

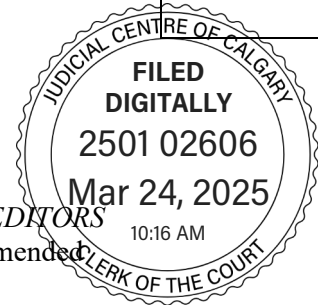
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COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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



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

DOCUMENT **FIRST REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

March 24, 2025

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

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INTRODUCTION

1. On January 17, 2025, Royal Helium Ltd. ("**RHL**"), Royal Helium Exploration Limited ("**RHEL**") and Imperial Helium Corp. ("**IHC**") (collectively, the "**Companies**", or "**Applicants**") each filed Notices of Intention to Make a Proposal (each, an "**NOI**") pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended ("**BIA**"). Doane Grant Thornton Limited ("**DGT**" or the "**Proposal Trustee**") consented to act as Trustee under the NOIs.
2. On February 19, 2025, the Companies were granted relief under *the Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"). In particular, the Order (the "**Initial Order**"), among other things:
 - a) directed that:
 - i. pursuant to section 11.6(a) of the CCAA, the proceedings commenced by the Applicants in connection with the filing of the NOIs (the "**NOI Proceedings**") were taken up and continued under the CCAA,
 - ii. Division I of Part III of the BIA had no further application to the Applicants;
 - iii. the NOI Proceedings were terminated; and
 - iv. the NOIs were withdrawn;
 - b) appointed Alvarez & Marsal Canada Inc. ("**A&M**") as the monitor (the "**Monitor**") of the Applicants in these proceedings (the "**CCAA Proceedings**");
 - c) declared that the relief granted by order of the Ontario Superior Court of Justice (Commercial List) dated January 29, 2025 (the "**Consolidation Order**") was taken up and continued pursuant to the Initial Order;

- d) 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 Canadian Western Bank and the Business Development Bank of Canada (collectively, and in such capacity, the "**DIP Lenders**") in order to refinance the Original DIP Facility (as defined in the DIP Term Sheet);
- e) 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 Applicants' assets and property 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, Burnet, Duckworth & Palmer LLP ("**BD&P**" or the "**Monitor's Counsel**") and the Applicants' legal counsel, Reconstruct LLP (the "**Companies' 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**"); and
- f) 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.

3. On February 19, 2025, the Court also granted an order (the "**SISP Approval Order**"), approving a sale and investment solicitation process (the "**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.
4. The Applicants are now applying to this Honourable Court (the "**Application**") seeking a stay extension order (the "**Stay Extension Order**") that, among other things:
 - a) extends the stay of proceedings from April 2, 2025 through to and including May 17, 2025 (the "**Stay Period**");
 - b) discharges DGT in its capacity as Proposal Trustee and approves its fees and disbursements, including those of the Proposal Trustee's legal counsel, Gowling WLG (Canada); and
 - c) approves the actions, activities and conduct of the Proposal Trustee as set out in the first report of the Proposal Trustee dated January 28, 2025.
5. All documents filed with respect to these CCAA Proceedings are posted on the Monitor's website at: www.alvarezandmarsal.com/royalhelium ("**Monitor's Website**").
6. Capitalized terms not defined in the Monitor's first report (this "**Report**") are as defined in the Initial Order, the SISP Approval Order, the Stay Extension Order, or the Affidavits of David Young sworn February 10, 2025, February 14, 2025 and March 17, 2025 (each a "**Young Affidavit**" and collectively, the "**Young Affidavits**").

PURPOSE

7. The purpose of this Report is for A&M, in its capacity as the Monitor of the Applicants, to provide the following information to this Honourable Court regarding:

- a) the initial activities of the Monitor since the granting of the Initial Order;
- b) the actual cash flow results of the Companies compared to its Consolidated Cash Flow Forecast (defined and discussed below);
- c) an update to this Honourable court with respect to the SISP;
- d) the Stay Extension; and
- e) the Monitor's overall recommendation in respect of the foregoing.

8. This Report should be read in conjunction with the March 17 Young Affidavit.

TERMS OF REFERENCE AND DISCLAIMER

9. In preparing this Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information and the books and records prepared by the Applicants and has held discussions with the Applicants' management and their respective counsel and directors (collectively, the "**Information**"). Except as otherwise described in this Report in respect of the Applicants' cash flow forecast:

- a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
- b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts

and projections, as outlined in the CPA Handbook, has not been performed.

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

BACKGROUND

Overview

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

15. At present, the Companies' operations have been halted and are not generating any production. There are two employees that remain, the CEO and the CFO (together as "**Management**"). The Companies also utilize contractors to preserve and protect the Steveville Facility.
16. Further information regarding the cause of the Applicants' insolvency and these CCAA Proceedings, including the Initial Order, the supporting affidavits, and the Pre-Filing Report of the Proposed Monitor are available on the Monitor's Website.

INITIAL ACTIVITIES OF THE MONITOR

17. The Monitor's activities to date have included, but are not limited to, the following:
 - a) conducting ongoing discussions with Management, and the Companies' Counsel regarding the Business and the Companies' financial affairs;
 - b) preparing and issuing requisite statutory notices under the CCAA and the Initial Order, which involved, among other things:
 - i. establishing the Monitor's Website and posting of the Initial Order and other filed materials thereon;
 - ii. coordinating the publishing of notices as prescribed under the CCAA in The Globe and Mail, which were published on February 27, 2025 March 6, 2025;
 - iii. preparing a list of creditors with claims over \$1,000 and posting same to the Monitor's Website;
 - iv. coordinating and distributing the requisite statutory notice to the Applicants' creditors known to the Monitor, which were mailed on February 24, 2025;

- v. filing the required statutory notices and forms with the Office of the Superintendent of Bankruptcy as required under section 23(1)(f) of the CCAA; and
- vi. establishing various reporting protocols with the Companies, including, but not limited to, reviewing the Companies' receipts and disbursements and the associated cash flow reporting;
- c) retaining BD&P as its independent counsel, and holding conversations with BD&P regarding various matters pertaining to these CCAA proceedings;
- d) reviewing and discussing the weekly payables with Management;
- e) reviewing the Companies' bank details and assisting the Companies with the compilation of their budget to actual reporting for purposes of communicating the same to the DIP Lenders;
- f) engaging in various forms of correspondence with interested parties within the SISP about the Companies business, the sales process and coordinating site tours as part of the interested parties' due diligence process;
- g) engaging in various communications with the DIP Lenders and their respective counsel on file matters, including the cash flow forecast and SISP matters; and
- h) reviewing, evaluating and discussing proposed changes to the template NDA (defined below) by certain interested parties within the SISP with BD&P and the Companies' Counsel;

ACTUAL CASH FLOW RESULTS COMPARED TO FORECAST

18. The Companies' actual cash receipts and disbursements as compared to the Consolidated Cash Flow Forecast presented in the Pre-Filing Report of the

Proposed Monitor during the period of February 1, 2025 to March 14, 2025 (the "Reporting Period") is summarized below.

