for an initial term of three years (the "**Primary Term**") together with the exclusive right and privilege to explore and drill for, win, take, remove and dispose of the Leased Substances from certain specified geological formations located within the Leased Lands.
6. The Mineral Leases required, *inter alia*, Royal Helium to pay Canpar rental calculated at \$8.00/hectare per year in advance of the effective date of the Mineral Leases and in advance of the anniversary date of the Lease Date in each year or partial year for as long as the Mineral Leases continued.
7. Royal Helium was also required to pay Canpar royalties (the "**Royalty**") in cash for any of the Leased Substances that were produced, saved, marketed as calculated by the formulas set out in the Mineral Leases.
8. Further, Royal Helium agreed to pay Canpar interest at the prime commercial lending rate of interest charged by the Canadian Imperial Bank of Commerce at its main branch in Calgary, Alberta to its most credit worthy customers plus two percent (2%) per annum on all monies overdue under the terms of the Mineral Leases.

The Drilling Penalties

9. The Mineral Leases contained specific provisions governing the occurrence of "**Drilling Operations**," which were defined under the Mineral Leases to include, without limitation, spudding, drilling, testing for, and commencing helium production activities.
10. In particular, it was an express term and condition of the Mineral Leases that if Drilling Operations occurred on any of the Leased Lands within the Primary Term, the Primary Term

would be extended for an additional Three (3) years, but if Drilling Operations did not occur on the Leased Lands within the first year of the Primary Term, Royal Helium agreed to pay drilling penalties (the "**Drilling Penalties**") representing the typical lease bonus amounts that would have otherwise been charged upon issuance of the leases, broken down under each of the Mineral Leases as follows:

- (a) Lease M042702: \$63,643.79;
 - (b) Lease M042703: \$63,467.25
 - (c) Lease M042704: \$81,790.10
11. Following commencement of the Lease Date, no Drilling Operations occurred within the first year of the Primary Term of the Mineral Leases on any of the Leased Lands. As such, Royal Helium was required to pay Canpar the Drilling Penalties in the total amount of \$208,901.14 (the "**Outstanding Amount**").
12. Following Royal Helium's failure to pay the Outstanding Amount after the end of the first year of the Primary Term, Canpar made numerous attempts to have Royal Helium pay the Outstanding Amount. Despite these attempts the Outstanding Amount remains unpaid as of the date of this Claim.

Breach of Contract/Debt/Unjust Enrichment

13. In breach of its contractual obligations, Royal Helium has refused or neglected to pay the Outstanding Amount arising from the Drilling Penalties, despite numerous requests by Canpar that it do so. The breach has caused Canpar damages in an amount not less than the Outstanding Amount.
14. Further or in the alternative, Royal Helium is indebted to Canpar in an amount not less than the Outstanding Amount.
15. Further or in the further alternative, Royal Helium has refused or otherwise neglected to pay the Drilling Penalties and, accordingly, Royal Helium has been unjustly enriched and Canpar has been correspondingly deprived of payment of the Outstanding Amount, in circumstances where there is no juristic reason for the enrichment.
16. Additionally, in accordance with the terms of the Mineral Leases, Canpar seeks pre-judgment interest at the prime interest rate plus two percent (2%) per annum on the Outstanding Amount.
17. The plaintiff, Canpar Holdings Ltd. therefore claims as against the defendant, Royal Helium Ltd. the following:
- (a) Judgment in the amount of \$208, 901.14, or such other amount as may be proven at trial;

- (b) Interest on the above amount at the prime interest rate plus 2% per annum;
- (c) Alternatively, interest pursuant to *The Pre-judgment Interest Act*, SS 1984-85-86, c P-22.2;
- (d) the costs of this action on a substantial indemnity basis; and
- (e) such further and other relief as this Honourable Court may deem just.

DATED at Regina, Saskatchewan, this 20th day of November, 2024.

MLT Aikins LLP

Per: 
Milad Alishahi, Counsel for the Plaintiff,
Canpar Holdings Ltd.

CONTACT INFORMATION AND ADDRESS FOR SERVICE

Name of firm:	MLT Aikins LLP
Lawyer in charge of file:	Milad Alishahi
Address of firm:	1500 - 1874 Scarth Street, Regina, SK S4P 4E9
Telephone number:	(306) 347-8451
E-mail address (if any):	malishahi@mltaikins.com
File Number:	0004133-00018

THIS IS **EXHIBIT “PP”** REFERRED TO IN THE
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME REMOTELY BY DAVID YOUNG
STATED AS BEING LOCATED IN THE CITY OF NEW YORK IN THE STATE OF NEW YORK,
UNITED STATES OF AMERICA THIS 10TH DAY OF FEBRUARY, 2025

Gabrielle Schachter

A COMMISSIONER FOR TAKING AFFIDAVITS
GABRIELLE SCHACHTER



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.

Date: January 20, 2025, 14:05

E-File/Dépôt Electronique

Official Receiver

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

Canada