

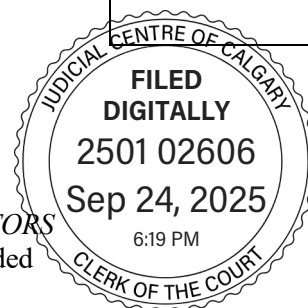
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COURT COURT OF KING'S BENCH OF ALBERTA

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 **SIXTH REPORT OF THE MONITOR  
ALVAREZ & MARSAL CANADA INC.**

**September 24, 2025**

ADDRESS FOR  
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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 the "**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 (the "**BIA**"). Grant Thornton Ltd. ("**DGT**" or the "**Proposal Trustee**") consented to act as the Proposal Trustee under the NOIs.
2. As at February 19, 2025, the Companies' secured lenders, National Bank of Canada as the successor to Canadian Western Bank ("**NBC**") and Business Development Bank of Canada ("**BDC**" and together with NBC, collectively, the "**Secured Lenders**"), were owed approximately \$17.4 million.
3. 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 the NOIs were withdrawn;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 the Secured Lenders as lenders (the Secured Lenders 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, including confirming that (i) the Amended Administration Charge (as defined below) secured the fees and disbursements of the Monitor and its legal counsel, and (ii) such charges attached to all of the Applicants' assets and property and continued 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 (the "**Monitor's Counsel**") and the Applicants' legal counsel, Reconstruct LLP 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 Lenders up to the maximum principal amount of \$2,500,000; 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.
- 4. 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 was directed to be conducted by the Monitor in consultation with the Applicants and in accordance with the terms of the SISP.
- 5. On March 28, 2025, the Court granted a stay extension order (the "**First Stay Extension Order**") which, among other things, extended the stay of proceedings up to and including May 17, 2025, discharged DGT as Proposal Trustee and approved the First Report of the Proposal Trustee and the fees of the Proposal Trustee and its counsel, Gowling WLG.
- 6. On May 8, 2025, the Court granted a stay extension order (the "**Second Stay Extension Order**") that, among other things, extended the stay of proceedings from May 17, 2025, up to and including June 27, 2025.
- 7. On June 10, 2025, the Court granted an order enhancing the powers of the Monitor over the Companies, granting the Monitor powers that would normally be carried out by a director or officer of the Companies, or a receiver appointed over the Companies (the "**EMP Order**"). The EMP Order also included an extension to the stay of proceedings to August 1, 2025, approved the actions, activities and conduct of the Monitor as reflected within the Monitor's Prefiling Report, First Report, Second Report and Third Report and approved the fees of the Monitor and its counsel to date.

8. On July 31, 2025, the Court granted a further stay extension order (the "**Third Stay Extension Order**") that, among other things, extended the stay of proceedings in respect of the Companies from August 1, 2025, up to and including September 12, 2025.
9. On September 11, 2025 the Court granted a further stay extension order (the "**Fourth Stay Extension Order**") and together with the First Stay Extension Order, the Second Stay Extension Order, and the Third Stay Extension Order, the "**Stay Extension Orders**") that, among other things, extended the stay of proceedings in respect of the Companies from September 12, 2025, up to and including October 17, 2025 (the "**Stay Period**").
10. The Monitor is now seeking the following orders from this Honourable Court:
  - a) an order (the "**Ancillary Relief Order**") among other things:
    - i. approving of the actions, activities, and conduct of the Monitor as outlined in the Monitor's Fourth Report, Fifth Report and the Sixth Report;
    - ii. approving the professional fees and costs of the Monitor and the Monitor's Counsel, including the Forecast Fees and Costs (defined below), as set out in this Report;
    - iii. temporarily sealing the Confidential Appendices, to this Report (the "**Confidential Appendices**") on the Court Record (the "**Sealing Relief**");
  - b) a reverse vesting order (the "**ARVO**") approving an Amalgamation Agreement (the "**Amalgamation Agreement**") between the Companies, Keranic Industrial Gas Inc. ("**Keranic**"), 102218166 Saskatchewan Ltd. ("**ResidualCo**") and 102218200 Saskatchewan Inc. ("**Subco**") as well as the transactions contemplated therein (the "**Transactions**"), including the following;

- i. upon filing of the Monitor's Certificate in respect of the Transactions;
    - (A) discharging the Companies from these CCAA Proceedings;
    - (B) adding ResidualCo as an applicant in these CCAA Proceedings; and
    - (C) authorizing the Monitor to assign ResidualCo into bankruptcy;
  - ii. releasing each of the current directors, officers, employees, contractors, executive team, agents, representatives, and all of their respective advisors, including financial advisors and legal counsel to the Companies and Keranic; specifically including: (a) David Young and Jeff Sheppard in their capacities as directors and officers of the Companies (b) the Monitor and its legal counsel; and (c) Andrew Davidson in his capacity as a director of ResidualCo (collectively, the "**Released Parties**").
- c) an order (the "**Distribution, Discharge and Termination Order**"):
  - i. authorizing the termination of these CCAA Proceedings, effective upon the Monitor filing an executed certificate (the "**Termination Certificate**" and the time of service thereof being the "**CCAA Termination Time**") in substantially the form attached to the Distribution, Discharge and Termination Order;
  - ii. discharging the Monitor from its capacity as the Court-appointed Monitor of ResidualCo, from and after the CCAA Termination Time;



- iii. extending the Stay Period up to and including the earlier of: (i) the CCAA Termination Time; or (ii) such other date as this Court may order;
  - iv. approving the Distributions (defined below) to the DIP Lenders and Secured Lenders; and
  - v. approving the Holdback (as defined below);
11. All documents filed with respect to these CCAA Proceedings are posted on the Monitor's website at: [www.alvarezandmarsal.com/royalhelium](http://www.alvarezandmarsal.com/royalhelium) (the "**Monitor's Website**").
  12. Capitalized terms not defined in this Sixth Report are as defined in the Initial Order, the SISP Approval Order, the EMP Order, the Stay Extension Orders, or the Affidavits of David Young sworn February 10, 2025, February 14, 2025, March 17, 2025 and April 28, 2025 (each a "**Young Affidavit**" and collectively, the "**Young Affidavits**") as well as the Monitor's five previously filed Reports.

## PURPOSE

13. The purpose of this Report is for A&M, in its capacity as the Monitor of the Applicants, to provide information to this Honourable Court regarding:
  - a) the activities of the Monitor since the Fifth Report;
  - b) the actual cash flow results of the Companies compared to their Consolidated Cash Flow Forecast (defined and discussed below);
  - c) an updated cash flow forecast to the end of the Stay Period;
  - d) a summary of the SISP and an overview of the Amalgamation Agreement;
  - e) the request for a Restricted Court Access Order for the Confidential Appendices;

- f) the Monitor's request for the releases in favour of the Released Parties;
- g) the Monitor's authority to bankrupt ResidualCo as contemplated in the ARVO;
- h) the Monitor's request to provide interim distributions to the DIP Lenders and Secured Lenders;
- i) the request to approve the professional fees and costs of the Monitor and the Monitor's Counsel since the Third Report and approval of the Monitor's actions, activities and conduct as outlined in the Monitor's Fourth Report, Fifth Report and this Sixth Report;
- j) the request to terminate the CCAA and discharge the Monitor; and
- k) the Monitor's overall recommendation in respect of the foregoing.

#### **TERMS OF REFERENCE AND DISCLAIMER**

14. 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 Companies and has held discussions with the Companies' management and their respective counsel and directors (collectively, the "**Information**"). Except as otherwise described in this Report in respect of the Companies' 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.
15. Future oriented financial information referred to in this Report was prepared based on the Companies' 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.
  16. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.

## BACKGROUND

### *Overview*

17. RHL is a public company that previously traded 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.
18. The Companies 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 Companies 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.

19. The Companies have three wells tied into their helium purification facility located in Steveville, Alberta (the "**Steveville Facility**"). The Companies' legacy drillings, well logs, and other geologic data suggest significant additional resources may exist within the Companies' leasehold lands.
20. For the past 12 months, the Companies' operations have been halted and they are not generating any production. The Companies' two remaining employees, the CEO and the CFO (together, "**Former Management**"), resigned shortly after the Court granted the EMP Order but remain as directors of certain of the Companies. The Companies continue to utilize contractors to preserve and protect the Steveville Facility, including Former Management.
21. Further information regarding the cause of the Companies' insolvency and these CCAA Proceedings, including the Initial Order, the Young Affidavits, and the Monitor's prior Reports are available on the Monitor's Website.

#### **ACTIVITIES OF THE MONITOR SINCE THE FIFTH REPORT**

22. The Monitor's activities since the Fifth Report, including those exercised pursuant to the terms of the EMP Order, have included, but are not limited to, the following:
  - a) conducting ongoing discussions with Former Management regarding various business matters and the Companies' financial affairs;
  - b) attending to various operational matters previously undertaken or overseen by Former Management, including insurance related matters, vendor communication while simultaneously providing directions to Former Management;

- c) reviewing and discussing weekly payables with Former Management;
- d) reviewing the Companies' bank details and compiling the Companies' budget to actual reporting as well as extending the cash flow forecast, as needed, for purposes of communicating the same to the DIP Lenders;
- e) renegotiating the revised Amalgamation Agreement with the successful bidder (the "**Successful Bidder**" or "**Keranic**"), a previous form of which had previously been terminated as discussed in the Monitor's Fifth Report;
- f) engaging in multiple communications with the DIP Lenders and their respective counsel on file matters, including the various reporting requirements including the budget to actual results and updates to the cash flow forecast;
- g) holding numerous communications with the Successful Bidder and in consultation with the DIP Lenders respecting the Amalgamation Agreement;
- h) ongoing communication with the Saskatchewan MER and the Alberta AER and providing updates on the SISP and the CCAA Proceedings;
- i) working with the Companies financial institution in its transition from the former CWB banking platform to the new National Bank of Canada banking platform;
- j) responding to various correspondence from third parties inquiring about the CCAA proceedings; and
- k) holding discussions with the Monitor's Counsel regarding various matters in relation to the CCAA Proceedings, including the Monitor's ongoing efforts to finalize the Amalgamation Agreement with the Successful Bidder.

## AMALGAMATION AGREEMENT

### Overview

23. The SISP Approval Order was granted and pronounced by this Honourable Court on February 19, 2025.
24. The Monitor, with the assistance of the Companies, undertook a significant marketing process between February 24, 2025 and April 25, 2025 with both a Phase I Deadline and Phase II Deadline (March 28 and April 25, 2025, respectively). A detailed outline of the marketing process and results are included in the Monitor's Fifth Report.
25. The Monitor and Keranic (Successful Bidder) entered into a reorganization and amalgamation agreement for the purchase of the Companies' business (the "**Prior Amalgamation Agreement**"), which was terminated as a result of Keranic failing to satisfy or waive the financing condition in the Prior Amalgamation Agreement. As a result, the Monitor retained the non-refundable deposit for the estate.
26. Following the termination of the Prior Amalgamation Agreement, the Monitor engaged in further detailed discussions and negotiations with Keranic regarding a possible revival of the Prior Amalgamation Agreement. As of the date of this Report, the Monitor, Keranic and the Lenders are in the final stages of negotiations regarding a new agreement with Keranic (the "**Amalgamation Agreement**"). Once finalized, an executed copy of the Amalgamation Agreement will be provided to this Court in advance of the Application.
27. A comparison between the current form of the Amalgamation Agreement and the Prior Amalgamation Agreement is included hereto as **Confidential Appendix 1** to this Report. A summary of the remaining Phase II Offers is contained in the Confidential Appendix of the Monitor's Fifth Report.

## Summary of the proposed Amalgamation Agreement

28. A redacted copy of the current draft of the Amalgamation Agreement is attached to this Report as **Appendix "A"**. An unredacted copy of the same is attached hereto as **Confidential Appendix 2**.
29. Due to the confidential nature of the information contained in the Confidential Appendices, the Monitor is concerned that, if the information is disclosed to third parties prior to the completion of the and closing of the transactions contemplated by Amalgamation Agreement (which is subject to court approval), the disclosure could materially jeopardize the realizations arising from the SISP. As such, the Monitor is of the view that it is appropriate for this Honourable Court to temporarily seal the Confidential Appendices (with respect to both the draft and final form of Amalgamation Agreement) on the Court record.
30. An overview of the major components contemplated by the Amalgamation Agreement is as follows:
  - a) Closing will occur within 7 days of this Court's approval of the Amalgamation Agreement and the RVO; and
  - b) effective upon Closing:
    - i. the shareholders of Keranic (the "**Purchaser**") will acquire the majority interest in RHL;
    - ii. RHL will become the sole shareholder of (i) Amalco (a new entity comprised of Keranic and a newly formed entity referred to therein as Subco); (ii) IHC and (iii) RHEL;

- iii. the Companies will retain the Retained Assets, including the key assets and the Business of the Companies; and
  - iv. the Excluded Assets and Excluded Liabilities will be vested out and transferred into ResidualCo.
- 31. The Amalgamation Agreement include definitions and a detailed list of each of the Retained Assets, Retained Liabilities, Retained Contracts, the Excluded Assets and the Excluded Liabilities.
- 32. To summarize, the Retained Assets include all assets of the Companies, other than the Excluded Assets, and includes:
  - a) the Petroleum and Natural Gas Rights;
  - b) the Tangibles;
  - c) the Miscellaneous Interests;
  - d) Wells;
  - e) the Tradename;
  - f) the Intellectual Property;
  - g) the Information Technology;
  - h) Retained Contracts, which are set out in a schedule to the Amalgamation Agreement;
  - i) Prepaid Expenses;
  - j) Inventory; and



k) Licenses.

33. The Retained Liabilities include (but are not limited to):

- a) Priority Payables (including all amounts owing by the Companies to regulatory or governmental agencies);
- b) all environmental and abandonment and reclamation obligations;
- c) all liabilities relating to the Retained Contracts; and
- d) the retained liability in connection with the assumption of a portion of the Companies' debts owing to the Secured Lenders (the "**Assumed Debt**").

34. The consideration for the Transactions (the "**Purchase Price**") consists of a cash component payable to the Monitor on Closing and of the Retained Liabilities, including the Assumed Debt.

35. The Purchase Price, even when accounting for the Assumed Debt, will be insufficient to repay the Secured Lenders in full.