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited			
Cash Flow Variance Analysis			
For the period from February 1, 2025 to March 14, 2025			
SCAD, thousands, unaudited			
	Forecast	Actual	Variance
Receipts			
Accounts Receivable	-	-	-
Sales	-	-	-
Retainer Receipt	50	-	(50)
Other Receipts	-	-	-
DIP Cash Advance	1,180	1,574	394
Total Receipts	1,230	1,574	344
Operating Disbursements			
Payroll and Contractors	121	119	2
Plant Security	15	-	15
Insurance	62	52	10
Rent, Office, IT, and Other Miscellaneous	30	1	29
Lease Payments	170	170	-
Contingency	25	-	25
Total Operating Disbursements	423	341	82
Net Cash Flow from Operations	807	1,233	426
Non-Operating Disbursements			
Professional Fees			
Companies Counsel's Fees	254	223	31
DIP Counsel Fees	143	83	60
Proposal Trustee Fees	33	33	-
Proposal Trustee Counsel Fees	35	35	-
Monitor's Fees	200	133	67
Monitor's Counsel's Fees	100	-	100
Company Counsel Retainer and Monitor Retainer	50	50	-
NOI DIP Repayment	-	644	(644)
Total Non-Operating Disbursements	814	1,201	(387)
Net Cash Flow	(7)	32	39
Opening Cash	196	196	-
Net Cash Flow	(7)	32	39
Ending Cash	188	228	39
Opening Interim Financing Balance	-	-	-
Advances	1,180	1,574	394
Repayments	-	-	-
NOI DIP Repayment	-	(644)	644
Closing Interim Financing Balance	1,180	930	1,038

19. Over the Reporting Period, the Companies experienced a positive cash flow variance of approximately \$39,000, primarily as a result of temporary timing differences, as well as some permanent variances, which are described below:

- a) a negative timing variance relating to the delayed collection of aggregate retainers related to the Proposal Trustee and the Companies' Counsel;

- b) a positive permanent variance related to higher than forecasted DIP draws being required during the Reporting Period than originally forecasted. The increased DIP draws primarily relate to the initial DIP draw of \$644,000 in relation to the NOI DIP Repayment required to pay down the Former DIP Facility provided by Energy & Specialty Gases, LLC, which is discussed in the Pre-Filing Report of the Proposed Monitor;
 - c) a positive timing variance related to the delayed payment of insurance costs during the Reporting Period, as well as rent, office, IT, and other miscellaneous, and contingency costs being lower than originally forecasted. Management has advised that costs related to rent, office, IT, and other miscellaneous, and contingency will likely be higher in the go forward period. Additional positive timing variances relate to the delayed payment of certain professional fees;
 - d) a positive permanent variance due to the Steeveville, Alberta security services not being implemented during the Reporting Period and payroll and contractor costs being marginally lower than originally projected.
20. Actual opening cash as at February 1, 2025 was approximately \$196,000 and closing cash at the end of the Reporting Period was \$228,000.
21. The Companies borrowed approximately \$1.6 million during the Reporting Period for purposes of funding operational and non-operational costs, \$644,000 of which was utilized to pay down the Former DIP Facility.

UPDATED CASH FLOW FORECAST

22. For purposes of paragraph 10(2)(a) of the CCAA, the Companies have prepared an updated weekly cash flow forecast (the "**Second Cash Flow Forecast**") for the 11-week period from March 15, 2025 to May 30, 2025 (the "**Forecast Period**"), using the probable and hypothetical assumptions set out in the notes to the Second Cash

Flow Forecast. A copy of the Second Cash Flow Forecast, together with a summary of assumptions are attached hereto as Appendix "A".

23. The Second Cash Flow Forecast assumes that all ongoing costs of the business continue throughout the Forecast Period.
24. The Second Cash Flow Forecast is summarized below:

Royal Helium Ltd., Imperial Helium Corp. and Royal Helium Exploration Limited (Collectively, the "Company") Management Prepared 11-Week Cash Flow Forecast For the period from March 15, 2025 to May 30, 2025 <i>\$CAD, thousands, unaudited</i>	
	11 Week Total
Receipts	
Accounts Receivable	-
Sales	-
Retainer Receipt	50
Other Receipts	53
DIP Cash Advance	1,170
Total Receipts	1,273
Operating Disbursements	
Payroll and Contractors	193
Plant Security	33
Insurance	34
Rent, Office, IT, and Other Miscellaneous	150
Lease Payments	-
Contingency	78
Total Operating Disbursements	488
Net Cash Flow from Operations	785
Non-Operating Disbursements	
<u>Professional Fees</u>	
<i>Companies Counsel's Fees</i>	166
<i>DIP Counsel Fees</i>	210
<i>Monitor's Fees</i>	308
<i>Monitor's Counsel's Fees</i>	198
Total Non-Operating Disbursements	883
Net Cash Flow	(98)
Opening Cash	228
Net Cash Flow	(98)
Ending Cash	130
Opening Interim Financing Balance	930
Advances	1,170
Repayments	-
Closing Interim Financing Balance	2,100

25. A summary of the Second Cash Flow Forecast and select assumptions include the following:
 - a) total projected cash receipts of approximately \$1.3 million, which is inclusive of DIP advances of approximately \$1.2 million;

- b) total forecast operating cash disbursements forecast of approximately \$488,000 relating primarily to payroll, insurance, and administrative costs; and
 - c) forecast non-operating cash disbursements of approximately \$883,000, primarily relating to the forecast payment of the fees incurred by Monitor, the Monitor's counsel, and the Applicant's counsel
- 26. Accordingly, there is negative net cash flow over the Forecast Period of approximately \$100,000, with the expectation that the Companies will draw on the New DIP Facility of approximately \$1.2 million, bringing the total borrowings under the New DIP Facility to \$2.1 million.
- 27. The Second Cash Flow Forecast is based on assumptions by Management regarding future events. Management advises that actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Second Cash Flow Forecast will be accurate nor any opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in the course of the preparation of this Report.
- 28. The Second Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

SISP UPDATE

- 29. Pursuant to the Initial Order, the Monitor, in consultation with the Companies, initiated a number of initial marketing activities. The Monitor prepared and disseminated notices of the SISP Process ("**SISP Notices**") in the Insolvency Insider, The Globe & Mail, BOE Report, Facility Calgary as well as an industry specific notice through AKap Energy and The Edelgas Group. In addition to the SISP Notices, the Monitor, in consultation with the Companies, prepared a teaser

package (the "**Teaser**") and a template non-disclosure agreement (the "**NDA**"), which are collectively attached as Appendix "**B**".

30. The Monitor, in consultation with the Companies, prepared an initial list of potential interested parties, including strategic parties and capital providers (collectively, the "**Interested Parties**"). Subsequently, on February 24, 2025 and pursuant to the SISP Approval Order, the Monitor communicated the Teaser and NDA to the Interested Parties.
31. A comprehensive package of marketing materials (including the development of all relevant financial, accounting, asset and facility listings, inventory schedules, liabilities, contractual agreements, valuation materials, and other materials (the "**SISP VDR Materials**") was assembled and made available in a virtual data room (the "**VDR**").
32. As of March 16, 2025, there have been sixteen fully executed NDAs and all sixteen parties have been provided access to the VDR. Further, the Monitor, in coordination with Management, continues to speak to, and contemplate the execution of, additional NDAs with parties who are interested in the Opportunity (as defined in the SISP).
33. The Phase 1 Bid Deadline, which contemplates non-binding LOIs from Interested Parties, is set for March 28, 2025 at 5:00pm mountain standard time.
34. The Monitor will report to this Honourable Court regarding the results of the SISP in a subsequent Report filed in connection with Applicants' next court hearing.

