

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

BENCH BRIEF OF THE APPLICANTS

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TABLE OF CONTENTS

I. INTRODUCTION.....	3
II. FACTUAL BACKGROUND.....	4
A. Status of the CCAA Proceeding.....	4
III. ISSUES.....	6
IV. LAW & ARGUMENT	6
A. The Stay Period Should be Extended.....	6
B. The Proposal Trustee Should be Discharged.....	8
V. CONCLUSION	10
VI. TABLE OF AUTHORITIES.....	11

I. INTRODUCTION

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

(a) An Order (the “**Stay Extension Order**”) substantially in the form attached as **Schedule “A”**:

- i. extending the stay of proceedings up to and including May 17, 2025 (the “**Stay Period**”);
- ii. discharging Grant Thornton Limited (“**GTL**”) in its capacity as proposal trustee (the “**Proposal Trustee**”) with respect to 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**”) that have been taken up and continued under the CCAA.
- iii. approving the fees and disbursements of the Proposal Trustee and its counsel, Gowling WLG (Canada) (“**Gowling**”);
- iv. approving the activities of the Proposal Trustee as set out in the first report of the Proposal Trustee dated January 28, 2025; and
- v. such further and other relief as may be sought by the Applicants and granted by this Honourable Court.

II. FACTUAL BACKGROUND

2. The factual background for the motion is set out more fully in the Affidavit of David Young, Chief Executive Officer of each of the Applicants, sworn March 17, 2025 (the “**Third Young Affidavit**”). The Applicants rely on the facts as set out in the Third Young Affidavit for the purposes of this Bench Brief, in addition to the brief statement of facts provided below.

3. Capitalized terms not defined herein have the meanings given to them in the Third Young Affidavit.

A. Status of the CCAA Proceeding

4. On February 19, 2025, the Applicants sought and obtained an order (the “**Initial Order**”) that, among other things:¹

- (a) declared that each of the Applicants is a company to which the CCAA applies;
- (b) declared 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;
- (c) appointed Alvarez & Marsal Canada Inc. (“**A&M**”) as the monitor (the “**Monitor**”)

¹ Third Young Affidavit, at paras. 4-5.

of the Applicants in these proceedings;

- (d) declared 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
- (e) approved the Applicants’ ability to borrow under a debtor-in-possession credit facility (the “**New DIP Facility**”) up to a maximum amount of \$2.5 million, subject to the terms of the interim financing term sheet dated February 19, 2025 (the “**DIP Term Sheet**”) between the Applicants as borrowers and CWB and BDC (collectively, in such capacity, the “**DIP Lenders**”) in order to refinance the Original DIP Facility (as defined in the DIP Term Sheet);
- (f) continued and took 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:
 - i. 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
 - ii. second – a charge in favour of the DIP Lender up to the maximum principal amount of \$1,500,000 (“**DIP Lenders’ Charge**”);

- (g) authorized 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;

5. On February 19, 2025, the Court also granted an order (the “**SISP Approval Order**”) approving a sale and investment solicitation process (“**SISP**”) in the form attached as Schedule “A” to the SISP Approval Order, which SISP shall be conducted by the Monitor in consultation with the Applicants and in accordance with the terms of the SISP.²

6. Since the granting of the Initial Order and SISP Approval Order on February 19, 2025, the Applicants, in close consultation and with the assistance of the Monitor, have acted in good faith and with due diligence to implement the SISP, in consultation with the DIP 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.³

III. ISSUES

7. The issues to be determined by the Court are whether:

- (a) the Stay Period should be extended; and
- (b) the Proposal Trustee should be discharged.

IV. LAW & ARGUMENT

A. The Stay Period Should be Extended

² Third Young Affidavit, at para. 6.

³ Third Young Affidavit, at para. 17.