#### **The Monitor's View on the Amalgamation Agreement**

36. The Monitor is of the view that, once finalized, the approval of the Amalgamation Agreement is commercially reasonable in the circumstances for, among others, the following reasons:

- a) the Amalgamation Agreement is the result of an extensive and comprehensive marketing process conducted by the Monitor, with the assistance of the

Companies, in accordance with the Court-approved SISP and in consultation with the Secured Lenders;

- b) the Monitor received nine (9) non-binding letters of intent by the Phase I Bid Deadline (each, an "**LOI**") and four (4) offers by the Phase II Bid Deadline.
- c) the Amalgamation Agreement is considered, in the Monitor's opinion, to be the best and highest offer for Companies' Assets and Business resulting from the SISP;
- d) the Amalgamation Agreement is supported by the Secured Lenders (including in their capacities as DIP Lenders); and
- e) the Amalgamation Agreement was negotiated in good faith between parties who are at arm's length with the Monitor, acting as super-monitor in these proceedings and who was solely responsible in carrying out the SISP order.

#### **Monitor's View on Appropriateness of the ARVO**

37. The proposed Amalgamation Agreement requires that the Transactions are consummated through an ARVO. The Monitor respectfully believes that an ARVO is appropriate in the circumstances for the following reasons:

##### Why is the ARVO necessary?

- a) The ARVO allows the AER and MER licenses of the oil and gas wells and facilities to stay with the Companies, thereby avoiding a lengthy process whereby Keranic, or any other designee, would be required to apply to be a license holder and then subsequently apply to transfer the licenses. Additional time prior to Closing could result in a further reduction to the Purchase Price.

In addition, the ARVO maintains the existing Companies as legal entities, which may preserve certain tax attributes that would be otherwise lost in a traditional asset sale/vesting order transaction.

The ARVO is a required condition to the proposed Transactions and the next best offer in the SISP is for lower net proceeds.

Does the ARVO structure produce an economic result at least as favourable as any other viable alternative?

- b) The ARVO structure produces an economic result at least as favorable as other transaction structures. The ARVO satisfies the post-NOI/CCAA obligations (through cash consideration or Retained Liabilities). The SISP provided the opportunity for other parties to tender their own offers for the Companies, which could have been structured as an ARVO or as a traditional asset sale/vesting order transaction.

Is any stakeholder worse off under the ARVO structure than they would have been under another viable structure?

- c) The Monitor is not aware of any stakeholder that would be worse off under the ARVO structure than they would be under another viable structure. The ARVO is a required condition to the proposed Amalgamation Agreement and the Amalgamation Agreement is the best and highest offer received in the SISP. All stakeholders affected by the ARVO, including provincial regulatory authorities, have been given notice of the application for the ARVO.

Does the consideration being paid for the Debtor's business reflect the importance and value of the intangible assets being preserved under the ARVO structure?

- d) If the assets were to transfer under an approval and vesting order, the licensed assets would be required to go through a license transfer application process through the AER and/or MER, which could take considerable time and result in further purchase price reductions.

As previously indicated, the ARVO maintains the Companies as legal entities which may preserve certain attributes that would be otherwise lost in a traditional asset sale/vesting order transaction. As the ARVO is a required condition to the Amalgamation Agreement, the Monitor considers the consideration being paid to reflect (a) the importance and value of the time it would take to undertake the additional steps required by the AER and MER under a traditional asset sale/vesting order transaction; and (b) the value attributable to certain of the Companies attributes which may be preserved.

#### **ACTUAL CASH FLOW RESULTS COMPARED TO FORECAST**

- 38. The Companies' actual cash receipts and disbursements as compared to the Consolidated Cash Flow Forecast presented in the Fifth Report during the period of August 23, 2025 to September 12, 2025 (the "**Reporting Period**") is summarized below:

**Royal Helium Ltd., Imperial Helium Corp. and Royal Helium Exploration Limited (Collectively, the "Company")**
**Cash Flow Variance Analysis**
**For the period from August 23, 2025 to September 12, 2025**
*\$CAD, thousands, unaudited*

	YTD Weeks 1 - 32	Reporting Period Weeks 30 - 32		
	Actuals	Forecast	Actuals	Variance
<b>Receipts</b>				
Accounts Receivable	64	-	-	-
Non-Refundable Deposit	150	150	150	-
Other Receipts	53	-	-	-
DIP Cash Advance	2,754	-	-	-
<b>Total Receipts</b>	<b>3,021</b>	<b>150</b>	<b>150</b>	<b>-</b>
<b>Operating Disbursements</b>				
Payroll and Contractors	398	-	-	-
Facility Inspections	-	-	-	-
Insurance	176	5	-	5
Rent, Office, IT, and Other Miscellaneous	70	4	(0)	4
Contingency	-	3	-	3
<b>Total Operating Disbursements</b>	<b>814</b>	<b>12</b>	<b>(0)</b>	<b>12</b>
<b>Net Cash Flow from Operations</b>	<b>2,207</b>	<b>138</b>	<b>150</b>	<b>12</b>
<b>Non-Operating Disbursements</b>				
<b>Professional Fees</b>				
<i>Companies Counsel's Fees</i>	371	-	-	-
<i>DIP Counsel Fees</i>	83	-	-	-
<i>Proposal Trustee Fees</i>	48	-	-	-
<i>Proposal Trustee Counsel Fees</i>	36	-	-	-
<i>Monitor's Fees</i>	480	-	-	-
<i>Monitor's Counsel's Fees</i>	315	-	-	-
<i>Company Counsel Retainer and Monitor Retainer</i>	50	-	-	-
<i>D&amp;O Insurance</i>	100	-	-	-
NOI DIP Repayment	644	-	-	-
<b>Total Non-Operating Disbursements</b>	<b>2,127</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Cash Flow</b>	<b>80</b>	<b>138</b>	<b>150</b>	<b>12</b>
<b>Opening Cash</b>	<b>196</b>	<b>125</b>	<b>125</b>	<b>-</b>
Net Cash Flow	80	138	150	12
<b>Ending Cash</b>	<b>275</b>	<b>263</b>	<b>275</b>	<b>12</b>
<b>DIP Facility Maximum</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>
Opening Availability	2,500	390	390	-
Advances	2,754	-	-	-
Repayments	-	-	-	-
NOI DIP Repayment	(644)	-	-	-
<b>Closing Availability</b>	<b>390</b>	<b>390</b>	<b>390</b>	<b>-</b>
<b>Total DIP Used</b>	<b>2,110</b>	<b>2,110</b>	<b>2,110</b>	<b>-</b>

39. Over the Reporting Period, the Companies experienced a positive cash flow variance of approximately \$12,000, primarily because of temporary timing differences, as well as some permanent variances, which are described below:

Permanent Variances

- a) a positive variance of approximately \$3,000 relating to contingency costs that were forecasted but have not been incurred.

Timing Variances

- a) positive timing variance related to a delay in payment of certain insurance payables; however, payment is projected to be made in the first week of the Forecast Period (as defined below); and
- b) positive timing variance related to a delay in payment of certain IT and miscellaneous payables; however, payment is projected to be made in the first week of the Forecast Period (as defined below).
40. Closing cash on hand as at September 12, 2025 was approximately \$275,000.
41. The Companies did not require further borrowings during the Reporting Period for purposes of funding operational and non-operational costs. The maximum New DIP Facility is \$2.5 million, and as at September 12, 2025, approximately \$390,000 remains available to borrow.

**UPDATED CASH FLOW FORECAST**

42. For purposes of paragraph 10(2)(a) of the CCAA, the Companies have prepared an updated weekly cash flow forecast (the "**Seventh Cash Flow Forecast**") for the 7-week period from September 13, 2025 to October 31, 2025 (the "**Forecast Period**"), using the probable and hypothetical assumptions set out in the notes to the Seventh Cash Flow Forecast. A

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

43. The Seventh Cash Flow Forecast assumes that all ongoing costs of the business continue throughout the Forecast Period.
44. The Seventh Cash Flow Forecast is summarized below:

<b>Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited (Collectively, the "Company")</b> <b>Management Prepared 7-Week Cash Flow Forecast</b> <b>For the period from September 13, 2025 to October 31, 2025</b> <i>\$CAD, thousands, unaudited</i>	
	<b>7 Week Total</b>
<b>Receipts</b>	
DIP Cash Advance	300
Non-Refundable Deposit	-
<b>Total Receipts</b>	<b>300</b>
<b>Operating Disbursements</b>	
Payroll, Consulting, and Administration Costs	29
Facility Inspections	3
Insurance	20
Rent, Office, IT, and Other Miscellaneous	6
Contingency	8
<b>Total Operating Disbursements</b>	<b>66</b>
<b>Net Cash Flow from Operations</b>	<b>234</b>
<b>Non-Operating Disbursements</b>	
<u>Professional Fees</u>	
DIP Counsel Fees	220
Monitor's Fees	126
Monitor's Counsel's Fees	115
<b>Total Non-Operating Disbursements</b>	<b>461</b>
<b>Net Cash Flow</b>	<b>(227)</b>
<b>Opening Cash</b>	<b>275</b>
Net Cash Flow	(227)
<b>Ending Cash</b>	<b>48</b>
<b>Opening Interim Financing Balance</b>	<b>2,110</b>
Advances	300
Repayments	-
<b>Closing Interim Financing Balance</b>	<b>2,410</b>

45. An overview of the Seventh Cash Flow Forecast and select assumptions include the following:
- a) total projected cash receipts of approximately \$300,000, which relates solely to DIP advances;
  - b) total forecast operating cash disbursements of approximately \$66,000 relating primarily to payroll, consulting fees, insurance, and administrative costs; and
  - c) forecast non-operating cash disbursements of approximately \$461,000, primarily relating to the forecast payment of the fees incurred by Monitor, Monitor's Counsel, and the DIP Lenders' counsel. The Monitor and Monitor's Counsel fees and costs have been estimated at \$241,000 for the period between July 1, 2025, and September 5, 2025.
46. Accordingly, there is negative net cash flow over the Forecast Period of approximately \$227,000 with the expectation that the Companies will draw on the New DIP Facility in the approximate amount of \$300,000 bringing the total borrowings under the New DIP Facility to \$2.4 million. The maximum availability under the New DIP Facility currently remains at \$2.5 million.
47. The Seventh Cash Flow Forecast is based on assumptions by the Monitor in its enhanced role, with the assistance of Former Management regarding future events. Former Management (now consultants to the Monitor) 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 Seventh 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.



48. The Seventh 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.

### **BANKRUPTCY OF RESIDUALCO**

49. The proposed ARVO authorizes and empowers the Monitor to:
- a) cause ResidualCo to make a voluntary assignment into bankruptcy in accordance with the provisions of the BIA; and
  - b) apply to this Court for advice and directions or any orders necessary or advisable to carry out its powers and obligations under the ARVO or any other Order granted by this Court including for advice and directions with respect to any matter.
50. Subject to the approval of the Amalgamation Agreement and the ARVO and following the filing of the Monitor's certificate in relation to the ARVO, ResidualCo shall be added as an applicant in these proceedings and each of the Companies shall be deemed to cease to be an "Applicant" within these proceedings.
51. Given that there will be no remaining assets in ResidualCo following (i) satisfaction of the Administration Charge and (ii) any payments made to the Secured Lenders, the Monitor seeks approval from this Honourable Court to make an assignment of ResidualCo into bankruptcy immediately after the closing of the Amalgamation Agreement and the filing of the Monitor's Certificate through the powers granted to it by this Honourable Court within the ARVO. The bankruptcy of ResidualCo is specifically contemplated by the ARVO and is standard practice in extinguishing Transferred Liabilities, subject to Court approval.

### **PROPOSED RELEASES IN THE AMALGAMATION AGREEMENT AND ARVO**

52. The proposed ARVO provides for releases in favour of the Released Parties from any and all present and future claims that any person may have or be entitled to assert against the

Released Parties arising from events occurring prior to the commencement of or during these CCAA Proceedings in respect of the Companies.

53. Specifically, the proposed ARVO includes releases (the "**Releases**") in favour of the Released Parties, which is defined to include:
- a) the current directors, officers and employees of the Companies;
  - b) Keranic's legal counsel, the Monitor and its legal counsel; and
  - c) Jeff Sheppard and David Young, in their capacities as directors and officers of the Companies; and
  - d) Andrew Davison, in his capacity as a director of ResidualCo,
- (collectively, the "**Released Parties**")

54. The full scope of the release provisions is set out in the proposed ARVO and should be read in conjunction with the Sixth Report. The Releases explicitly do not release or discharge any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

#### Monitor's Views on the Appropriateness of the Proposed Releases

55. The Monitor considered the following five guidelines in concluding that the proposed Releases are appropriate in the circumstances:
- a) whether the Releases are rationally connected to the purpose of the Amalgamation Agreement of the Companies;
  - b) whether the Transactions can succeed without the Releases;

- c) whether the Released Parties contributed to the Amalgamation Agreement and the entire CCAA Proceedings;
- d) whether the Releases benefit the Companies as well as their creditors generally;
- e) whether the Companies' creditors have knowledge of the nature and the effect of the Releases; and
- f) whether the Releases are fair, reasonable, and not overly broad.

56. The Monitor is of the view that the proposed Releases should be approved by this Honourable Court on the basis that:

- a) they are rationally connected to the purpose of the Transactions;
- b) approval of the ARVO by this Honourable Court, which includes the releases, is a condition precedent to the Amalgamation Agreement;
- c) each of the Released Parties have made important critical contributions to the CCAA Proceedings, the negotiations of the Amalgamation Agreement, the implementation of the SISP, and the services, expertise and financial contribution of the Released Parties were and are necessary for the ultimate success of the Transactions;
- d) the Transactions will advance, preserve and protect the business operations of the Companies and provide a greater recovery to the fulcrum creditors, i.e. the Lenders, that would not otherwise be available to them.; and
- e) the Releases will ensure that all stakeholders in these CCAA Proceedings have certainty and finality regarding their liabilities at the conclusion of the Amalgamation Agreement and the CCAA Proceedings.

## SECURITY OPINION

57. The Monitor requested a written opinion from its legal counsel, confirming (subject to the standard assumptions and qualifications), the validity and enforceability of the security interests held by the Secured Lenders over all of the Property of the Companies. The security granted by the Companies in favour of the Secured Lenders has been validly executed and delivered and has been perfected and registered in accordance with the laws of the Provinces of Alberta, Saskatchewan and British Columbia.