EXTENSION OF THE STAY OF PROCEEDINGS

35. Pursuant to the Initial Order, the Stay Period (as defined therein) will expire on April 2, 2025. The Applicants are seeking an extension of the Stay Period to May 17, 2025 (the "**Stay Extension**").
36. The Monitor supports the Stay Extension for the following reasons:

- a) during the proposed Stay Extension, the Applicants will have an opportunity to conclude the SISP and potentially close a transaction, subject to Court approval;
- b) it will afford the Applicants and the Monitor sufficient time to advance and possibly complete the administration of the CCAA Proceedings;
- c) the Applicants are forecasted to have sufficient liquidity to continue operating in the ordinary course of business during the proposed Stay Extension;
- d) no creditor of the Companies will be materially prejudiced by proposed Stay Extension; and
- e) in the Monitor's opinion, the Companies have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order.

DISCHARGE OF THE PROPOSAL TRUSTEE

37. The Companies' Counsel has advised the Monitor that the Proposal Trustee is seeking to be formally discharged by this Honourable Court and is seeking to have its activities and fees approved with respect to the NOI Proceedings leading up to the Initial Order. The Monitor takes no position with respect to this relief.

CONCLUSIONS AND RECOMMENDATIONS

38. Based on the current information that the Companies have made available to the Monitor, the Monitor respectfully recommends that this Honourable Court approve the Stay Extension Order substantially in the form appended to the Application.

All of which is respectfully submitted this 24th day of March, 2025.

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



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



Bryan Krol
Director

APPENDIX "A"

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited (Collectively, the "Company")
Management Prepared 11-Week Cash Flow Forecast
For the period from March 15, 2025 to May 30, 2025
unaudited, in CAD \$000's

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total Week 7 to Week 17
	Notes	Week 7 21-Mar-25	Week 8 28-Mar-25	Week 9 04-Apr-25	Week 10 11-Apr-25	Week 11 18-Apr-25	Week 12 25-Apr-25	Week 13 02-May-25	Week 14 09-May-25	Week 15 16-May-25	Week 16 23-May-25	Week 17 30-May-25	17
Receipts													
Accounts Receivable		-	-	-	-	-	-	-	-	-	-	-	-
Sales		-	-	-	-	-	-	-	-	-	-	-	-
Retainer Receipt	1	-	50	-	-	-	-	-	-	-	-	-	50
Other Receipts	2	-	-	-	53	-	-	-	-	-	-	-	53
DIP Cash Advances	3	-	250	-	220	-	200	-	300	-	200	-	1,170
Total Receipts		-	300	-	273	-	200	-	300	-	200	-	1,273
Operating Disbursements													
Payroll and Contractors	4	36	-	34	-	31	-	30	-	32	-	30	193
Plant Security	5	3	3	3	3	3	3	3	3	3	3	3	33
Insurance	6	10	4	-	-	10	-	-	-	10	-	-	34
Rent, Office, IT, and Other Miscellaneous	7	9	9	9	62	9	9	9	9	9	9	9	150
Lease Payments	8	-	-	-	-	-	-	-	-	-	-	-	-
Contingency	9	7	7	7	7	7	7	7	7	7	7	7	78
Total Operating Disbursements		65	23	53	72	60	19	49	19	61	19	49	488
Net Cash Flow from Operations		(65)	277	(53)	201	(60)	181	(49)	281	(61)	181	(49)	785
Non-Operating Disbursements													
<u>Professional Fees</u>													
Companies Counsel's Fees	10	-	57	-	26	-	26	-	29	-	29	-	166
DIP Counsel Fees		-	23	38	-	38	-	38	-	38	-	38	210
Proposal Trustee Fees		-	-	-	-	-	-	-	-	-	-	-	-
Proposal Trustee Counsel Fees		-	-	-	-	-	-	-	-	-	-	-	-
Monitor's Fees		-	-	92	-	42	-	42	-	92	-	42	308
Monitor's Counsel's Fees		-	75	45	-	20	-	20	-	20	-	20	198
Company Counsel Retainer and Monitor Retainer		-	-	-	-	-	-	-	-	-	-	-	-
NOI DIP Repayment	11	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Disbursements		-	155	174	26	99	26	99	29	149	29	99	883
Net Cash Flow		(65)	123	(227)	176	(159)	156	(148)	252	(210)	152	(148)	(98)
Opening Cash		228	163	285	58	234	75	230	83	335	125	277	228
Net Cash Flow		(65)	123	(227)	176	(159)	156	(148)	252	(210)	152	(148)	(98)
Ending Cash		163	285	58	234	75	230	83	335	125	277	130	130
DIP Facility Reconciliation													
DIP Facility Maximum		1,570	1,570	1,320	1,320	1,100	1,100	900	900	600	600	400	400
DIP Draws		-	250	-	220	-	200	-	300	-	200	-	2,744
NOI DIP Repayment		-	-	-	-	-	-	-	-	-	-	-	(644)
DIP Facility Availability		1,570	1,320	1,320	1,100	1,100	900	900	600	600	400	400	400
Cumulative DIP Draw (Principal)													
Cumulative DIP Draw (Principal)		1,574	1,824	1,824	2,044	2,044	2,244	2,244	2,544	2,544	2,744	2,744	2,544
Cumulative Commit Fee (1.5%)		38	38	38	38	38	38	38	38	38	38	38	38
Cumulative Interest (10%)		4	4	13	13	13	13	25	25	25	25	25	25
Total Facility Balance for Purposes of Interest Calc.		1,615	1,865	1,874	2,094	2,094	2,294	2,306	2,606	2,606	2,806	2,806	2,606
Total Interest (10%)		-	9	-	-	-	12	-	-	-	-	20	25

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

David Young
David Young
Director

Orest Konowalchuk
Orest Konowalchuk, LIT
Senior Vice President

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited
(collectively, the "Companies")
Notes to Management Prepared 11 Week Cash Flow Forecast
For the period from March 15, 2025 to May 30, 2025

Disclaimer

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

Note 1 Retainer Receipt

Aggregate retainers related to Proposal Trustee and Company Counsel.

Note 2 Other Receipts

Other receipts related to collected insurance claim proceeds with respect to the stolen property.

Note 3 DIP Cash Advance

DIP financing to maintain the current state of operations with a DIP facility maximum of \$2,500,000.

Note 4 Payroll and Contractors

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

Note 5 Plant Security

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

Note 6 Insurance

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

Note 7 Rent, Office, IT, and Other Miscellaneous

Forecast weekly utilities and IT costs, as well as other miscellaneous office expenses. Week 10 increase is attributed to approximately \$53,000 related to engineering analysis costs funded by the insurance claim proceeds which is detailed in Note 2.

Note 8 Lease Payments

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

Note 9 Contingency

A weekly contingency of \$5,000 has been included to account for possible unforeseen expenditures, plus any timing variance adjustments.

Note 10 Professional Fees

Expected professional fees to be paid to the Company's legal advisors, DIP Counsel, as well as the CCAA Monitor, and Monitor's Counsel.

Note 11 NOI DIP Repayment

NOI DIP Repayment relates to initial draw on DIP Lender Facility to pay down Former DIP Facility provided by Energy & Specialty Gases, LLC.