8. The Applicants, with the support of the Monitor, seek an extension of the Stay Period from April 2, 2025, to up to and including May 17, 2025.⁴

9. This Court has jurisdiction pursuant to section 11.02(2) of the CCAA to grant an extension of the stay of proceedings for any period of time that the Court considers necessary on any terms that it may impose.⁵ Section 11.02(3) of the CCAA provides that the Court shall not make an order extending the stay unless it is satisfied that:

(a) Circumstances exist that make the order appropriate; and

(b) The debtor company has acted and is acting in good faith and with due diligence.⁶

10. The Applicants have acted and continue to act in good faith and with due diligence, including by taking steps to advance the restructuring—particularly the SISP. Since the granting of the Initial Order and SISP Approval Order, the Applicants have taken the following steps to advance the restructuring including, but not limited to:⁷

(a) Working together with the Monitor to create a “teaser letter” as part of the marketing material to be sent to potential interested parties;

(b) The Working together with the Monitor to create a list of potential interested parties to be contacted regarding the SISP;

(c) Working together with the Monitor to draft a non-disclosure agreement (“**NDA**”) for interested parties to consider if interested in learning more about the SISP;

(d) The teaser letter, NDA, and SISP procedures document were posted to the

⁴ Third Young Affidavit, at para. 25.

⁵ CCAA, [s 11.02\(2\)](#).

⁶ CCAA, [s 11.02\(3\)](#).

⁷ Third Young Affidavit, at para. 18.

Monitor's website on February 24, 2025;

- (e) Working together with the Monitor to initiate communication with the potentially interested parties beginning on February 24, 2025; and
- (f) Working together with the Monitor to coordinate a notice of the SISP within an industry specific publication.

11. In addition to the above progress on the SISP, the Applicants have drawn funding from the New DIP Facility to fund the SISP and minimal operations (including payments to management and key consultants). The Original DIP Facility has also been repaid by funds from the New DIP Facility.⁸

12. The Applicants and the Monitor are also in the process of seeking clarification from the regulatory bodies, the Alberta Energy Regulator and Saskatchewan Ministry of Energy Regulation, on the annual payments coming due with regard to leases in the coming months that could impact cash flow.⁹

13. It is appropriate to extend the Stay Period in the circumstances to enable the Applicants to continue working with the Monitor to administer the SISP with the goal of completing a transaction thereunder that will maximize recovery for the Applicants' creditors and allow the Applicants' Business to emerge as a going concern.

B. The Proposal Trustee Should be Discharged

14. Pursuant to the Initial Order, the NOI Proceedings were taken up and continued under the CCAA and A&M was appointed as Monitor in the proceeding. The Initial Order further

⁸ Third Young Affidavit, at para. 19.

⁹ Third Young Affidavit, at para. 20.

provides that the provisions of Part III of the BIA shall have no further application to the Applicants and that the NOI Proceedings are terminated, save that any and all acts, steps, agreements and procedures validly taken, done or entered into by the Applicants during the NOI Proceedings remain valid, binding and actionable within these CCAA proceedings, including approval of the fees and disbursements and activities of GTL as the Proposal Trustee and the fees and disbursements of the Proposal Trustee's counsel in the NOI Proceedings.¹⁰

15. This Court has jurisdiction under section 41(2) of the BIA to “discharge a trustee with respect to any estate on full administration thereof or, for sufficient cause, before full administration.”¹¹

16. The Proposal Trustee has completed its duties in respect of the NOI Proceedings which have now been taken up by the Monitor in the CCAA proceedings, it has also provided a fee affidavit from its counsel (the “**Fee Affidavit**”) in support of Court approval of the fees and disbursements of GTL and Gowling.¹²

17. In light of the forgoing, the Applicants seek the approval of the fees and disbursements of the Proposal Trustee and its counsel, approval of the activities of the Proposal Trustee as set out in the first report of the Proposal Trustee dated January 28, 2025, and discharge of the Proposal Trustee.

¹⁰ Third Young Affidavit, at para. 26.

¹¹ BIA, [s. 41\(2\)](#).

¹² Third Young Affidavit, at para. 28.

V. CONCLUSION

18. The Applicants submit that they have met all of the qualifications required to obtain the requested relief and respectfully request that this Court grant the proposed form of Stay Extension Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 17TH DAY OF MARCH 2025



Reconstruct LLP
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VI. TABLE OF AUTHORITIES

STATUTES

1. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, sections 11.02(2), 11.02(3)
2. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, section 41(2)