## DISTRIBUTION TO THE DIP LENDERS

58. The Monitor is seeking authority from this Honourable Court to make a distribution to the DIP Lenders in the full amount of the DIP drawn plus accrued interest (the "**Initial Distribution**"). The DIP Lenders have a second priority charge on the Companies' assets, behind the Administration Charge, as ordered by this Honourable Court.
59. The Monitor estimates the amount of the Initial Distribution to be \$2.6 million and will distribute funds in that amount to the DIP Lenders within seven (7) days of closing of the Amalgamation Agreement, provided that full use of the DIP Loan has been utilized by the Monitor in the CCAA Proceedings and as contemplated in the Cash Flow Forecast.
60. The Monitor plans to hold back the remaining funds from the cash proceeds of the Purchase Price of the Amalgamation Agreement (the "**Holdback**") in excess of the Initial Distribution. The Monitor will evaluate the remaining of the expenses required to be paid in the CCAA Proceedings, including the amounts subject to the Administration Charge, and the remaining balance will be made to the Secured Lenders as a partial, but final payment towards its outstanding indebtedness (the "**Final distribution**").
61. The Monitor estimates the following forecast expenditures ("**Forecast Disbursements**"), which may be combined with the expenditures listed in the Seventh Cash Flow Forecast.

The timing of the forecast disbursements will be based on the timing of the closing the Amalgamation Agreement:

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited (Collectively, the "Company")	
Forecast Disbursements	
October 1, 2025 to Discharge	
CAD \$000's	
<b>Forecast Disbursements</b>	
Monitor's Fees and Costs	125
Monitor's Counsel's Fees and Costs	105
ResidualCo. Bankruptcy Fees	25
Contingency	25
<b>Total Disbursements</b>	<b>280</b>

62. The Monitor proposes to provide the Secured Lenders with a final statement of receipts and disbursements once all of the forecast disbursements have been paid, at which time any remaining funds available and held by the Monitor will be transferred to the Secured Lenders. The Monitor notes that the Forecast Disbursements is an estimate and the amounts collected and/or paid may be subject to change based on the actual results.

## APPROVAL OF PROFESSIONAL FEES AND EXPENSES

63. The Monitor and its legal counsel have rendered their invoices for their respective fees and disbursements for services in connection with the CCAA Proceedings and are seeking approval of this Honourable Court.
64. The Monitor seeks approval from this Honourable Court of (i) its professional fees and disbursements for the period of May 3, 2025 to August 29, 2025 (the "**Monitor Taxation Period**"), and for BD&P for the period of May 1, 2025 to September 4, 2025 (the "**BD&P Taxation Period**"); and (ii) the Forecast Fees and Costs (defined below) to complete the administration of these proceedings.
65. The total fees and expenses of the Monitor during the Monitor Taxation Period are \$256,481.74 (exclusive of GST), a summary of which is included below:

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited						
Summary of Monitor's Fees and Disbursements						
January 29, 2025 to August 29, 2025						
Invoices subject to Court Approval						
Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
Invoice #4	May 3, 2025 - May 30, 2025	62,747.00	4,237.08	66,984.08	3,349.20	70,333.28
Invoice #5	May 31, 2025 - July 4, 2025	68,998.00	250.00	69,248.00	3,462.40	72,710.40
Invoice #6	July 5, 2025 - August 1, 2025	73,896.00	414.25	74,310.25	3,715.51	78,025.76
Invoice #7	August 2, 2025 - August 29, 2025	45,093.00	846.41	45,939.41	2,296.97	48,236.38
	<b>Total</b>	<b>250,734.00</b>	<b>5,747.74</b>	<b>256,481.74</b>	<b>12,824.08</b>	<b>269,305.82</b>
	<b>Grand Total</b>	<b>\$ 250,734.00</b>	<b>\$ 5,747.74</b>	<b>\$ 256,481.74</b>	<b>\$ 12,824.08</b>	<b>\$ 269,305.82</b>

66. The total fees and expenses of the Monitor's counsel during the BD&P Taxation Period total \$232,935.25 (exclusive of GST), a summary of which is included below:

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited						
Summary of Monitor's Counsel's Fees and Disbursements						
January 31, 2025 to September 4, 2025						
Invoices subject to Court Approval						
Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
203497054	May 1, 2025 - June 4, 2025	44,163.50	67.38	44,230.88	2,210.55	46,441.43
203497591	June 5, 2025 - June 30, 2025	79,044.00	376.76	79,420.76	3,964.09	83,384.85
203498591	July 1, 2025 - August 5, 2025	73,891.00	252.53	74,143.53	3,701.18	77,844.71
203499023	August 6, 2025 - September 4, 2025	34,749.50	390.58	35,140.08	1,757.01	36,897.09
	<b>Total</b>	<b>231,848.00</b>	<b>1,087.25</b>	<b>232,935.25</b>	<b>11,632.83</b>	<b>244,568.08</b>
	<b>Grand Total</b>	<b>\$ 231,848.00</b>	<b>\$ 1,087.25</b>	<b>\$ 232,935.25</b>	<b>\$ 11,632.83</b>	<b>\$ 244,568.08</b>

67. The Monitor and BD&P's invoices outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work in question. Copies of the invoices will be made available to the Court at its direction, if necessary.
68. The Monitor and the Monitor's Counsel's estimated fees and costs to complete this engagement (September 5, 2025 to filing of the Termination Certificate) are estimated at approximately **\$230,000** (the "**Forecast Fees and Costs**"), which include fees and costs incurred but not paid.
69. The Monitor acknowledges that the Forecast Fees and Costs are in excess of the professional fees contemplated in the Seventh Cash Flow Forecast, but plans to cover these administrative costs through the Holdback via the Administrative Charge.

70. The Monitor respectfully submits that its professional fees and disbursements and those of its legal counsel are fair and reasonable in the circumstances, given the substantive tasks required to be performed by the Monitor and its legal counsel in connection with the CCAA Proceedings, including those carried out pursuant to the EMP Order.

#### **CCAA TERMINATION AND DISCHARGE OF THE MONITOR**

71. Under the proposed Distribution, Termination and Conditional Discharge Order (the "**Distribution, Termination and Conditional Discharge Order**"), these CCAA Proceedings will be terminated effective upon the Monitor serving the Termination Certificate on the service list certifying that, to the knowledge of the Monitor, all matters to be attended to in connection with these CCAA Proceedings have been completed.
72. The expected remaining activities of the Monitor to finalize and terminate the CCAA Proceedings (the "**Remaining Activities**") include the following:
- a) completing statutory and administrative duties and required filings;
  - b) coordinating file closure with the ResidualCo Trustee upon its discharge;
  - c) making the Initial Distribution to the DIP Lenders and Final Distribution to the and Secured Lenders;
  - d) completing such other matters as may be necessary or appropriate to wind down the affairs of the Applicants and these CCAA Proceedings; and
  - e) filing and delivering to this Honourable Court the Monitor's Termination Certificate.
73. Upon the Monitor delivering of the Monitor's Termination Certificate, among other things:
- a) these CCAA Proceedings shall be terminated;

- b) the Administration Charge shall be terminated, released and discharged;
- c) A&M shall be discharged from its duties as the Monitor in these CCAA Proceedings, provided that A&M shall be authorized to complete or address any matters in its role as Monitor that are ancillary or incidental to these CCAA proceedings (the "**Monitor Incidental Matters**");
- d) the Monitor will continue to have the benefit of any of the rights, approvals, releases and protections in favour of the Monitor under the Orders of this Court in these CCAA Proceedings or otherwise, including in connection with any Monitor Incidental Matters;
- e) the Monitor, the Monitor's legal counsel and each of their respective affiliates, officers, directors, employees and agents (collectively, the "**Released Parties**" and each a "**Released Party**") shall be released and discharged from any and all claims that any person may have or be entitled to assert against the Released Parties, based in whole or in part on any act or omission, transaction, dealing or other occurrence in any way relating to, arising out of, or in respect of, these CCAA Proceedings or with respect to their respective conduct in these CCAA Proceedings (collectively, the "**Released Claims**"), provided that the Released Claims shall not include any claim or liability arising out of any gross negligence or wilful misconduct on the part of the applicable Released Party; and
- f) no action or other proceeding related to these CCAA Proceedings shall be commenced against any of the Released Parties except with prior leave of this Court on not less than seven days' prior written notice to the applicable Released Party and upon further order securing security for costs.



74. The Monitor believes that the proposed Distribution, Termination and Conditional Discharge Order is reasonable and appropriate in these circumstances, including for the following reasons:

- a) following the closing of the Amalgamation Agreement, the matters related to the wind-down of these CCAA Proceedings will be substantially complete, and the limited remaining matters that will need to be completed before the termination of these CCAA Proceedings will be completed by the CCAA Termination Time;
- b) the cash on hand is expected to be sufficient to address any professional fees covered by the Administration Charge and the expenses and disbursements required to complete remaining matters to terminate these CCAA Proceedings;
- c) the Monitor has duly and properly discharged and performed its duties and obligations in these CCAA Proceedings in accordance with the CCAA and all orders of this Court made in these CCAA Proceedings; and
- d) the Monitor is of the view that no creditors or stakeholders will be materially prejudiced as a result of the termination of these CCAA Proceedings or matters incidental thereto.

#### **STAY EXTENSION**

75. The stay of proceedings for the Companies will expire on October 17, 2025. The Monitor is seeking an extension of the stay of proceedings up to and including the earlier of: (i) the CCAA Termination Time; or (ii) such other date as this Court may order (the "**Stay Extension**").

76. The Monitor recommends the Stay Extension for the following reasons:

- a) the Stay Extension will maintain the status quo and allow for the Monitor to close the Amalgamation Agreement and facilitate and complete the Remaining Activities;
- b) the Monitor is not aware of any creditor who will be materially prejudiced by the Stay Extension;
- c) there continues to be sufficient liquidity through to the CCAA Termination Time; and
- d) 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.

## **CONCLUSIONS AND RECOMMENDATIONS**

77. The Monitor respectfully recommends that this Honourable Court grant the following orders:

- a) the Ancillary Relief Order:
  - i. granting the Sealing Relief in respect of the Confidential Appendices;
  - i. approving the actions, activities and conduct of the Monitor as outlined in the Monitor's Fourth Report, Fifth Report and Sixth Report; and
  - ii. approving the fees and disbursements of the Monitor and its counsel, including the Forecast Fees and Costs, as set out in this Report and throughout the CCAA Proceedings.

b) the ARVO:

- i. approving the Amalgamation Agreement and the Transactions contemplated therein;
- ii. granting the Releases in favour of the Released Parties; and
- iii. upon filing of the Monitor's Certificate, discharging the Companies and adding ResidualCo to these proceedings; and

c) the Distribution, Discharge and Termination Order:

- i. authorizing the Initial Distribution and the Final Distribution;
- ii. approving Stay Extension;
- iii. terminating these CCAA Proceedings, effective upon the Monitor serving the Termination Certificate; and
- iv. discharging the Monitor, from its capacity as the Court-appointed Monitor, from and after the CCAA Termination Time.

All of which is respectfully submitted this 24<sup>th</sup> day of September, 2025.

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




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




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Bryan Krol, CIRP, LIT  
Director

## APPENDIX "A"

## REORGANIZATION AND AMALGAMATION AGREEMENT

THIS REORGANIZATION AND AMALGAMATION AGREEMENT is made as of September 24, 2025.

### AMONG:

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

(collectively, the “**Companies**”)

- and -

**KERANIC INDUSTRIAL GAS INC.**, a corporation governed by the laws of the Province of Saskatchewan

(“**Keranic**”)

- and –

**102218166 SASKATCHEWAN LTD.**, a corporation governed by the laws of the Province of Saskatchewan

(“**ResidualCo**”)

- and –

**102218200 SASKATCHEWAN INC.**, a corporation governed by the laws of the Province of Saskatchewan

(“**Subco**”)

### RECITALS:

- A. Royal Helium Ltd. (“**RHL**”), Imperial Helium Corp. (“**IHC**”), and Royal Helium Exploration Limited (“**RHEL**”) filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada) on January 17, 2025 (the “**NOI Proceedings**”).
- B. On January 29, 2024, by order of the Ontario Superior Court of Justice (Commercial List), the NOI Proceedings were administratively consolidated and transferred to the Court of King’s Bench of Alberta (the “**Court**”).
- C. On February 19, 2025, the Court granted:
  - (a) an initial order (the “**Initial Order**”) pursuant to Section 11.6(a) of the *Companies’ Creditors Arrangements Act* (Canada) (the “**CCAA**”) taking up and continuing the NOI Proceedings under the CCAA (the “**CCAA Proceedings**”), and appointing Alvarez & Marsal Canada Inc. as the monitor (the “**Monitor**”) of the Companies; and
  - (b) a SISP approval order authorizing the Monitor to undertake a sale and investment solicitation process (“**SISP**”) to solicit offers for the sale of the Companies’ property, assets, and undertaking, and/or business operations, or for the restructuring, recapitalization, or refinancing of the Companies’ business operations.
- D. Keranic submitted a proposal in the SISP whereby it would, through a series of transactions, acquire the Business by way of a recapitalization and reorganization in consideration for the Amalgamation

Consideration (as defined herein) (the “**Investment Proposal**”) and was selected as the successful bidder.

- E. In order to complete the transactions contemplated by the Investment Proposal, Keranic incorporated ResidualCo for the purposes of acting as the residual entity under the Transaction Approval and Reverse Vesting Order (as defined herein).
- F. RHL wishes to acquire all of the issued and outstanding shares of Keranic by means of a three-cornered amalgamation among RHL, Subco and Keranic under Section 14-11 of the Act (the “**Amalgamation**”).
- G. Concurrent and in connection with the Amalgamation, RHL wishes to undergo the Reorganization (as defined herein) pursuant to Section 14-22 of the Act.
- H. Pursuant to an Order granted by the Court in the CCAA Proceedings on June 10, 2025, the Monitor was granted enhanced powers to act in respect of the Companies, including the power to execute agreements on behalf of the Companies.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties (as defined herein) agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

Whenever used in this Agreement the following words and terms shall have the meanings set out below:

“**Abandonment and Reclamation Obligations**” means all past, present and future duties and obligations, whether arising under equity, common law, the Title Documents and/or Applicable Law, to:

- (a) abandon, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings, pipelines, equipment and other facilities forming part of the Wells and Tangibles or otherwise located on the Lands or used or previously used in respect of the Substances produced or previously produced from the Lands; and
- (b) restore, remediate and reclaim the surface and subsurface locations of the Wells and the Tangibles and any lands used to gain access thereto, and including the remediation, restoration and reclamation of any other surface and subsurface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Wells or the Tangibles,

all in compliance with good oil and gas industry practices and in compliance with Applicable Law, including such duties and obligations relating to such Wells, pipelines and facilities that were abandoned, removed or decommissioned prior to the Closing Date that were located on the Lands or that were located on other lands and used in respect of Substances produced or previously produced from the Lands.