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

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



David Young
Director



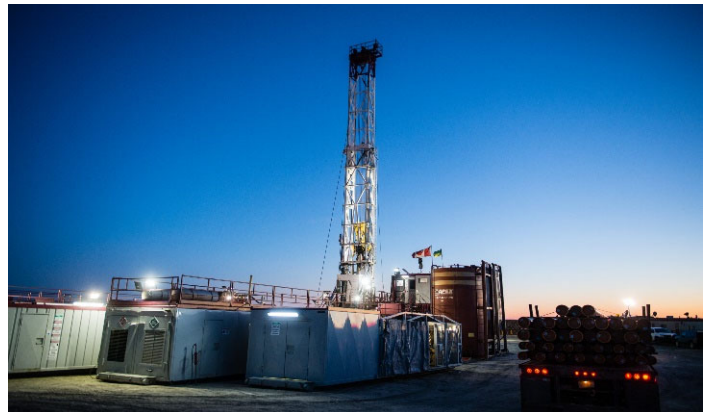
Orest Konowalchuk, LIT
Senior Vice President

APPENDIX "B"

Alvarez & Marsal Canada Inc., acting in its capacity as the Court-appointed monitor (“A&M” or the “Monitor”), has commenced a Court-ordered sale and investment solicitation process (the “SISP”) in connection with Royal Helium’s restructuring proceedings which were commenced on February 19, 2025, when each of Royal Helium Ltd. (“RHL”), Imperial Helium Corp. (“IHC”), and Royal Helium Exploration Limited (“RHEL”) (collectively known as the “Company”, “Companies”, or “Royal Helium”) were granted an initial order by the Court of King’s Bench of Alberta (the “Court”), under the Companies’ Creditors Arrangement Act RSC 1985, c. C-36 as amended (the “CCAA”).

Overview

- Royal Helium is an exploration, production, and infrastructure company with a primary focus on the development and production of helium. The Company controls multiple prospective helium permits and leases across southern Saskatchewan and southeastern Alberta with approximately 564,000 acres of prospective helium permits and leases.
- In addition to several prospective helium permits, the Company owns a commercial state-of-the-art helium production facility in Steeveville, Alberta (“**Steeveville Facility**”), which was commissioned in 2023, however it is not currently operational. Further detail can be found on page 2.
- The SISP is intended to solicit interest in and opportunities for a sale of all or part of the Company’s property and business (the “**Opportunity**”). The Opportunity may include one or more of a sale of all, substantially all or one or more components of the Company’s property and business operations as a going concern or otherwise and/or the restructuring, recapitalization or refinancing of the Business.
- Any sale of any of the property and/or the business will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Company, the Company’s lenders or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Company in and to the Property or the Business to be, acquired will be sold free and clear of, *inter alia*, all pledges, liens, security interests encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders and definitive documents.
- On February 19, 2025 the Court approved the SISP to solicit interest in, and opportunities for a sale or an investment in all or part of Royal Helium’s assets and business operations which are detailed on Page 2.
- **Interested parties must submit a formal non-binding bid by 5:00 PM Mountain Time on March 28, 2025.**
- Further details regarding the SISP procedures can be found on our website at: <https://www.alvarezandmarsal.com/RoyalHelium>.



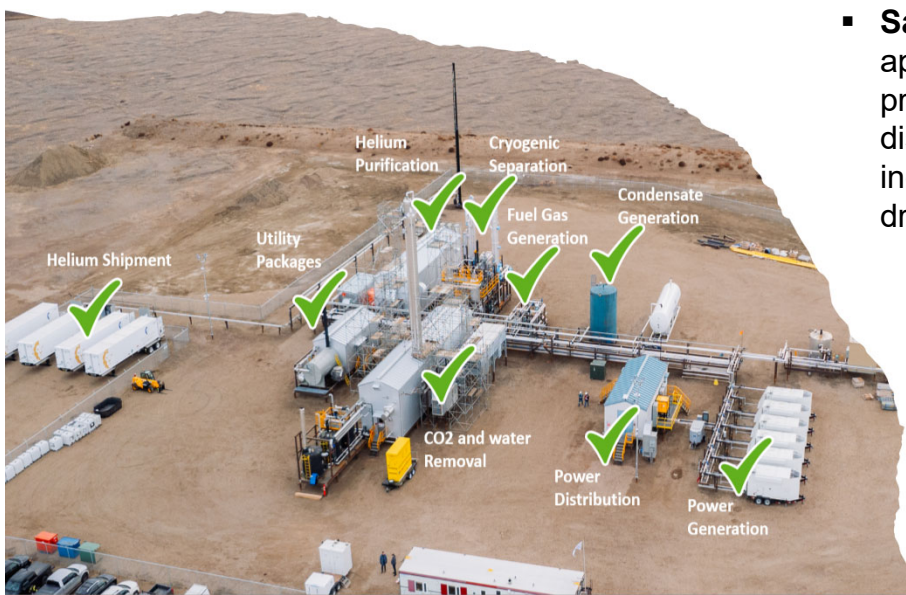
Asset Overview

Steveville Facility Helium Purification Asset Description

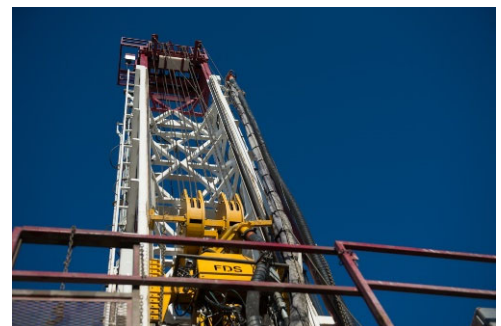
- The Royal Helium Steveville Facility is comprised of a cryogenic helium purification facility capable of monetizing helium, condensate CO₂, while utilizing its limited methane stream to provide plant power (once-recommissioned and brought to appropriate capacity levels). However, further capital investment and time would be required to enable CO₂ monetization.
- The current best estimate capacity utilization is the facility processes 15,000,000 ft³ of raw gas per day, with helium concentration of 0.4%-0.5%.
- At capacity, the Steveville Facility would be expected to be able to produce 7-8 trailers or upwards of 2,000 MCF of helium per month (notwithstanding natural expected reservoir decline limitations to well-head supply).
- A highly modular design allows the Steveville Facility to be relocated to subsequent fields (relocations costs could be significant, but subject to new reservoir and prevailing pricing environment still highly economic).
- The Steveville Facility has a proven functionality which is demonstrated by helium that has been purified and delivered to current offtake contract (18 highly purified trailers have been delivered to offtake client).

Other Assets

- **40-Mile:** Royal Helium acquired 40-Mile in June 2023 with the asset holding significant potential for high flow rate helium enriched gas in the Cambrian and Devonian horizons in at least two structures identified in the acquired and reprocessed 2D seismic. The project area presents something unique to other areas that Royal Helium has reviewed, with the presence of existing historic test data demonstrating high flow rate inert gas and initial analysis indicating highly economic helium concentrations. Upon completion of a seismic program in 2022, it was evident that the area could potentially become a high priority area, as all of the geological features required of a successful helium production reservoir have been confirmed.



- **Saskatchewan:** The Company owns approximately 539,000 acres of helium prospective lands in Saskatchewan over 15 distinct project areas. To date areas drilled include Climax (4 wells), Val Marie (1 well drilled) and Ogema (2 wells drilled).