“**Accounts Receivable**” means accounts receivable, bills receivable, trade accounts, holdbacks, retention, book debts, insurance claims, and other amounts due or accruing to the Companies that arose or relate to the period prior to the Closing Time, together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits.

“**Act**” means *The Business Corporations Act, 2021* (Saskatchewan).

**“AER”** means the Alberta Energy Regulator.

**“Affiliate”** has the meaning given in the Act.

**“Agent”** means Research Capital Corporation, as sole agent and bookrunner for the Brokered Financing.

**“Agent Shares”** has the meaning ascribed thereto in Section 2.19(a).

**“Agreement”** means this Agreement, including all schedules, and all amendments or restatements, as permitted pursuant to the terms hereof, and references to “Article”, “Section” or “Schedule” mean the specified Article, Section or Schedule of this Agreement.

**“Amalco”** means has the meaning ascribed thereto in Section 2.1.

**“Amalco Common Shares”** has the meaning ascribed thereto in Section 2.8(a).

**“Amalgamation”** has the meaning ascribed to that term in Recital F.

**“Amalgamation Consideration”** means \$[REDACTED] being the sum of the Closing Date Cash plus the value of the BDC Retained Indebtedness and the NBC Retained Indebtedness.

**“Applicable Law”** means any transnational, domestic or foreign, federal, provincial, territorial, state, local or municipal (or any subdivision of any of them) law (including common law and civil law), statute, ordinance, rule, regulation, restriction, limit, by-law (zoning or otherwise), judgment, order, direction or any consent, exemption, Transaction Regulatory Approval, or any other legal requirements of, or agreements with, any Governmental Authority, that applies in whole or in part to the transactions contemplated by this Agreement, the members of the Applicants, Keranic, the Business, or any of the RHL Shares or the Retained Liabilities.

**“Articles of Amalgamation”** means the Articles of Amalgamation of Amalco substantially in the form set out in Schedule F.

**“BDC Excluded Indebtedness”** means the BDC Indebtedness less the BDC Retained Indebtedness.

**“BDC Indebtedness”** means the total indebtedness of the Companies to the Business Development Bank of Canada immediately prior to Closing.

**“BDC Retained Indebtedness”** means a \$[REDACTED] portion of the BDC Indebtedness to be retained by the Companies on Closing on the following amended terms: fifteen month term; [REDACTED] interest per annum; and semi-annual payments.

**“BDC Security”** means the security granted by the Companies to the Business Development Bank of Canada existing as at the time of the Closing and retained by the Companies in support of the BDC Retained Indebtedness.

**“Books and Records”** means all books and records of the Companies, including minute books, annual returns filed with corporate registry, books of account, ledgers, general, financial and accounting records, Tax Returns, and other records in the possession and control of the Companies as of the Effective Date, but in each case excludes all books and records in respect of the Excluded Assets and any email correspondence of the Companies (including any of its present and former, directors, officers, employees, contractors, and other representatives) prior to the Closing Time.

“**Brokered Financing**” means the private placement offering of Subscription Receipts.

“**Business**” means the business carried on by the Companies, namely, the exploration, production, and commercialization of helium and associated gases.

“**Business Day**” means any day, other than a Saturday or Sunday or any day on which banks are generally not open for business in the City of Calgary, Alberta.

“**Canadian Securities Laws**” means all Applicable Law relating to securities in each of the provinces of Canada and the respective rules and regulations made thereunder, together with applicable published policy statements, instruments, orders and rulings of the securities regulatory authorities in such provinces having the force of law, including rules of the TSXV.

“**Campus LOC**” means the letter of credit in favour of Campus Energy Partners Infrastructure LP, in the amount of \$ [REDACTED] issued by Canadian Western Bank and dated February 16, 2023.

“**Cash**” means all cash, bank balances, funds, deposits, or monies owned or held by the Companies or any other Person (including any bank, depository, or the Monitor) on behalf of the Companies at the Closing Time and all cash equivalents, securities, and investments of the Companies at the Closing Time.

“**CCAA**” has the meaning ascribed to that term in the recitals.

“**CCAA Proceedings**” has the meaning ascribed to that term in the recitals.

“**Certificate of Amalgamation**” means a certificate issued by the Registrar pursuant to the Act to evidence the Amalgamation.

“**Claim**” means any caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgments, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary, or otherwise, whether or not they have attached or been perfected, registered, or filed, and whether secured, unsecured, or otherwise, including, without limiting the generality of the foregoing:

- (a) any Encumbrances or charges created by the Initial Order;
- (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) (the “**AB PPSA**”), *The Personal Property Security Act, 1993* (Saskatchewan) (the “**SK PPSA**”), or any other personal property registry system;
- (c) any liens or claims of lien under the *Prompt Payment and Construction Lien Act* (Alberta), or its predecessor, the *Builders’ Lien Act* (Alberta), or *The Builders’ Lien Act* (Saskatchewan);
- (d) any outstanding amounts owing in respect of the AER Orphan Fund Levy Administration Fees;
- (e) any amounts owing in respect of RHEL’s obligations to pay cash in lieu of work under any of its permit requirements; and



- (f) those claims which may be specifically identified in the Transaction Approval and Reverse Vesting Order, as applicable.

**“Companies’ Counsel”** means Reconstruct LLP, or such other firm or firms of solicitors as are retained or engaged by the Companies from time to time and notice of which is provided to Keranic.

**“Companies’ Interest”** means, when used in relation to any asset, undertaking, or property, the entire right, title, and interest, if any, of the Companies, or any one of them, as applicable, in, to, and/or under such asset, undertaking, or property.

**“Confidentiality Agreement”** means the confidentiality agreement between Companies, Keranic and the Monitor and executed prior to the date hereof in respect of the evaluation by Keranic of potential transactions involving the assets of Vendor.

**“Consolidation”** means the consolidation of the Existing Shares on an 8:1 basis.

**“Convertible Promissory Notes”** means the Convertible Promissory Notes of Keranic issued pursuant to the Non-Brokered Financing that will automatically convert into Units immediately prior to Closing pursuant to the terms of the Convertible Promissory Note, entitling the holder to receive Units without any further act or formality, and for no additional consideration.

**“Closing”** means the completion of the Transactions pursuant to this Agreement.

**“Closing Date”** means the date on which the Closing occurs, which date shall be seven (7) days from the date on which the Transaction Approval and Reverse Vesting Order has been pronounced, or such further and other date that the Parties may agree in writing.

**“Closing Date Cash”** means the sum of \$ [REDACTED].

**“Closing Time”** means 12:00 p.m. Saskatoon time on the Closing Date or such other time on such date as the Parties may agree in writing.

**“Court”** has the meaning ascribed to that term in the recitals.

**“Court Application”** has the meaning ascribed to that term in Section 2.21.

**“Directions to Pay”** has the meaning ascribed to that term in Section 2.21.

**“Directors’ Resolution”** means a resolution of the directors of Amalco authorizing an intercompany dividend from Amalco to RHL for an amount equal to the Closing Date Cash.

**“Effective Date”** means the date of this Agreement as set forth on the first page of this Agreement.

**“Encumbrances”** means all security interests (whether contractual, statutory, or otherwise), hypothecs, pledges, mortgages, liens, trusts or deemed trusts (whether contractual, statutory or otherwise), reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgments, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary, or otherwise, whether or not they have attached or been perfected, registered, or filed and whether secured, unsecured, or otherwise, including, without limiting the generality of the foregoing: (a) any encumbrances or charges created by any Order of this Court or any other Order of this Court; and (b) all charges, security interests or claims evidenced by registrations pursuant to the AB PPSA,

the SK PPSA, the *Land Titles Act* (Alberta), *The Land Titles Act, 2000* (Saskatchewan), or any other real or personal property registry legislation or system in Alberta or any other Canadian or foreign jurisdiction.

**“Environment”** means the components of the earth and includes the air, the surface and subsurface of the earth, bodies of water (including rivers, streams, lakes and aquifers) and plant and animal life (including humans).

**“Environmental Liabilities”** means all past, present and future losses and Liabilities, Claims and other duties and obligations, whether arising under equity, common law, the Title Documents and/or Applicable Law or otherwise, arising from, relating to or associated with:

- (a) any damage, pollution, contamination or other adverse situations pertaining to the Environment howsoever and by whomsoever caused and regardless of whether such damage, pollution, contamination or other adverse situations occur or arise in whole or in part prior to, at or subsequent to the date of this Agreement;
- (b) the presence, storage, use, holding, collection, accumulation, assessment, generation, manufacture, processing, treatment, stabilization, disposition, handling, transportation, release, emission or discharge of the Substances, oilfield wastes, water, Hazardous Substances, environmental contaminants and all other Substances and materials regulated under any Applicable Law, including any forms of energy, or any corrosion to or deterioration of any structures or other property;
- (c) compliance with or the consequences of any non-compliance with, or violation or breach of, any Applicable Law;
- (d) sampling, monitoring or assessing the Environment or any potential impacts thereon from any past, present or future activities or operations; or
- (e) the protection, reclamation, remediation or restoration of the Environment,

that relate to or arise by virtue of the Assets or the ownership thereof or any past, present or future operations and activities conducted in connection with the Assets or on or in respect of the Lands or any lands pooled or unitized therewith.

**“Equity Claim”** has the meaning ascribed to it in the *Bankruptcy and Insolvency Act* (Canada).

**“Equity Interest”** includes: (a) any shares, interests, participations or other equivalents (however designated) of capital stock or share capital; (b) any phantom stock, phantom stock rights, stock appreciation rights, or stock-based performance securities; (c) any warrants, options, convertible, exchangeable, or exercisable securities, subscriptions, rights (including any pre-emptive or similar rights), calls, or other rights to purchase or acquire any of the foregoing; and (d) any interest that constitutes an “equity interest” as such term is defined in the *Bankruptcy and Insolvency Act* (Canada).

**“Escrow Release Conditions”** means the following conditions: (a) the completion, satisfaction or waiver of all conditions precedent to the Transactions in accordance with this Agreement, to the satisfaction of the Agent (it being understood that the sequencing of events as described in Schedule D shall be deemed to occur in the order set forth therein); (b) the completion of the Consolidation; (c) the representations and warranties of Keranic contained in the agency agreement to be entered into in connection with the Brokered Financing being true and accurate in all material respects, as if made on and as of the escrow release date (except for representations and warranties made as of a specified date, the accuracy of which shall be

determined as of that specified date); and (d) Keranic and the Agent having delivered a joint notice and direction to the subscription receipt agent appointed pursuant to the terms of the Subscription Receipts confirming that the conditions set forth in (a) to (c) above have been met or waived.

**“Excluded Assets”** means the:

- (a) the Closing Date Cash;
- (b) Cash;
- (c) Accounts Receivable;
- (d) Tax Refunds;
- (e) Rebates;
- (f) any rights which accrue to ResidualCo; and
- (g) the interest of the Companies in any assets that are added to the Excluded Assets pursuant to Section 2.23;

but does not include the Retained Assets.

**“Excluded Liabilities”** means all Liabilities of the Companies other than the Retained Liabilities and, for the avoidance of doubt, includes the following Liabilities:

- (a) Liabilities for or in relation to the employment of any Person arising prior to the Closing Time;
- (b) Liabilities for or in relation to the Tax Act, the *Excise Tax Act* (Canada), or any or any transfer tax, sales or use tax, stamp tax, recording tax, or value-added tax and any other similar levies or charges made by any Governmental Authority arising prior to the Closing Time;
- (c) Liabilities for or in relation to any secured or unsecured trade payables arising prior to the Closing Time;
- (d) Liabilities for or in relation to any Equity Claim or Equity Interest arising prior to the Closing Time, except the Existing Shares;
- (e) the BDC Excluded Indebtedness; and
- (f) the NBC Excluded Indebtedness.

**“Existing Shares”** means all of the existing Class A common shares in the capital of RHL immediately prior to the Consolidation, being in total 377,280,600 Class A common shares.

**“Facilities”** means the Companies’ Interest in and to: (i) the facility identified in Schedule A under the headings entitled “Facilities”; and (ii) all field facilities whether or not solely located on or under the surface of the Lands (or lands with which the Lands are pooled) and that are, or have been, used for production, gathering, treatment, compression, transportation, injection, water disposal, measurement, processing,

storage or other operations respecting the Leased Substances, including any applicable battery, separator, compressor station, gathering system, pipeline, production storage facility or warehouse, as applicable.

**“Governmental Authority”** means, in relation to any Person, transaction, or event, any: (i) federal, provincial, state, municipal, or local governmental body (whether administrative, legislative, executive, or otherwise), both domestic and foreign; (ii) agency, authority, commission, instrumentality, regulatory body, court, central bank, or other entity exercising executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of or pertaining to government; (iii) court, arbitrator, commission, or body exercising judicial, quasi-judicial, administrative, or similar functions; and (iv) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction, or event, including for greater certainty the AER and SMER.

**“Information Technology”** means the computer hard drives, and any other computer and information technology equipment and systems owned, used, or held by the Companies, or any one of them, to the extent such items are in the possession or under the control of the Companies, or any one of them.

**“Initial Order”** has the meaning ascribed to that term in the recitals.

**“Intellectual Property”** means intellectual property of every nature, whether registered or unregistered, including, without limitation, all copyrights, trademarks, service marks, certification marks, trade names, brand names, corporate names, business names, industrial designs, logos, commercial symbols, inventions, licences, trade secrets, patterns, drawings, computer software, formulae, technical information, research data, concepts, methods, procedures, designs, know-how, website content and domain names, social media accounts (including, without limitation, any Facebook, Instagram, Twitter, or other social media accounts), and all other intellectual property, owned by or licensed to, and used by the Companies, or any one of them, in connection with the Business, including without limitation:

- (a) software, source code, and source materials;
- (b) business names, trade names, domain names, trading styles, logos, trade secrets, industrial designs, and copyrights;
- (c) inventions, formulae, product formulations, processes, and processing methods, technology, and techniques;
- (d) know-how, trade secrets, research, and technical data; and
- (e) studies, findings, algorithms, instructions, guides, manuals, and designs.

**“Inventory”** means all inventories held by the Companies, or any one of them, for sale in the Business immediately prior to the Closing Time.

**“Investment Proposal”** has the meaning set out in preamble to this Agreement.

**“Keranic”** means Keranic Industrial Gas Inc.

**“Keranic Amalgamation Resolution”** means the special resolution of Keranic Shareholders, immediately prior to the Amalgamation, to approve the Amalgamation.

**“Keranic BDC Security”** means a general security agreement and an unlimited corporate guarantee, in form and substance agreeable to the Business Development Bank of Canada, provided by Keranic prior to

closing, and to be assumed by Amalco as its successor following the completion of Closing, in favour of the Business Development Bank of Canada in support of the BDC Retained Indebtedness.

**“Keranic Broker Warrants”** means broker warrants of Keranic issued pursuant to the Brokered Financing, each such Keranic Broker Warrant entitling the holder thereof to acquire one Unit.

**“Keranic’s Counsel”** means McDougall Gauley LLP or such other firm or firms of solicitors as are retained or engaged by Keranic from time to time and notice of which is provided to the Monitor and the Companies.

**“Keranic NBC Security”** means a general security agreement and an unlimited corporate guarantee, in form and substance agreeable to the National Bank of Canada, as successor to Canadian Western Bank, provided by Keranic prior to Closing, and to be assumed by Amalco as its successor following the completion of Closing, in favour of the National Bank of Canada, as successor to Canadian Western Bank, in support of the NBC Retained Indebtedness.

**“Keranic Security”** means the Keranic BDC Security and the Keranic NBC Security.

**“Keranic Shareholders”** means holders of Keranic Shares.

**“Keranic Shares”** means the common shares in the capital of Keranic.

**“Keranic Warrantholders”** means the holders of Keranic Warrants.

**“Keranic Warrants”** means the common share purchase warrants of Keranic.

**“Lands”** means the lands set out and described in Schedule A under the heading entitled “LLD”, and the Substances within, upon, or under such lands, subject to any limitations identified or set forth in Schedule A.

**“Laws”** means, with respect to any Person, property, transaction, event, or other matter, all laws, statutes, bylaws, rules, regulations, treaties, Orders, ordinances, or judgments, guidelines, directives, or other requirements having the force of law, whether federal, provincial, state, or municipal, relating, or applicable to that Person, property, transaction, event, or other matter.

**“Leased Substances”** means all Substances, rights to or in respect of which are granted, reserved, or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands).

**“Liabilities”** means any and all present and future Claims, including, without limitation, Claims for contribution or indemnity, Claims for Environmental Liabilities, and Claims for or relating to demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and indebtedness or obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, or due or not yet due, in law or equity, and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, contract, agreement, dealing, undertaking, or otherwise.

**“Licenses”** means the Companies’ Interest in any permits, approvals, licenses, and authorizations granted by the AER, SMER, or any other Governmental Authority in relation to the construction, installation, ownership, use, or operation of the Wells or the Facilities, as applicable.

**“Miscellaneous Interests”** means, subject to any and all limitations and exclusions provided for in this definition, the Companies’ Interest in and to all property, assets, interests, and rights pertaining to the Petroleum and Natural Gas Rights and the Tangibles (other than the Petroleum and Natural Gas Rights and the Tangibles themselves), or either of them, but only to the extent that such property, assets, interests, and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including any and all of the following:

- (a) all contracts relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them (including the Title Documents);
- (b) all warranties, guarantees, and similar rights relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including warranties and guarantees made by suppliers, manufacturers, and contractors, and Claims against other third parties in connection with the contracts relating to the Petroleum and Natural Gas Rights and the Tangibles;
- (c) all subsisting rights to carry out operations relating to the Lands, the Tangibles, or the Wells, and without limitation, all easements and other permits, licences, and authorizations pertaining to the Tangibles or the Wells;
- (d) rights to enter upon, use, occupy, and enjoy the surface of any lands which are used or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them;
- (e) the Books and Records; and
- (f) the Wells, including the wellbores and any and all casing and down-hole monitoring and pumping equipment;

provided that the Miscellaneous Interests shall not include any documents or data to the extent that they are owned or licensed by third parties with restrictions on their deliverability or disclosure by Companies, or any one of them, to an assignee.

**“Monitor”** has the meaning set out in preamble to this Agreement.

**“Monitor’s Certificate”** has the meaning set out in Section 4.2.

**“Monitor’s Counsel”** means Burnet, Duckworth & Palmer LLP or such other firm or firms of solicitors as are retained or engaged by the Companies from time to time and notice of which is provided to Keranic.

**“NBC Excluded Indebtedness”** means the NBC Indebtedness less the NBC Retained Indebtedness.

**“NBC Indebtedness”** means the total indebtedness of the Companies to the National Bank of Canada as successor to Canadian Western Bank immediately prior to Closing.

**“NBC Retained Indebtedness”** means a \$[REDACTED] portion of the NBC Indebtedness to be retained by the Companies on Closing on the following amended terms: fifteen month term; [REDACTED] interest per annum; and semi-annual payments.

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**“NBC Security”** means the security granted by the Companies to NBC existing as at the time of the Closing and retained by the Companies in support of the NBC Retained Indebtedness.

**“Non-Brokered Financing”** means the private placement offering of Convertible Promissory Notes.

**“Notice”** has the meaning set out in Section 7.2.

**“Order”** means any order, writ, judgment, injunction, decree, stipulation, determination, decision, verdict, ruling, subpoena, or award entered by or with any Governmental Authority (whether temporary, preliminary, or permanent).

**“Outside Date”** means the date which occurs 60 days following the date of execution of this Agreement, or such other date as the Parties may agree in writing.

**“Parties”** means, collectively, the Companies, Subco, ResidualCo, and Keranic, and **“Party”** means any one of them.

**“Permitted Encumbrances”** means:

- (a) any overriding royalties, net profits, interests, and other burdens, which are provided for under the Title Documents;
- (b) the terms and conditions of the Title Documents, the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor’s interest in any of the Title Documents;
- (c) the right reserved to or vested in any grantor, Governmental Authority, or other public authority by the terms of any Title Document or by Applicable Laws to terminate any Title Document;
- (d) easements, rights of way, servitudes, or other similar rights in land, including rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, or cable television conduits, poles, wires, or cables;
- (e) Taxes on the Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Retained Assets;
- (f) agreements for the sale, processing, transmission, or transportation of the Substances entered into by the Companies, or any one of them, subsequent to the date of this Agreement;
- (g) any obligation of the Companies, or any one of them, to hold any portion of their interest in and to any of the Retained Assets in trust for third parties;
- (h) any rights reserved to or vested in any Governmental Authority to control or regulate the ownership, use, or operation of any of the Retained Assets in any manner, including governmental requirements imposed by statute or Governmental Authorities as to rates of production from operations or otherwise affecting recoverability of the Substances;

- (i) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Retained Assets, as regards the Companies' share of the costs and expenses thereof which are not due or delinquent as of the date hereof;
- (j) the reservations, limitations, provisos, and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (k) provisions for penalties and forfeitures under Title Documents as a consequence of non-participation in operations;
- (l) any requirement to post or maintain any deposits or other form of security required by any Governmental Authority;
- (m) liens granted in the ordinary course of business to a public utility, municipality, or Governmental Authority with respect to operations pertaining to any of the Retained Assets as regards the Companies share of amounts owing to such public utility, municipality, or Governmental Authority which are not due or delinquent as of the date hereof; and
- (n) the BDC Security and the NBC Security.

**“Person”** means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, corporation, Governmental Authority, and where the context requires, any of the foregoing when they are acting as trustee, executor, administrator, or other legal representative.

**“Petroleum and Natural Gas Rights”** means the Companies' Interest in and to all rights to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands).

**“Prepaid Expenses”** means all the prepaid expenses relating to the Business, including, for clarity, all amounts which may be held by suppliers on account of the Business for product not yet delivered, as of the Closing Date.

**“Priority Payables”** means any accounts payable of the Companies relating to amounts due and owing to regulatory or governmental agencies, as further set out in Schedule G hereto.

**“Rebates”** means any refunds, rebates, or other amounts due to the Companies from suppliers or their Affiliates receivable relating to the Business or the Retained Assets that arose or relate to the period prior to the Closing Time.

**“Reorganization”** means the reorganization transactions contemplated in Schedule D hereto.

**“Replacement LOC”** means the replacement letter of credit which may be entered into by Keranic in favour of Campus Energy Partners Infrastructure LP, in the same amount as the Campus LOC, issued by a financier selected by Keranic, in its sole discretion, which letter of credit would replace the Campus LOC at the Effective Date.



**“ResidualCo”** means 102218166 Saskatchewan Ltd., being the corporate entity to which the Excluded Assets and Excluded Liabilities will be transferred as part of the Reorganization, and which has no issued and outstanding shares.

**“Retained Assets”** means all of the assets, properties, undertakings, and rights of the Companies other than the Excluded Assets and, for the avoidance of doubt, includes the following assets, properties, undertakings, and rights of the Companies:

- (a) the Petroleum and Natural Gas Rights;
- (b) the Tangibles;
- (c) the Miscellaneous Interests;
- (d) Wells;
- (e) the Tradename;
- (f) the Intellectual Property;
- (g) the Information Technology;
- (h) Retained Contracts;
- (i) Prepaid Expenses;
- (j) Inventory; and
- (k) Licenses.

**“Retained Contracts”** means those contracts, agreements, and commitments described in Schedule C hereto.

**“Retained Liabilities”** means:

- (a) all Liabilities related to the employees of the Companies arising from and after the Closing Time;
- (b) all Liabilities of Keranic as of the Closing Time, including without limitation the Keranic BDC Security and the Keranic NBC Security;
- (c) all Environmental Liabilities;
- (d) all Abandonment and Reclamation Obligations;
- (e) all Liabilities (i) related to the Retained Contracts whenever arising, and (ii) related to the Retained Assets other than the Retained Contracts arising from and after the Closing Time;
- (f) all Liabilities related to the Licenses arising from and after the Closing Time;
- (g) the Priority Payables;

- (h) the BDC Retained Indebtedness;
- (i) the NBC Retained Indebtedness; and
- (j) any other Liability that the Parties agree to designate as a “Retained Liability” at or before the Closing Time.

“**RHL**” has the meaning given to it in the preamble of this Agreement.

“**RHL Broker Warrants**” means broker warrants of RHL to be issued in exchange for Keranic Broker Warrants pursuant to the Amalgamation.

“**RHL Shares**” has the meaning given to it in Step 1 of Schedule D.

“**RHL Units**” means units of RHL, each such RHL Unit comprised of one RHL Share and one RHL Warrant.

“**RHL Warrants**” means common share purchase warrants of RHL to be issued in exchange for Keranic Warrants pursuant to the Amalgamation.

“**SMER**” means the Saskatchewan Ministry of Energy and Resources.

“**Subco**” means 102218200 Saskatchewan Inc., a wholly owned subsidiary of RHL.

“**Subco Amalgamation Resolution**” means the resolution of RHL, as sole shareholder of Subco, approving the Amalgamation.

“**Subco Shares**” means the common shares in the capital of Subco.

“**Subscription Receipts**” means the Subscription Receipts of Keranic issued pursuant to the Brokered Financing that will convert into Units immediately prior to Closing upon the satisfaction of the Escrow Release Conditions, each entitling the holder to receive, in certain circumstances set forth in the terms attached to the Subscription Receipt, one Unit, without any further act or formality, and for no additional consideration.

“**Substances**” means any of crude oil, natural gas, natural gas liquids, coal bed methane, helium, and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur.

“**Subsurface Leases**” means the lease agreements that give access to the Substances underneath the Land.

“**Surface Leases**” means the lease agreements which give access to the Lands which includes access to the Facilities and Wells.

“**Tangibles**” means the Companies’ Interest in and to the Facilities and any and all other tangible depreciable property and assets, if any, which are located within, upon, or in the vicinity of the Lands and which are used or are intended to be used to produce, process, gather, treat, measure, store, transport, make marketable, or inject the Leased Substances or any of them.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time.

**“Tax Refunds”** means all payments, credits, or refunds (including payments and refunds in respect of Taxes) to which the Companies, or any one of them, are entitled that arose or relate to the period prior to the Closing Time, including (a) any refund of goods and services taxes, provincial sales taxes, or harmonized sales taxes; (b) any refund of federal or provincial income taxes; and (c) any refund of premiums or payments relating to a workers’ compensation fund or program of any province.

**“Tax Returns”** means all returns, reports, declarations, elections, notices, filings, forms, statements, and other documents in respect of Taxes (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices, and exhibits thereto made, prepared, or filed by the Companies (or anyone on behalf of the Companies).

**“Taxes”** means taxes, duties, fees, premiums, assessments, imposts, levies, and other similar charges imposed by any Governmental Authority under Law, including all interest, penalties, fines, additions to tax, or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, and all employment insurance, health insurance, and governmental pension plan premiums or contributions.

**“Title Documents”** means, collectively, any and all certificates of title, leases, Surface Leases, and Subsurface Leases, reservations, permits, Licenses, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, participation agreements, farm- in agreements, sale and purchase agreements, pooling agreements, acreage contribution agreements, joint venture agreements, and any other documents and agreements granting, reserving, or otherwise conferring rights to (a) explore for, drill for, produce, take, use, or market Substances; (b) share in the production of the Substances; (c) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Substances which are produced; and (d) rights to acquire any of the rights described in items (a) to (c) of this definition; but only if the foregoing pertain in whole or in part to the Substances within, upon, or under the Lands, including as listed in Schedule A.