SISP

- Royal Helium commenced CCAA proceedings on February 19, 2025 with the Court granting an order authorizing the Monitor and the Company to undertake the SISP. The SISP has been designed to solicit interest in a sale of, or investment in, all of Royal Helium's assets and business operations.
- In accordance with the SISP, a non-binding offer (a "**Non-Binding Offer**") from potential bidders must be submitted by no later than **March 28, 2025** (the "**Phase I Bid Deadline**"). A non-binding Offer shall be submitted in the form of a letter of intent disclosing all material terms and accompanied the source of financing or funding for the proposed transaction. The Monitor, in its reasonable judgment, and in consultation with the Company and the Lenders will determine which bids are deemed to be Qualified Bidders ("**Qualified Bidders**").
- Following the Phase I Bid Deadline, any Qualified Bidders that wish to make a formal binding offer for a sale proposal, partial sale proposal or investment proposal must submit a binding offer (a "**Binding Offer**"): i) in the case of a sale proposal or a partial sale proposal, in the form of a purchase agreement, or (ii) in the case of a financing proposal, in the form of a financing agreement, both in form and substance satisfactory to the Monitor, in consultation with the Company and the Lenders, in each case, to the Monitor with copy to the Company, no later than 5:00 p.m. (Mountain Time) on **April 18, 2025** (the "**Binding Offer Deadline**").
- Following the Binding Offer Deadline the Monitor, together with Company and the Lenders, will assess the Binding Offers and select the successful bid. In the event that multiple competitive Binding Offers are received, an auction will be held on April 23, 2025, to select a successful bidder.

Date	Event
February 19, 2025	Filing date
February 20, 2025	Commencement of SISP
5:00 PM (MST) on March 28, 2025	Phase I Bid Deadline (non-binding LOI)
5:00 PM (MST) on April 18, 2025	Phase II Binding Offer Deadline
By no later than April 23, 2025	Auction, if needed
By no later than April 23, 2025	Selection of Successful Bid
May 2, 2025 or soon as possible thereafter	Approval Motion
By no later than May 9, 2025	Closing of Successful Bid

Next Steps

Interested parties who wish to pursue a transaction and receive additional diligence materials will be required to sign a Non-Disclosure Agreement, which can be obtained by contacting A&M by email as noted below. CCAA documents can be accessed on the Monitor's website at: www.alvarezandmarsal.com/RoyalHelium.

Orest Konowalchuk Managing Director okonowalchuk@alvarezandmarsal.com	Bryan Krol Director bkrol@alvarezandmarsal.com	Quinn Park Associate qpark@alvarezandmarsal.com
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CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

THIS AGREEMENT made effective as of the _____ day of _____, 2025
(the "**Effective Date**")

AMONG:

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

- and -

**Alvarez & Marsal Canada Inc. in its capacity as the court appointed Monitor of Helium
and not in its personal or corporate capacity**
(**"A&M"** or the "**Discloser**")

- and -

[_____
(the "**Recipient**")]

RECITALS:

- A. On February 19, 2025, the Companies obtained an Initial Order pursuant to the provisions of the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"), in Alberta Court Action No. 2501-02606 (the "**CCAA Proceedings**"). A&M is the court appointed Monitor of Helium in the CCAA Proceedings. The Recipient, is desirous of obtaining the Confidential Information (as defined below) for the purposes of understanding the terms of a transaction ("**Transaction**") that may involve a Person acquiring all, substantially all or a portion of the Property (a "**Sale Proposal**"), or restructuring, recapitalization or refinancing the Business or the Companies (an "**Investment Proposal**") or some combination thereof (each a "**Hybrid Proposal**");
- B. The Discloser is willing to make certain Confidential Information (as defined below) available to the Recipient for the sole purpose of permitting the Recipient to consider, evaluate, understand, negotiate and consummate any such Transaction (the "**Permitted Purpose**") all subject to the terms and conditions of this Agreement (as defined below);

- C. As a pre-condition to the Discloser, its representatives or agents providing information concerning Helium, its business, its property and the assets for the purposes of examining a Transaction (the "**Opportunity**") to the Recipient, the Discloser requires, and the Recipient has agreed, to execute and deliver to the Monitor, with a copy to Helium, a confidentiality agreement in form and substance satisfactory to the Monitor.

NOW THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Discloser and the Recipient (collectively, the "**Parties**") agree as follows:

1. Definitions and Interpretation

1.1 **Definitions:** In this Agreement, except as otherwise expressly provided:

- (a) "**Affiliate**" has the meaning attributed to it in the *Business Corporations Act* (Alberta);
- (b) "**Agreement**" means this Confidentiality and Non-Disclosure Agreement and the expressions "herein", "hereby", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any particular article, section or other subdivision of it;
- (c) "**Business**" means the Companies' business operations;
- (d) "**CCAA**" has the meaning set out in Recital A;
- (e) "**CCAA Proceedings**" has the meaning set out in Recital A;
- (f) "**Closing**" has the meaning set out in section 4.1(b);
- (g) "**Confidential Information**" means
 - (i) all data, documents and information, in whatever form communicated or maintained, whether orally, in writing, electronically, in computer readable form or otherwise, that the Discloser or the Companies or any of their respective Representatives (in each case on behalf of the Discloser) and/or the Companies or any of the Companies' Representatives discloses or has disclosed to, or that is gathered by inspection by, the Recipient or any of

the Recipient's Representatives, whether provided before or after the date of this Agreement, including, information that contains or otherwise reflects information concerning the Companies, the Opportunity, the business or affairs, operations, prospects, activities, and intellectual property rights of the Companies and specifically includes, without limitation, all data, records, reports, studies, projections, knowledge, patents, theories, information (financial, corporate, business or otherwise), intellectual property, designs, drawings, plans, opportunities, prototypes, specifications, manuals, photographs, software, hardware, equipment, printouts, reports, market research, business plans, customer lists, supply sources, trade secrets, information relating to existing and potential financiers and investors, trade lists, processes, techniques, ideas, improvements, innovations, know-how, research and development, calculations, opinions, and documents, and any information provided to the Discloser or any of their Representatives by third parties under circumstances in which the Discloser or any of their respective Representatives has an obligation to protect the confidentiality of such information, including all information received by the Discloser and/or the Discloser's Representatives in connection with the Companies, the Opportunity, or its business and disclosed and communicated to, or gathered by, the Recipient or any of the Recipient's Representatives;

- (ii) all plans, proposals, reports, analyses, notes, studies, forecasts, compilations or other information, in any form, that are based on, contain or reflect any Confidential Information regardless of the identity of the Person preparing same ("**Notes**");
- (iii) the existence and terms of this Agreement and any other agreements related to a possible Transaction;
- (iv) the fact that information has been disclosed or made available to the Recipient or the Recipient's Representatives; and
- (v) the fact that discussions or negotiations are or may be taking place with respect to a possible Transaction, the proposed terms of any such

Transaction and the status of any discussions or negotiations under this Agreement or in connection with any possible Transaction;

"Confidential Information" does not include any information that:

- (vi) is available to the Recipient or the Recipient's Representatives on a non-confidential basis from a source other than the Discloser or any of the Discloser's Representatives, provided that such source is not known by the Recipient, after reasonable investigation, to be bound by a contractual, legal or fiduciary obligation of confidentiality to the Discloser or any other person with respect to such information; or
- (vii) is at the time of disclosure known to the Recipient or thereafter becomes generally available to the public, other than as a result of a disclosure by the Recipient or any of the Recipient's Representatives in breach of this Agreement.