**“Tradename”** means the Companies’ rights to use the name “Royal Helium” and any variations thereof.

**“Transaction Approval and Reverse Vesting Order”** means an Order of the Court, in substantially the form attached as Schedule B hereto, or in such other form as may be agreed to by the Parties in writing, that, among other things, approves this Agreement and the Transactions and, upon the delivery of a copy of the Monitor’s Certificate to each of RHL and Keranic, among other things: (a) transfers all of the Companies’, Subco’s and, as applicable, Amalco’s right, title, and interest in and to the Excluded Assets to ResidualCo; (b) transfers and novates all Excluded Liabilities to ResidualCo; (c) releases and discharges the Companies from all Excluded Liabilities; and (d) releases the Companies from the purview of the CCAA Proceedings and adds ResidualCo as a new debtor in the CCAA Proceedings in the place of the Companies.

**“Transaction Regulatory Approval”** means any material license, permit approvals, grants or other approvals required from any Governmental Authority or under any Applicable Laws relating to the business and operations of the Companies or Keranic that would be required to be obtained in order to permit the Companies and Keranic to complete the Transactions contemplated by this Agreement and for the Companies to carry on the Business following the Closing Date, excluding for greater certainty, the approval of the TSXV.

**“Transactions”** means the Amalgamation and the Reorganization and all matters related or ancillary thereto contemplated by or in the manner provided for in this Agreement or the Transaction Approval and Reverse Vesting Order.

**“Transfer Agent”** means Computershare Trust Company of Canada.

**“Transferred Keranic Shares”** has the meaning given to it in Step 7(i) of Schedule D.

**“TSXV”** means the TSX Venture Exchange.

**“Units”** means units of Keranic, each unit comprised of one Keranic Share and one Keranic Warrant.

**“Wells”** means the Companies’ Interest in and to the wells on the Lands, including the wells licenses listed in Schedule A under the heading entitled “Wells”, as applicable.

## 1.2 Certain Rules of Interpretation

In this Agreement:

- (a) all references to monetary amounts are to the lawful currency of Canada;
- (b) words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine, and neuter genders;
- (c) the word “include” and “including” and derivatives thereof shall be read as if followed by the phrase “without limitation”;
- (d) the words “hereto”, “herein”, “hereof”, “hereby”, “hereunder,” and similar expressions refer to this Agreement and not to any particular provision of this Agreement;
- (e) the headings contained in this Agreement are for convenience of reference only, and shall not affect the meaning or interpretation hereof;
- (f) reference to any Article, Section, or Schedule means an Article, Section, or Schedule of this Agreement unless otherwise specified;
- (g) if any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict;
- (h) all documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict;
- (i) this Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party does not apply to the construction or interpretation of this Agreement;
- (j) reference to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof;

- (k) references to an Applicable Law means such Applicable Law as amended from time to time and includes any successor Applicable Law thereto any regulations promulgated thereunder;
- (l) time is of the essence in the performance of the Parties' respective obligations; and
- (m) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

### **1.3 Entire Agreement**

This Agreement, the Confidentiality Agreement and the agreements and other documents required to be delivered pursuant to this Agreement constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations, and discussions, whether oral or written, pre-contractual, or otherwise with respect to the subject matter of this Agreement.

### **1.4 Schedules**

The schedules to this Agreement, listed below, are an integral part of this Agreement:

#### Schedule Description

Schedule A – Retained Assets

Schedule B – Form of Transaction Approval and Reverse Vesting Order

Schedule C – Retained Contracts

Schedule D – Reorganization

Schedule E – Keranic Conditions Certificate

Schedule F – Articles of Amalgamation

Schedule G – Priority Payables

## **ARTICLE 2 AMALGAMATION**

### **2.1 Amalgamation**

On the Closing Date, subject to the terms and conditions of this Agreement, each of the Companies, Subco and Keranic agree that Keranic and SubCo shall amalgamate, pursuant to the provisions of the Act, and continue as one corporation (“**Amalco**”) effective at the Closing Time upon and subject to the terms and conditions and in the manner set out in this Agreement.

### **2.2 Shareholder Approvals**

- (a) Keranic shall seek written approval of the Keranic Amalgamation Resolution together with the approval of such matters as are required to effect the Amalgamation.
- (b) RHL shall execute the Subco Amalgamation Resolution.

### 2.3 Name of Amalco

The name of Amalco will be “Keranic Industrial Gas Inc.”, or such other name acceptable to Keranic.

### 2.4 Registered Office

The registered office of Amalco shall be located at: 500 – 616 Main Street, Saskatoon, SK, S7H 0J6.

### 2.5 Directors

- (a) The number of directors of Amalco will be a minimum of 3 and a maximum of 5.
- (b) The number of first directors of Amalco shall be 4. Subject to compliance with all Applicable Laws, the following persons will be the first directors of Amalco:

Name	Address
Andrew Davidson	[REDACTED]
Aaron Joyes	[REDACTED]
Rick Wingate	[REDACTED]
Kenneth MacNeill	[REDACTED]

The first directors shall hold office until the first annual or general meeting of the holders of Amalco Common Shares or until their successors are duly appointed or elected. The subsequent directors shall be elected each year thereafter as provided for in the bylaws of Amalco. The management and operation of the business and affairs of Amalco shall be under the control of the board of directors as it is constituted from time to time.

### 2.6 Officers

Effective as of the Closing and subject to compliance with all Applicable Laws, the initial officers of Amalco will be:

Name	Title
Andrew Davidson	President & CEO
Michael Gleeson	CFO, Treasurer

### 2.7 Financial Year End

The financial year end of Amalco will be December 31.

## **2.8 Authorized Capital**

- (a) Amalco will be authorized to issue an unlimited number of common shares (the “**Amalco Common Shares**”).
- (b) The rights, privileges, restrictions and conditions attaching to the Amalco Common Shares are set forth in Schedule F.

## **2.9 Amalgamation and Reorganization**

On the Closing Date, upon the terms and subject to the conditions set forth in this Agreement and the Transaction Approval and Reverse Vesting Order, the steps set forth in Schedule D to this Agreement, including the conversion into Units of the Convertible Promissory Notes and Subscription Receipts and Amalgamation, shall occur at the time and in the sequence set forth therein, without any further act or formality by any Party (except as may be required pursuant to the terms of the Subscription Receipts).

## **2.10 Effect of Certificate of Amalgamation**

On the Closing Date: (a) the Amalgamation of Keranic and SubCo and their continuance as one corporation shall become effective; (b) the property of each of Keranic and SubCo shall continue to be the property of Amalco; (c) Amalco shall continue to be liable for the obligations of each of Keranic and SubCo; (d) any existing cause of action, claim or liability to prosecution shall be unaffected; (e) any civil, criminal or administrative action or proceeding pending by or against either Keranic or SubCo may be continued to be prosecuted by or against Amalco; (f) a conviction against, or ruling, Order or judgment in favour of or against, either Keranic or SubCo may be enforced by or against Amalco; and (g) the Articles of Amalgamation shall be deemed to be the articles of incorporation of Amalco and the Certificate of Amalgamation shall be deemed to be the certificate of incorporation of Amalco.

## **2.11 Fractional Securities**

No fractional securities of RHL will be issued pursuant to the Amalgamation. In the event that a securityholder of Keranic would otherwise be entitled to a fractional security, the number of securities of RHL issued to such securityholder shall be rounded up to the next greater whole number of such security. In calculating such fractional interests, all securities of RHL, as the case may be, registered in the name of or beneficially held by a RHL securityholder or their nominee shall be aggregated.

## **2.12 Restrictions on Securities**

The Parties acknowledge and agree that any transfers in respect of the RHL Shares will be subject to compliance with applicable Canadian Securities Laws.

## **2.13 Certificates**

- (a) On the Closing Date:
  - (i) the Transferred Keranic Shares held by a Keranic Shareholder will be cancelled and such Keranic Shareholders shall cease to be holders of such Keranic Shares and to have any rights as a holder of Keranic Shares, other than the right to receive RHL Shares in accordance with this Agreement;

- (ii) the Keranic Shareholders' names shall be deemed to be removed as the holders of such Keranic Shares from the registers maintained by or on behalf of Keranic;
  - (iii) such Keranic Shareholder shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign each such Transferred Keranic Share;
  - (iv) the certificates or other statements evidencing Transferred Keranic Shares shall cease to represent any claim upon or interest in Keranic other than the right of the holder to receive, pursuant to the terms of this Agreement, RHL Shares representing the consideration for the Transferred Keranic Shares; and
  - (v) the Companies shall cause the Transfer Agent to register the RHL Shares in the name of the former Keranic Shareholders, and to deliver by first class mail, postage prepaid, or in the case of postal disruption, by such other means as the Transfer Agent deems prudent, such certificates representing RHL Shares or Direct Registration System ("DRS") statements, as the case may be, to such address as such former Keranic Shareholder may properly direct, as soon as practicable.
- (b) On the Closing Date:
- (i) the Keranic Warrants held by a Keranic Shareholder will be cancelled and such Keranic Shareholders shall cease to be holders of such Keranic Warrants and to have any rights as a holder of Keranic Warrants, other than the right to receive RHL Warrants in accordance with this Agreement;
  - (ii) the Keranic Warrantholders' names shall be deemed to be removed as the holders of such Keranic Warrants from the registers maintained by or on behalf of Keranic;
  - (iii) such Keranic Warrantholder shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign each such Keranic Warrant;
  - (iv) the certificates or other statements evidencing Keranic Warrants shall cease to represent any claim upon or interest in Keranic other than the right of the holder to receive, pursuant to the terms of this Agreement, RHL Warrants representing the consideration for the Keranic Warrants; and
  - (v) the Companies shall cause the Transfer Agent to register the RHL Warrants in the name of the former Keranic Warrantholders, and to deliver by first class mail, postage prepaid, or in the case of postal disruption, by such other means as the Transfer Agent deems prudent, such certificates representing RHL Warrants or Direct Registration System ("DRS") statements, as the case may be, to such address as such former Keranic Warrantholder may properly direct, as soon as practicable.
- (c) On the Closing Date:
- (i) the Keranic Broker Warrants will be cancelled and the holders thereof shall cease to be holders of such Keranic Broker Warrants and to have any rights as a holder of Keranic Broker Warrants, other than the right to receive RHL Broker Warrants in accordance with this Agreement;



- (ii) the holders of Keranic Broker Warrants names shall be deemed to be removed as the holders of such Keranic Broker Warrants from the registers maintained by or on behalf of Keranic;
- (iii) such holders of Keranic Broker Warrants shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign each such Keranic Broker Warrant;
- (iv) the certificates or other statements evidencing Keranic Broker Warrants shall cease to represent any claim upon or interest in Keranic other than the right of the holder to receive, pursuant to the terms of this Agreement, RHL Broker Warrants representing the consideration for the Keranic Broker Warrants; and
- (v) the Companies shall cause the RHL Broker Warrants to be registered in the name of the former holders of Keranic Broker Warrants, and to deliver by first class mail, postage prepaid, or in the case of postal disruption, by such other means as the Transfer Agent deems prudent, such certificates representing RHL Broker Warrants, to such address as such former holder of Keranic Broker Warrants may properly direct, as soon as practicable.

## **2.14 Stated Capital**

The amounts to be added on the Closing Date to the stated capital accounts to be maintained by Amalco will be determined by Keranic in accordance with IFRS.

## **2.15 No Restrictions on Business**

There will be no restrictions on the business Amalco may carry on or on the powers Amalco may exercise.

## **2.16 Number of Directors**

The number of directors within the minimum and maximum number set out in Section 2.5 may be determined from time to time by resolution of the directors. Any vacancy among the directors resulting from an increase in the number of directors as so determined may be filled by resolution of the directors.

## **2.17 Articles of Amalgamation and Bylaws**

The Articles of Amalgamation of Amalco shall be in the form set forth in Schedule F. The bylaws of Amalco will be the bylaws of Keranic in effect at the Closing Time, such bylaws after the Closing Time to be supplemented, amended or repealed in accordance with the provisions of the Act relating to the making, amending and repealing of bylaws.

## **2.18 Auditors**

The auditors of Amalco, until the first annual meeting of shareholders, will be KPMG LLP unless they resign or are removed in accordance with the Act.

## **2.19 Agent Shares**

- (a) Keranic has delivered [REDACTED] Existing Shares registered in the name of the Agent to the Monitor (the "**Agent Shares**") to be held by the Monitor as a deposit with respect to the Transactions.

- (b) The Agent Shares shall be held in trust by the Monitor and either:
- (i) released to the Agent immediately prior to Closing in accordance with Section **Error! Reference source not found.** hereof; or
  - (ii) if the Parties hereto fail to close the Transactions by the Outside Date, or in respect of Section 2.19(b)(ii)(B) such other date as contemplated thereby, or if this Agreement is terminated in accordance with Section 7.1, the Agent Shares shall be:
    - (A) released to the Agent where:
      - (1) any of the conditions listed in Section 5.2 fail to be fulfilled or performed on or before the Closing Date; or
      - (2) the Companies, for any reason, fail to comply with any of the terms, conditions, covenants, representations, or warranties set out herein as necessary to close the Transactions in accordance with the terms herein on or before the Closing Date; or
    - (B) released for the benefit of the Companies and Keranic shall cause the Agent to transfer the Agent Shares to RHL, or to such other person or entity as RHL may designate in writing, and take all such other steps as may be required to provide the Companies with ownership of the Agent Shares, where Keranic, for any reason, fails to comply with any of the terms, conditions, covenants, representations, or warranties set out herein as necessary to close the Transactions in accordance with the terms herein on or before the Outside Date or such other earlier date whereby the Companies may terminate this Agreement in accordance with the terms hereof.

## **2.20 Retained Assets and Retained Liabilities; Transfer of Excluded Assets and Excluded Liabilities to ResidualCo**

Pursuant to and without limiting the Transaction Approval and Reverse Vesting Order, on the Closing Date:

- (a) the Companies shall retain all of the Retained Assets and the obligation to pay and perform all of the Retained Liabilities;
- (b) all Excluded Assets shall be transferred to and vested in ResidualCo, and all Excluded Liabilities shall be transferred and novated to ResidualCo;
- (c) all Claims and Encumbrances other than the Permitted Encumbrances shall be expunged, discharged, and released as against the Companies and the Retained Assets.

## **2.21 Application for the Transaction Approval and Reverse Vesting Order**

Prior to the Closing Date, the Companies shall apply for the Transaction Approval and Reverse Vesting Order in the form attached hereto as Schedule B (the “**Court Application**”). Prior to the Court Application, Keranic shall, in a timely manner, provide to the Companies and/or the Monitor, as applicable, such information regarding the Financings and the satisfaction of the conditions to the Transaction as the Companies and/or the Monitor may request, acting reasonably (including, for greater certainty, evidence of the approval of the Keranic Amalgamation Resolution).

## **2.22 Payment of Closing Date Cash by ResidualCo to the Monitor**

On the Closing Date, effective upon satisfaction of the Escrow Release Conditions: (i) RHL shall, by written direction to Keranic (and its successor Amalco) irrevocably direct Keranic (and its successor Amalco); and (ii) Keranic shall irrevocably direct the subscription receipt agent appointed pursuant to the terms of the Subscription Receipts (collectively, the “**Directions to Pay**”) to pay, or cause to be paid (as applicable), by one or more wire transfers, to the Monitor, amounts equal (in the aggregate) to the Closing Date Cash (for greater certainty in lieu of the release of the proceeds of the Brokered Financing to Keranic (or its successor Amalco) and the payment of the dividend by Amalco to RHL from the proceeds of the Financings as contemplated by the Directors’ Resolution) to the Monitor for the benefit of RHL’s creditors.

## **2.23 Right to Modify Designations with Consent of the Companies**

At any time on or prior to the day that is one (1) day prior to the Closing Date, Keranic may, in writing, with the consent of the Monitor, on behalf of the Companies, elect to exclude any assets, properties, or undertakings of the Companies from the Retained Assets, and add such assets, properties, or undertakings to the Excluded Assets, provided that no changes to the Retained Assets or Excluded Assets pursuant to this Section 2.23 shall modify the Amalgamation Consideration.

# **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

## **3.1 Representations and Warranties of the Companies**

The Companies make the following representations and warranties to Keranic as of the date hereof and as of the Closing:

- (a) each of the Parties that comprise Companies are corporations duly formed and validly subsisting under the laws of the Province of British Columbia or Saskatchewan and have the requisite power and authority to enter into this Agreement and to complete the Transactions;
- (b) except for the requirement that the Court grant the Transaction Approval and Reverse Vesting Order, the execution, delivery and performance of this Agreement by the Companies does not require any consent, approval, authorization, or other order of, action by, filing with, or notification to any Governmental Authority, except where failure to obtain such consent, approval, authorization, or action, or to make such filing or notification would not prevent or materially delay the consummation by the Companies of the Transactions;
- (c) none of the Parties that comprise the Companies are a non-resident of Canada within the meaning of such term under the Tax Act and is not an agent or trustee for anyone with an interest in the RHL Shares who are a non-resident of Canada within the meaning of such term under the Tax Act (or a partnership that is not a “Canadian partnership” within the meaning of such term under the Tax Act);
- (d) subject to the Court granting the Transaction Approval and Reverse Vesting Order, this Agreement has been duly executed and delivered by the Monitor on behalf of the Companies and constitutes a legal, valid, and binding obligation of the Companies and is enforceable against them in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar Applicable Laws relating to creditors’ rights generally and subject to general principles of equity;

- (e) Keranic will not be liable for any brokerage commission, finder's fee, or other similar payment in connection with the Transactions because of any action taken by, or agreement or understanding reached by the Companies; and
- (f) to Companies' knowledge, there are no outstanding Claims by any Governmental Authority or any other Person regarding any alleged violation by the Companies of any Environmental Law, or any actual or alleged Liability under any Environment Laws.

### **3.2 Representations and Warranties of Subco**

Subco makes the following representations and warranties to Keranic as of the date hereof and as of the Closing:

- (a) Subco is a corporation duly formed and validly subsisting under the laws of the Province of Saskatchewan and has the requisite power and authority to enter into this Agreement and to complete the Transactions;
- (b) except for the requirement that the Court grant the Transaction Approval and Reverse Vesting Order, the execution, delivery and performance of this Agreement by Subco does not require any consent, approval, authorization, or other order of, action by, filing with, or notification to any Governmental Authority, except where failure to obtain such consent, approval, authorization, or action, or to make such filing or notification would not prevent or materially delay the consummation by Subco of the Transactions;
- (c) Subco is not a non-resident of Canada within the meaning of such term under the Tax Act and is not an agent or trustee for anyone with an interest in the RHL Shares who are a non-resident of Canada within the meaning of such term under the Tax Act (or a partnership that is not a "Canadian partnership" within the meaning of such term under the Tax Act);
- (d) subject to the Court granting the Transaction Approval and Reverse Vesting Order, this Agreement has been duly executed and delivered by Subco and constitutes a legal, valid, and binding obligation of the Subco and is enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar Applicable Laws relating to creditors' rights generally and subject to general principles of equity; and
- (e) Keranic will not be liable for any brokerage commission, finder's fee, or other similar payment in connection with the Transactions because of any action taken by, or agreement or understanding reached by Subco.

### **3.3 Representations and Warranties of Keranic**

Keranic makes the following representations and warranties to the Monitor, the Companies and Subco as of the date hereof and as of Closing:

- (a) it is a corporation duly incorporated and validly subsisting under the laws of Saskatchewan and has the requisite power and authority to enter into this Agreement and to complete the Transactions;
- (b) it has taken all necessary corporate or other acts to authorize the execution, delivery, and performance by it of this Agreement;

- (c) neither the execution of this Agreement nor its performance by Keranic will result in a breach of any term or provision or constitute a default under any indenture, mortgage, deed of trust, or any other agreement to which Keranic is a party or by which it is bound which breach could materially affect the ability of Keranic to perform its obligations hereunder;
- (d) except for the requirement that the Court grant the Transaction Approval and Reverse Vesting Order, the execution, delivery, and performance of this Agreement by Keranic does not and will not require any consent, approval, authorization, or other order of, action by, filing with, or notification to any Governmental Authority, except where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not prevent or materially delay the consummation by Keranic of the Transactions;
- (e) subject to the Court granting the Transaction Approval and Reverse Vesting Order, this Agreement has been duly executed and delivered by it and constitutes a legal, valid, and binding obligation of Keranic and is enforceable against Keranic in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, or similar Applicable Laws relating to creditors' rights generally and subject to general principles of equity;
- (f) Keranic is not a non-resident of Canada for the purposes of the Tax Act;
- (g) the Companies will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the Transactions because of any action taken by, or agreement or understanding reached by, Keranic;
- (h) immediately prior to Closing, subject only to the satisfaction of the Escrow Release Conditions, the Closing Date Cash shall be an asset of Keranic and immediately following the Amalgamation the Closing Date Cash shall be an asset of Amalco. The Closing Date Cash shall be preserved by Amalco in its entirety and shall not be dealt with in any respect except in accordance with this Agreement (including for greater certainty, the Directions to Pay);
- (i) there is not, as the date hereof, pending or, to Keranic's knowledge, threatened against it or any of its properties, nor has Keranic received notice in respect of, any Claim, potential Claim, litigation, action, suit, arbitration, investigation or other proceeding before any Governmental Authority or legislative body, other than the Court, that, would prevent it from executing and delivering this Agreement, performing its obligations hereunder and consummating the Transactions; and
- (j) Upon completion of the Financings, Keranic will have sufficient unrestricted funds and financial capacity necessary to pay, as and when due, the Closing Date Cash, to the Monitor in accordance with the Directions to Pay, and to pay Keranic's legal fees and expenses, registration costs, and any other amounts payable by Keranic pursuant hereto.

### **3.4 As Is, Where Is**

Notwithstanding any other provision of this Agreement, Keranic acknowledges, agrees and confirms that:

- (a) except for the representations and warranties of the Companies set forth in Section 3.1, it is entering into this Agreement on an "as is, where is" basis with respect to the RHL Shares

issued to Keranic Shareholders (and underlying Retained Assets and Retained Liabilities) as they exist as of the Closing Time;

- (b) it is familiar with the condition of the Retained Assets, including the past and present use of the Lands and the Tangibles, and the Companies have provided Keranic with a reasonable opportunity to inspect the Retained Assets at the sole cost, risk and expense of Keranic (insofar as Companies could reasonably provide such access) and, except as expressly provided for in this Agreement, Keranic is not relying upon any representation or warranty of Companies as to the environmental condition of the Retained Assets, or any Environmental Liabilities or Abandonment and Reclamation Obligations in respect thereof. Once Closing has occurred, the Companies shall be solely responsible for all Environmental Liabilities and Abandonment and Reclamation Obligations of the Companies after Closing Time;
- (c) it has conducted to its satisfaction and has relied on such independent searches, investigations, reviews, and inspections of the Companies, Retained Assets, and Retained Liabilities as it deemed appropriate, and based thereon has determined to proceed with the Transactions;
- (d) except as expressly stated in Section 3.1, the Companies are not making, and Keranic is not relying on, any written or oral representations, warranties, statements, information, promises, or guarantees, express or implied, statutory or otherwise, concerning the Transactions, the Companies, the Business, the Retained Assets, the Retained Liabilities, the Excluded Assets, and the Excluded Liabilities, including the right, title, interest, or obligation of the Companies, or any one of them, in and to any of the foregoing, and any and all conditions, warranties, or representations expressed or implied pursuant to any Applicable Law in any jurisdiction, which Keranic confirms do not apply to this Agreement, are hereby waived in their entirety by Keranic;
- (e) the Companies have not made any representation or warranty as to any regulatory approvals, permits, licences, consents, registrations, filings, or authorizations that may be needed to complete the Transactions or to obtain the benefit of the Retained Assets (including the Licenses) or any portion thereof, and Keranic is relying entirely on its own investigation, due diligence and inquiries in connection with such matters;
- (f) the obligations of Keranic under this Agreement are not conditional upon any additional due diligence;
- (g) except for the representations and warranties of the Companies set forth in Section 3.1, any information regarding or describing the Retained Assets, or in any other agreement or instrument contemplated hereby, is for identification purposes only, is not relied upon by Keranic, and no representation, warranty, or condition, express or implied, has or will be given by the Companies concerning the completeness or accuracy of such information or descriptions;
- (h) there are no covenants, promises, warranties, representations, conditions, understandings, or other agreements, whether oral or written, pre-contractual or otherwise, express, implied, or collateral, whether statutory or otherwise, between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement, and this Agreement is being entered into on an as is and where is basis with respect to the RHL Shares issued to Keranic

Shareholders (and the underlying Retained Assets and Retained Liabilities) subject to the benefit of the representations and warranties in this Agreement;

- (i) Keranic hereby unconditionally and irrevocably waives any and all actual or potential rights or Claims Keranic might have against the Companies pursuant to any warranty, express or implied, legal or conventional, of any kind or type. Except as set out above in this subsection (h) such waiver is absolute, unlimited, and includes, but is not limited to, waiver of express warranties, completeness of warranties, implied warranties, warranties of fitness for a particular use, warranties of merchantability, warranties of occupancy, strict liability and Claims of every kind and type, including Claims regarding defects, whether or not discoverable or latent, and all other Claims that may be later created or conceived in strict liability or as strict liability type Claims and rights; and
- (j) the provisions of Section 3.4 shall survive and not merge on Closing.

## **ARTICLE 4 CLOSING**

### **4.1 Date, Time, and Place of Closing**

The Closing shall take place electronically at the Closing Time, or at such other place, on such other date and at such other time as the Parties may agree in writing.

### **4.2 Delivery of the Monitor's Certificate**

Upon the satisfaction or waiver, as applicable, of the conditions set out in Article 5 hereof pursuant to this Agreement, Keranic shall deliver to the Monitor written confirmation that such conditions have been satisfied and/or waived, as applicable, substantially in the form attached hereto as Schedule E. Upon receipt of such written confirmation from Keranic, the Monitor shall issue and deliver a duly executed certificate in the form contemplated by the Transaction Approval and Reverse Vesting Order (the “**Monitor's Certificate**”) confirming that the conditions to Closing set out in this Agreement have been satisfied or waived, as applicable.

### **4.3 Companies' Closing Deliveries**

On the Closing Date, the Companies shall deliver or cause to be delivered to Keranic's Counsel, as applicable:

- (a) a Court certified copy of the Transaction Approval and Reverse Vesting Order;
- (b) share certificates or DRS statements representing the RHL Shares and RHL Warrants issuable to the shareholders and warrant holders of Keranic in accordance with this Agreement;
- (c) a certificate of the Companies confirming the accuracy of the matters provided for in Section 3.1;
- (d) the Agent Shares to the Agent immediately prior to Closing;
- (e) an amended loan agreement to evidence the BDC Retained Indebtedness;
- (f) an amended loan agreement to evidence the NBC Retained Indebtedness; and

- (g) all such other assurances, consents, agreements, documents, and instruments as may be reasonably required by Keranic to complete the Transactions.

#### **4.4 Keranic's Closing Deliveries**

On the Closing Date, Keranic shall deliver or cause to be delivered to the Monitor or Monitor's Counsel, as applicable, the following in form and substance satisfactory to the Monitor, on behalf of the Companies, acting reasonably:

- (a) in accordance with the Directions to Pay, the Closing Date Cash to the Monitor, by way of wire transfer;
- (b) a certificate of Keranic confirming the accuracy of the matters provided for in Section 3.2 and Section 3.4;
- (c) a certified copy of the Directors' Resolution;
- (d) a certified copy of the Keranic Amalgamation Resolution;
- (e) evidence of the Replacement LOC or evidence that the Campus LOC will be terminated immediately following Closing;
- (f) copies of the Keranic Security duly executed by the appropriate party or parties; and
- (g) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Companies to complete the Transactions.