The foregoing exclusions do not apply to Confidential Information that is personal information;

- (h) **"Definitive Agreement"** means a binding definitive written agreement to consummate a Transaction;
- (i) **"Effective Date"** means the date of this Agreement as set forth at the top of the first page of this Agreement;
- (j) **"Hybrid Proposal"** has the meaning set out in Recital A;
- (k) **"Investment Proposal"** has the meaning set out in Recital A;
- (l) **"Notes"** has the meaning set out in the definition of Confidential Information in section 1.1(g)(ii);
- (m) **"Opportunity"** has the meaning set out in Recital C;
- (n) **"Parties"** has the meaning set out in the preamble;
- (o) **"Permitted Purpose"** has the meaning set out in Recital B;

- (p) **"Person"** means a natural person or artificial body; sole proprietorship; syndicate; estate; an individual in his capacity as trustee, executor, administrator or other legal or personal representative; firm; trust; pension plan; partnership (whether general or limited); joint venture; association; corporation; unincorporated organization; union; governmental body; or other entity and a successor to any such Person;
- (q) **"Personal Information"** has the meaning set out in section 4.1;
- (r) **"Property"** means the assets of the Companies and the components thereof;
- (s) **"Representatives"** means, in respect of any Person, such Person, such Person's Affiliates, its and their respective directors, officers, employees, agents, advisors (including, without limitation, financial advisors and legal counsel), prospective banks or other institutional lenders, and the directors, officers and employees of any such agents, advisors and lenders, in each case who reasonably needs to receive Confidential Information in order evaluate or discuss a possible Transaction; and
- (t) **"Sale Proposal"** has the meaning set out in Recital A;
- (u) **"Transaction"** has the meaning set out in Recital A.

1.2 **Interpretation:** In this Agreement, except as otherwise expressly provided:

- (a) all words and personal pronouns will be read and construed as the number and gender of the party or parties require and the verb will be read and construed as agreeing with the required word and pronoun;
- (b) any reference in this Agreement to the Discloser or the Recipient will include and will be deemed to be a reference to such party's successors, affiliates and permitted assigns; and
- (c) the division of this Agreement into articles and sections and the use of headings is for convenience of reference only and will not modify or affect the interpretation or construction of this Agreement or any of its provisions.

- 1.3 Any article, section or other subdivision or any other provision of this Agreement which is, is deemed to be, or becomes void, illegal, invalid or unenforceable will be severable from this Agreement and ineffective to the extent of such voidability, illegality, invalidity or unenforceability and will not invalidate, affect or impair the remaining provisions of this Agreement which will be severable from any void, illegal, invalid or unenforceable article, section or other subdivision or provision.
- 1.4 This Agreement and its application and interpretation will be governed by and construed in accordance with the laws in force in the Province of Alberta, and each of the Parties irrevocably submits to the jurisdiction of the courts of the Province of Alberta in the Judicial District of Calgary for the interpretation and enforcement of this Agreement.

2. Confidentiality and Non-Disclosure

- 2.1 The Discloser may provide Confidential Information, or a portion thereof, to the Recipient pursuant to and in accordance with the terms of this Agreement, at its sole and unfettered discretion.
- 2.2 As a condition to receiving the Confidential Information, the Recipient agrees to treat confidentially, and not to disclose, and to cause the Recipient's Representatives to treat confidentially and not disclose (except as permitted herein), any Confidential Information.
- 2.3 The Recipient hereby recognizes and acknowledges the competitive value and confidential nature of the Confidential Information and the damage that would result to the Companies, if any of the Confidential Information is disclosed to any third party. Accordingly, the Recipient hereby agrees that the Confidential Information will be used solely for the Permitted Purpose and not any other purpose. Specifically, without limiting the generality of the foregoing, the Recipient shall not trade or advise others in trading in the securities of the Companies while in possession of undisclosed material information regarding the business or affairs of the Companies, or disseminate such undisclosed material information to others in connection with trading in the securities of the Companies or for any other purpose.
- 2.4 The Recipient may disclose Confidential Information only to the limited group of the Recipient's Representatives, who are actually engaged in and need to know the Confidential Information for the Permitted Purpose, who have been informed of the

confidential nature of the Confidential Information, and who agree to keep such information confidential and not use such Confidential Information for any purpose other than the Permitted Purpose. The Recipient shall ensure that each of the Recipient's Representatives will observe all terms and conditions of this Agreement. The Recipient further agrees that it shall be responsible for any breach of this Agreement by any of the Recipient's Representatives, and that the Recipient shall take all reasonable measures, including, without limitation, court proceedings, at the Recipient's sole expense, to restrain the Recipient's Representatives from making unauthorized disclosure or use of the Confidential Information.

- 2.5 Except for such disclosure as is necessary not to be in violation of any applicable law or regulation, rule or order or pursuant to any requirement, request or process of any legal or regulatory, governmental authority (in which case the disclosure must be made in accordance with Section 5.1), the Recipient shall not, and shall not permit any of its Representatives to, without the prior written consent of the Discloser, disclose to any Person: (a) the fact that the Confidential Information has been made available to it or any of its Representatives or that it or any of its Representatives has received or inspected any portion of the Confidential Information, (b) the existence or contents of this Agreement, (c) the fact that investigations, discussions or negotiations are taking or have taken place concerning a possible Transaction, including the status thereof or (d) any terms, conditions or other matters relating to the a possible Transaction.
- 2.6 The Recipient will maintain and, upon request by the Discloser, promptly provide the Discloser a list containing the full name, title, location and function of each of its Representatives having access to the Confidential Information. The Confidential Information shall remain at all times the property of the Companies. No rights to use, license, or otherwise exploit the Confidential Information are granted to the Recipient, by implication or otherwise, by virtue of Confidential Information being made available to the Recipient or any of the Recipient's Representatives.

- 2.7 To the extent that any Confidential Information includes materials subject to solicitor-client privilege or litigation privilege, none of the Discloser, the Companies or any of their Representatives or Affiliates are waiving, and shall not be deemed to have waived or diminished, their solicitor- client privilege, litigation privilege or similar protections and privileges as a result of disclosing any Confidential Information to the Recipient or any of its Representatives.

3. Enforcement

- 3.1 The Recipient acknowledges and agrees that the Discloser and the Companies would not have an adequate remedy at law and would be irreparably damaged by any unauthorized disclosure or use of any Confidential Information or in the event that any of the provisions of this Agreement were not performed by the Recipient and the Recipient's Representatives in accordance with their specific terms or were otherwise breached by the Recipient or any of the Recipient's Representatives.
- 3.2 Without prejudice to the rights and remedies otherwise available to the Discloser and Companies, the Recipient agrees that monetary damages would not be a sufficient remedy for any breach of this Agreement by the Recipient and that the Discloser and the Companies shall be entitled, without the requirement of posting a bond or other security, to equitable relief, including an injunction or specific performance, in the event of any breach or threatened breach of the provisions of this Agreement by the Recipient or the Recipient's Representatives. Such remedies shall not be deemed to be exclusive remedies but shall be in addition to all other remedies available at law or equity to the Discloser and the Companies. In the event of litigation relating to this Agreement, if a court of competent jurisdiction determines that the Recipient or any of the Recipient's Representatives have breached this Agreement, then the Recipient shall be liable and pay to the Discloser and the Companies the reasonable costs and expenses (including attorney's fees on a full indemnity solicitor and his own client, full indemnity basis) incurred by the Discloser and the Companies in connection with such litigation, including any appeal therefrom. The Recipient shall indemnify and hold harmless the Discloser and the Companies and the Discloser's and Companies' directors, officers, employees, consultants, representatives, advisors and agents from all damages and losses of any nature whatsoever (including consequential damages) arising out of a breach by the

Recipient or any of the Recipient's Representatives of any of the terms and conditions of this Agreement.

- 3.3 For greater certainty, the Companies may enforce the terms of this Agreement notwithstanding that the Companies may not disclose any Confidential Information directly to the Recipient.

4. **Personal Information**

- 4.1 The Recipient agrees that the Discloser shall not disclose to the Recipient or any of the Recipient's Representatives information about identifiable individuals forming part of the Confidential Information ("**Personal Information**") unless required by the Recipient, acting reasonably, for the purpose of evaluating the Transaction. If Personal Information is provided to the Recipient, then:

- (a) the Recipient shall comply with the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, and any similar provincial legislation governing the protection of personal information in the private sector applicable to the Recipient including in the course of collecting, using and disclosing Personal Information;
- (b) prior to the closing of any Transaction (the "**Closing**"), the Recipient shall: (i) collect and use Personal Information only for the purpose of evaluating the Transaction; (ii) only disclose Personal Information to those of the Recipient's Representatives who need to know such Personal Information for the purpose of evaluating the Transaction; and (iii) use appropriate security measures to safeguard all Personal Information against unauthorized collection, access, use or disclosure using no less than the degree of care and control that the Recipient uses to protect its own confidential information of similar importance; and
- (c) if a Transaction proceeds, following the Closing, the Recipient shall, and shall cause its Representatives to, use or disclose Personal Information obtained as a result of the Transaction only for purposes of carrying on the business conducted by the Companies or the carrying out of the objects for which the Transaction took place or otherwise for purposes for which such Personal Information was collected by the Companies, unless the consent for other use or disclosure has been

obtained from the individuals to whom such Personal Information relates has been obtained as permitted or required by law.

5. Disclosure

5.1 In the event the Recipient or any of the Recipient's Representatives become legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigation, demand, order or other legal process) to disclose any of the contents of the Confidential Information, or either the fact that discussions or negotiations are taking place concerning a possible Transaction, or any of the terms, conditions or other facts with respect to any such possible Transaction, including the status thereof, the Discloser agrees that the Recipient and the Recipient's Representatives may do so without liability, provided the Recipient:

- (a) provides the Discloser prompt written notice of such requirement;
- (b) cooperates with the Discloser and the Companies and does not oppose the Discloser and/or the Companies in any attempts they may make to obtain a protective order or other appropriate assurance that the Confidential Information will be afforded confidential treatment; and
- (c) if no protective order is obtained and disclosure is required:
 - (i) furnish only that portion of the Confidential Information that, in the Recipient's counsel's opinion, the Recipient is legally compelled to disclose and use its best efforts to preserve the privileged nature or confidentiality of the Confidential Information; and
 - (ii) take all reasonable measures to obtain reliable assurance that confidential treatment will be accorded the Confidential Information.

6. General

6.1 **Survival.** This Agreement will continue for a period of two (2) years, unless otherwise agreed in writing by the Discloser. Notwithstanding the forgoing, or the destruction of the Confidential Information as contemplated herein, the Recipient agrees that its covenants in Articles 2, 3, 4, and 6 hereof shall survive the termination of this Agreement.

- 6.2 **Termination by Discloser.** The Discloser may elect at any time to terminate further access by the Recipient to the Confidential Information. If at any time the Recipient determines not to proceed with the possible Transaction, the Recipient will promptly notify the Discloser in writing. Following any request by the Discloser or any of its Representatives, the Recipient agrees (i) to promptly re-deliver to the Discloser all written Confidential Information and any other written material containing or reflecting any of the Confidential Information in the possession of the Recipient or the Recipient's Representatives, (ii) the Recipient and the Recipient's Representatives will promptly delete any digital copies created to carry out the Permitted Purpose and not retain any copies, extracts or other reproductions in whole or in part, mechanical or electronic, of such written material, and (iii) all Notes prepared by the Recipient or the Recipient's Representatives will be destroyed, with all such destruction being confirmed by the Recipient to the Discloser in writing.
- 6.3 **Destruction upon Notice.** At any time upon the Discloser's or the Companies' written request, the Recipient shall promptly, and in any event no later than three (3) days after the request, return or destroy all Confidential Information (including all copies, extracts or other reproductions) to the Discloser and, if destroyed, certify in writing to the Discloser and the Companies within such time frame that such Confidential Information (including any Confidential Information held electronically) has been destroyed. Notwithstanding the return or destruction of Confidential Information, the Recipient and its Representatives shall continue to be bound by their obligations of confidentiality and other obligations hereunder.
- 6.4 **No Copies.** Except to the extent necessary to carry out the Permitted Purpose, none of the Recipient or its Representatives are allowed to make copies of Confidential Information without the prior written approval of the Discloser (excepting that copies made by virtue of electronic communications or storage or printed copies for review by a permitted individual shall not be a breach of this prohibition).
- 6.5 **Electronic Records.** Notwithstanding section 6.4 or anything to the contrary in this Agreement, the Recipient and its Representatives are not required to destroy any computer files containing the Confidential Information that are created during automatic computer system backup, provided that such files are stored securely by the Recipient and its Representatives, cannot be destroyed without undue efforts, and access to such

files are limited. With respect to such backup computer files, the non- use and confidentiality obligations set forth in this Agreement shall apply in perpetuity and survive expiration or termination of this Agreement.

- 6.6 **Indemnification.** If the Recipient or any of the Recipient's Representatives are provided with physical access to any of the Companies' properties or facilities, the Recipient agrees that neither the Recipient nor any of the Recipient's Representatives shall have, and shall not make, any claims whatsoever against the Discloser or the Companies, or any of their Representatives as a result of such access including, without limitation, any and all claims and causes of action for personal injury, death or property damage occurring as a result of the Recipient or any of the Recipient's Representatives' access to such properties or facilities and the Recipient agrees to indemnify, defend and hold harmless the Discloser and the Companies, or any of their Representatives from and against any and all liabilities, claims and causes of action for personal injury, death or property damage occurring on or to such property or facility as a result of entry onto the premises by the Recipient or any of the Recipient's Representatives. The Recipient shall, and shall cause the Recipient's Representatives to, comply fully with all rules, regulations and instructions issued by the Discloser and the Companies regarding the Recipient's or its Representatives' access to such properties or facilities.

Furthermore, without limitation and in addition to any other rights of the Discloser and the Companies against the Recipient and any of its Representatives arising by reason of any breach hereof, the Recipient shall:

- (a) be liable to the Discloser and the Companies for all losses, costs, damages, interest and expenses whatsoever, including legal (to be determined costs on a full indemnity, solicitor and his own client basis), accounting, and other professional costs, expenses, fees and disbursements, which the Discloser and the Companies may suffer, sustain, pay or incur; and
- (b) indemnify and hold the Discloser and the Companies harmless against all actions, proceedings, claims, demands, losses, costs, interest, damages and expenses whatsoever, which may be brought against or suffered by the Discloser and the Companies or which it may sustain, pay or incur, which are judicially established to result or arise, directly or indirectly, from disclosure of all or any part of the

Confidential Information contrary to the provisions hereof or any other breach of this Agreement by the Recipient or any of its Representatives.

6.7 **No Representation or Warranty by Discloser or the Companies.** The Recipient understands and acknowledges that neither the Discloser, the Companies nor any of their Representatives makes any representation or warranty, express or implied, as to the accuracy, fitness for any purpose or completeness of the Confidential Information and the Recipient will not be entitled to rely on the accuracy, fitness for any purpose or completeness of the Confidential Information. The Recipient agrees that neither the Discloser, the Companies nor any of their Representatives shall have any liability to the Recipient or any of the Recipient's Representatives relating to or resulting from use of the Confidential Information by the Recipient or the Recipient's Representatives, including any errors or omissions therefrom. The Recipient further understands and agrees that:

- (a) the Discloser reserves the right and shall be free:
 - (i) to conduct the process for reviewing a Transaction as it in its sole discretion shall determine;
 - (ii) at its sole discretion to at any time to terminate discussions or negotiations; and
 - (iii) at its sole discretion to at any time to accept or reject any proposal relating to the Opportunity for any reason without notice to the Recipient or any other Person; and
- (b) the Recipient shall have no claim against the Discloser, the Companies or any of their Representatives in connection with any of the foregoing.

6.8 **Recipient's Representations and Warranties.** The Recipient hereby represents and warrants that:

- (a) it is not bound by the terms of any agreement with a third party that would conflict with any of the Recipient's obligations under this Agreement;

- (b) in accepting and reviewing the Confidential Information, the Recipient represents and warrants that it is acting solely for itself. Further, the Recipient represents and warrants that neither the Recipient nor any of the Recipient's Representatives have discussed or shared, and the Recipient hereby covenants that unless it has first received the written consent of the Discloser neither the Recipient nor any of the Recipient's Representatives will discuss or share, with any third party any aspect of the Confidential Information, except in accordance with section 2.4 or section 5.1 of this Agreement;
- (c) the Recipient acknowledges that the effect of this covenant is that without the full disclosure to and the written consent of the Discloser, neither the Recipient nor any of the Recipient's Representatives can act as agent, partner, joint-bidder, co-participant or co-venturer with or for any third party or third parties with respect to a proposed Transaction; and
- (d) in order to obtain the consent of the Discloser, which the Discloser is entitled to withhold in its sole discretion, the Recipient shall notify the Discloser of the identity of each Person for whom or with whom the Recipient or any of the Recipient's Representatives had considered pursuing a possible Transaction and the nature and interest the Recipient or any of the Recipient's Representatives and each such Person would have in respect of such possible Transaction;
- (e) without the prior written consent of the Discloser, neither the Recipient nor any of its Representatives (acting on behalf of the Recipient) will enter into any discussions, negotiations, agreements, arrangements or understandings (whether written or oral) with any other Person regarding the a possible Transaction, other than the Discloser and its Representatives, and the Recipient's Representatives (to the extent permitted hereunder);
- (f) neither it, nor any of its Affiliates or other Representatives is party to any agreement, arrangement or understanding (whether written or oral) that would restrict the ability of any other Person to provide financing (debt, equity or otherwise) to any other Person for a possible Transaction or any similar transaction, and the Recipient hereby agrees that neither it nor any of its Affiliates

or other Representatives will directly or indirectly restrict the ability of any other Person to provide any such financing;

- (g) notwithstanding anything to the contrary contained herein, without the prior written consent of the Discloser, the Recipient agrees that, neither the Recipient nor any of its Affiliates or other Representatives will disclose any Confidential Information to any actual or potential sources of financing (debt, equity or otherwise) other than *bona fide* third party lenders or financiers who are or may be engaged to provide debt financing to the Recipient.

6.9 Communication. The Recipient and its Representatives agrees that all (i) contacts and communications regarding the Confidential Information or a possible Transaction, (ii) requests for additional information or Confidential Information, (iii) requests for facility tours or management meetings with Helium, and (iv) discussions or questions regarding procedures, will be submitted or directed only to the Discloser. The Recipient further agrees that under no circumstances will the Recipient or the Recipient's Representatives contact (directly or indirectly) any director, officer, shareholder, employee or other representative of the Companies or any of their Affiliates regarding a possible Transaction or the Confidential Information without the prior written consent of the Discloser. The Recipient further agrees that under no circumstances will the Recipient or the Recipient's Representatives discuss or otherwise communicate any aspect of the Confidential Information or a possible Transaction to any member of the management of the Companies without the express written permission of the Discloser. Without the Discloser's prior written consent, the Recipient shall not, and shall direct the Recipient's Representatives not to, make any contact of any nature (directly or indirectly) regarding a possible Transaction (including inquiries or requests concerning Confidential Information) with any Person involved in or having had a business relationship with the Companies, including but not limited to any employee, dealer, supplier, customer, creditor, bank or other lender of or to the Companies.

6.10 Restrictions Reasonable. The Recipient agrees that the restrictions contained in this Agreement are reasonable in order to protect the legitimate interests of the Discloser and the Companies and all defences to the strict enforcement of the restrictions by the Discloser are hereby waived by the Recipient.

- 6.11 **No Waiver.** No waiver of any particular requirement hereunder shall be construed as a general waiver of this Agreement, and any failure by or delay by the Discloser in enforcing its rights against any particular breach of this Agreement shall not limit or affect its rights to enforce its rights against any other breach hereof.
- 6.12 **Assignment.** This Agreement may not be assigned by the Recipient without the prior written consent of A&M.
- 6.13 **Enurement.** This Agreement shall enure to the benefit of the Discloser and the Companies and their successors and assigns and shall be binding upon the Recipient and its successors and permitted assigns.
- 6.14 **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties hereto and supersedes all prior contracts, agreements and understandings pertaining to the subject matter of this Agreement. No amendment, modification or alteration of this Agreement shall be binding unless executed in writing by the Parties hereto. There are no representations, warranties, collateral agreements or conditions affecting this transaction other than as are expressed or referred to herein in writing.
- 6.15 **Rights and Remedies.** Nothing contained in this Agreement shall in any way limit the rights or remedies available to the Discloser or the Companies at law, in equity or under statute arising in any way in connection with the disclosure of the Confidential Information in the event of a breach or a threatened breach of this Agreement.
- 6.16 **Joint & Several.** If the Recipient consists of more than one Person, the covenants of the Recipient will be joint and several covenants of each such Person.
- 6.17 **Severability.** If any provision of this Agreement, or the application thereof to any Person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provision as applied to other Persons, places or circumstances shall remain in full force and effect.
- 6.18 **No Recourse.** Any recourse the Recipient has against A&M for a breach of this Agreement shall be against A&M solely in its capacity as Monitor in the CCAA Proceedings, and not against A&M in its personal or corporate capacity.

6.19 **Execution.** This Agreement may be executed and delivered by facsimile or other electronic means of transmission and the Parties hereto may rely upon such copies of the Agreement so delivered as though such copies are originals of this Agreement. This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered will be deemed to be an original, and all such counterparts together will constitute one and the same instrument and, notwithstanding the date of execution, will be deemed to be dated as of the date written at the beginning of this Agreement.

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Signature pages follow.

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the Effective Date.

**ALVAREZ & MARSAL CANADA INC. IN ITS
CAPACITY AS THE COURT APPOINTED
MONITOR OF ROYAL HELIUM LTD., IMPERIAL
HELIUM CORP., AND ROYAL HELIUM
EXPLORATION LIMITED AND NOT IN ITS
PERSONAL OR CORPORATE CAPACITY**

Per: _____
Orest Konowalchuk
Senior Vice-President

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

Per: _____
David Young
Chief Executive Officer

[RECIPIENT]

Witness

Per: _____
Name: _____
Title: _____

Name: _____