### **ARTICLE 5 CONDITIONS PRECEDENT**

#### **5.1 Conditions for the Benefit of the Companies**

The obligation of the Companies to complete the Transactions is subject to fulfillment of each of the following conditions on the date stated for fulfillment thereof, and if not so stated on or before the Closing Time, each of which is acknowledged to be for the exclusive benefit of the Companies and may be waived by the Companies in whole or in part:

- (a) **Representations and Warranties.** The representations and warranties of Keranic in Section 3.2 and 3.4 shall be true and accurate in all material respects as at the Closing Time with the same force and effect as if made at and as of such time, and Keranic shall have executed and delivered a certificate to that effect;
- (b) **Fulfillment of Keranic's Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by Keranic at or before the Closing Time shall have been complied with or performed in all material respects and Keranic shall not be in material breach of any agreement or covenant on its part contained in this Agreement;
- (c) **Delivery.** Keranic shall have delivered or have caused to be delivered to the Monitor the Closing Date Cash, pursuant to the Directions to Pay and delivered the documents and other items referred to in Section 4.4; and
- (d) **Campus LOC.** Conditional upon the completion of the transactions contemplated herein:
  - (i) the Campus LOC shall have been returned to National Bank of Canada, as successor to



Canadian Western Bank, and cancelled; and (ii) the Replacement LOC, if any, shall comply with the applicable terms and conditions as set forth in the Campus LOC and any relevant regulatory requirements and shall have been consented to by Campus Energy Partners Infrastructure LP;

## **5.2 Conditions for the Benefit of Keranic**

The obligation of Keranic to complete the Transactions is subject to fulfillment of each of the following conditions on or before the Closing Time, except where otherwise stipulated, each of which is included for the exclusive benefit of Keranic and may be waived by Keranic in whole or in part:

- (a) **Representations and Warranties.** The representations and warranties of the Companies in Section 3.1 shall be true and accurate in all material respects as at the Closing Time with the same force and effect as if made at and as of such time, and the Companies shall have executed and delivered a certificate to that effect;
- (b) **Fulfillment of the Companies' Covenants.** All of the terms, covenants, and conditions of this Agreement to be complied with or performed by the Companies at or before the Closing Time shall have been complied with or performed in all material respects and the Companies shall not be in material breach of any agreement or covenant on its part contained in this Agreement;
- (c) **Delivery.** The Companies shall have delivered the documents and other items referred to in Section 4.3; and
- (d) **Contrary Order.** The Companies have not lost their ability to complete the Transaction due to the appointment of a receiver or a receiver-manager, an Order of the Court, or otherwise pursuant to the CCAA Proceedings.

## **5.3 Mutual Conditions for the Benefit of the Companies and Keranic**

The obligation of each of the Companies and Keranic to complete the Transactions is subject to the fulfillment of each of the following conditions or before the Closing Time, each of which is included for the benefit of the Companies and Keranic and may only be waived in whole or in part upon the mutual agreement of the Parties:

- (a) **Actions or Proceedings.** No Order shall have been issued and no action or proceeding shall have been commenced or threatened to enjoin, restrict, or prohibit the Transactions contemplated hereby;
- (b) **Government Prohibitions.** No Governmental Authority shall have enacted, issued, or promulgated any final or non-appealable Order or Applicable Law subsequent to the date hereof which has the effect of: (i) making any of the transactions contemplated by this Agreement illegal; or (ii) otherwise prohibiting, preventing, or restraining the Companies from the issuance of the RHL Shares;
- (c) **Lawful.** The Closing is not otherwise prohibited by Applicable Law;
- (d) **Transaction Approval and Reverse Vesting Order.** The Transaction Approval and Reverse Vesting Order shall have been issued; and

- (e) Transaction Regulatory Approvals. All Transaction Regulatory Approvals will have been obtained.

#### **5.4 Non-Satisfaction of Conditions**

If any condition set out in Section 5.1, 5.2 or 5.3 is not satisfied or performed prior to the Outside Date, or such other date as contemplated in such condition, the Party for whose benefit the condition is inserted may:

- (a) in writing, waive compliance with the condition in whole or in part in its sole discretion by notice to the other Parties and without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part; or
- (b) elect to terminate this Agreement, in which case none of the Parties shall be under any further obligation to the others to complete the Transactions, except that if this Agreement is terminated by a Party because of a breach of this Agreement by another Party or because a condition for the benefit of the terminating Party has not been satisfied because another Party has failed to perform any of its obligations or covenants under this Agreement, the terminating Party's right to pursue all legal remedies will survive such termination unimpaired.

#### **5.5 Satisfaction of Conditions**

Each of the Parties shall proceed diligently and in good faith and use all commercially reasonable efforts to fulfill and assist in the fulfillment of the conditions set forth in Sections 5.1, 5.2 and 5.3. In addition, each of the Parties agrees not to take any action that could reasonably be expected to preclude, delay, or have an adverse effect on the Transactions or that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect.

### **ARTICLE 6 COVENANTS OF THE PARTIES**

#### **6.1 Payments in Respect of Excluded Assets**

If at any time after Closing, the Companies or Keranic receive a payment or other consideration in respect of or relating to an Excluded Asset (including Accounts Receivable, Tax Refunds, or any Rebates), the recipient of such payment or other consideration shall hold such funds in trust, promptly notify the Monitor and transfer such payment or other consideration to the Monitor, on behalf of ResidualCo. From and after Closing, the Companies and Keranic shall use all reasonable efforts to cooperate with the Companies, ResidualCo, and the Monitor to enable the Companies, ResidualCo, and the Monitor to obtain the benefit of any Excluded Asset, including by providing banking statements upon request.

#### **6.2 Access to Books and Records**

The Monitor shall be entitled to retain a copy of the Books and Records and, from and after Closing, the Companies and Keranic shall provide the Monitor and ResidualCo with reasonable access to information in respect of the Companies as requested by the Monitor and/or ResidualCo, as may be required by the Monitor and/or ResidualCo to comply with Applicable Law or in connection with the completion of the CCAA Proceedings, provided that such access shall be granted during normal business hours upon reasonable notice.

#### **6.3 Regulatory Approvals and Consents**

- (a) The Parties shall use commercially reasonable efforts to apply for and obtain any Transaction Regulatory Approvals as soon as reasonably practicable and no later than the time limits imposed by Applicable Laws, in accordance with Section 5.5(b), in each case at the sole cost and expense of Keranic.
- (b) Without limiting the generality of the foregoing, the Parties shall: (i) give each other reasonable advance notice of all meetings or other oral communications with any Governmental Authority relating to the Transaction Regulatory Approvals, as applicable, and provide as soon as practicable but in any case, if any, within the required time, any additional submissions, information and/or documents requested by any Governmental Authority necessary, proper or advisable to obtain the Transaction Regulatory Approvals; (ii) not participate independently in any such meeting or other oral communication without first giving the other Party (or their outside counsel) an opportunity to attend and participate in such meeting or other oral communication, unless otherwise required or requested by such Governmental Authority; (iii) if any Governmental Authority initiates an oral communication regarding the Transaction Regulatory Approvals, promptly notify the other Party of the substance of such communication; (iv) subject to Applicable Laws relating to the exchange of information, provide each other with a reasonable advance opportunity to review and comment upon and consider in good faith the views of the other in connection with all written communications (including any filings, notifications, submissions, analyses, presentations, memoranda, briefs, arguments, opinions and proposals) made or submitted by or on behalf of a Party with a Governmental Authority regarding the Transaction Regulatory Approvals as applicable; and (v) promptly provide each other with copies of all written communications to or from any Governmental Authority relating to the Transaction Regulatory Approvals as applicable.
- (c) Each of the Parties may, as advisable and necessary, reasonably designate any competitively or commercially sensitive material provided to the other under this Section 8.3 as “Outside Counsel Only Material”, provided that the disclosing Party also provides a redacted version to the receiving Party. Such materials and the information contained therein shall be given only to the outside legal counsel of the recipient and, subject to any additional agreements between the Parties, will not be disclosed by such outside legal counsel to employees, officers or directors of the recipient unless express written permission is obtained in advance from the source of the materials or its legal counsel.
- (d) The obligations of either Party to use its commercially reasonable efforts to obtain the Transaction Regulatory Approvals does not require either Party to undertake any divestiture of any business or business segment of such Party, to agree to any material operating restrictions related thereto or to incur any material expenditure(s) related therewith, unless agreed to by the Parties.

#### **6.4 Covenants Relating to this Agreement**

Each of the Parties shall perform all obligations required to be performed by the applicable Party under this Agreement, cooperate with the other Parties in connection therewith and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, from the date hereof until the Closing Date, each Party shall:

- (a) facilitate the implementation of the Amalgamation and all related matters in connection therewith;
- (b) negotiate in good faith and use its commercially reasonable efforts to take or cause to be taken all actions and to do, or cause to be done, all things necessary, proper or advisable to satisfy the conditions precedent to the obligations of such Party hereunder (including, where applicable,

negotiating in good faith with the applicable Governmental Authorities and/or third Persons in connection therewith), and to cause the fulfillment at the earliest practicable date of all of the conditions precedent to the other Party's obligations to consummate the transactions contemplated hereby;

- (c) not take any action, or refrain from taking any action, or permit any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Transactions contemplated by this Agreement.
- (d) from the date hereof until the Closing Date, Keranic hereby agrees, and hereby agrees to cause its representatives to, keep the Companies and the Monitor informed on a reasonably current basis, and no less frequently than on a weekly basis through teleconference or other meeting, and as reasonably requested by each of the Companies or the Monitor, as to Keranic's progress in terms of the satisfaction of the conditions precedent contained herein.
- (e) each of the Companies and Keranic agree to execute and deliver such other documents, certificates, agreements and other writings, reasonably necessary for the consummation of the transactions contemplated by this Agreement, and to take such other actions to consummate or implement as soon as reasonably practicable, the Transactions contemplated by this Agreement.
- (f) each of the Companies and Keranic agree to use commercially reasonable efforts to timely prepare and file all documentation and pursue all steps reasonably necessary to obtain any material third-party consents and approvals, including without limitation the Transaction Regulatory Approvals, as may be required in connection with the Transactions contemplated by this Agreement.

#### **6.5 Covenant Relating to the Brokered Financing**

Keranic hereby agrees to not modify, waive or amend any of the Escrow Release Conditions without the prior written consent of the Companies and the Monitor.

#### **6.6 Directors and Officers**

Upon completion of the Amalgamation:

- (a) the directors of RHL will resign and there will be appointed in their place as directors of RHL persons who will be individuals designated by Keranic; and
- (b) the officers of RHL will resign and there will be appointed in their place as officers of RHL the persons who will be individuals designated by Keranic.

#### **6.7 Survival of Covenants**

The provisions of this Article 6 shall survive and not merge on Closing.

### **ARTICLE 7 TERMINATION**

#### **7.1 Termination**

This Agreement may be terminated at any time prior to Closing as follows:

- (a) by mutual written consent of each of the Companies, Keranic and ResidualCo;

- (b) without limitation to Section 7.1(d), by any of the Parties, if Closing has not occurred by the Closing Date, provided that the terminating Party is not in breach of any representation, warranty, covenant or other agreement in this Agreement which would prevent the satisfaction of the conditions in Article 5 by the Outside Date;
- (c) without limitation to Section 7.1(d), by any of the Parties, if at any time after the date hereof any of the conditions in Article 5 are not capable of being satisfied by the applicable Party required in Article 5 of this Agreement by the Outside Date, provided that the terminating Party is not in breach of any representation, warranty, covenant or other agreement in this Agreement which would prevent the satisfaction of the conditions in Article 5 by the Outside Date;
- (d) by the Companies:
  - (i) if there has been a material violation or breach by Keranic of any covenant, representation, or warranty which would prevent the satisfaction of the conditions set forth in Sections 5.1 and 5.3, as applicable, by the Outside Date, and such violation or breach has not been waived by the Companies or cured by Keranic within ten (10) Business Days after written notice thereof from the Companies, unless the Companies are in material breach of their obligations under this Agreement which would prevent the satisfaction of the conditions set forth in Section 5.2 or Section 5.3, as applicable, by the Outside Date; or
  - (ii) there has been a material violation or breach by Keranic of the covenant set forth in Section 6.5; and
- (e) by Keranic, if there has been a material violation or breach by the Companies of any covenant, representation or warranty which would prevent the satisfaction of the conditions set forth in Sections 5.2 and 5.3, as applicable, by the Outside Date, and such violation or breach has not been waived by Keranic or cured by the Companies within ten (10) Business Days after written notice thereof from Keranic, unless Keranic is in material breach of its obligations under this Agreement which would prevent the satisfaction of the conditions set forth in Section 5.1 or Section 5.2, as applicable, by the Outside Date.

The Party desiring to terminate this Agreement pursuant to this Section 7.1 (other than pursuant to Section 7.1(a)) shall give written notice of such termination to the other Party or Parties, as applicable, specifying in reasonable detail the basis for such Party's exercise of its termination rights.

## **7.2 Effect of Termination**

In the event of termination of this Agreement pursuant to Section 7.1, this Agreement shall become void and of no further force or effect without liability of any Party to any other Party to this Agreement. No termination of this Agreement shall relive any Party of any liability for any wilful breach by it of this Agreement, or impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement. Upon termination, the Agent Shares shall be treated in accordance with the provisions of Section 2.19(b)(ii).

## **ARTICLE 8 GENERAL**

### **8.1 Expenses**

Unless otherwise provided for in this Agreement, each Party shall be responsible for all costs and expenses (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers,

and other advisors) incurred by it in connection with this Agreement and the Transactions. Notwithstanding any other provision of this Agreement, Keranic shall pay the cost of all surveys, title insurance policies, and title reports ordered by Keranic.

## 8.2 Notices

Any notice, direction or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier or electronic mail and addressed:

- (a) In the case of Keranic:

Attention: Andrew Davidson  
Email: [adavidson@keranic.com](mailto:adavidson@keranic.com)

With a copy, which shall not constitute notice, to Keranic's Counsel:

McDougall Gauley LLP  
500 – 616 Main Street  
Saskatoon, SK S7H 0J6

Attention: Craig Frith / Rylund Hunter  
Email: [cfrith@mcdougallgauley.com](mailto:cfrith@mcdougallgauley.com) / [rhunter@mcdougallgauley.com](mailto:rhunter@mcdougallgauley.com)

- (b) In the case of the Monitor and the Companies:

Alvarez & Marsal Canada Inc.  
Attention: Orest Konowalchuk / Bryan Krol  
Email: [okonowalchuk@alvarezandmarsal.com](mailto:okonowalchuk@alvarezandmarsal.com) / [brkol@alvarezandmarsal.com](mailto:brkol@alvarezandmarsal.com)

With a copy, which shall not constitute notice, to the Monitor's Counsel:

Burnet, Duckworth & Palmer LLP  
2400, 525 – 8<sup>th</sup> Avenue SW  
Calgary, AB T2P 1G1

Attention: David LeGeyt  
Email: [dlegeyt@bdplaw.com](mailto:dlegeyt@bdplaw.com)

A notice is deemed to be given and received if: (i) sent by personal delivery or courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day; or (ii) email, on the date of transmission if it is a Business Day and the transmission was made prior to 4:00 p.m. (local time in place of receipt), and otherwise on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice to that Party. The failure to send a copy of a notice to legal counsel does not invalidate delivery of that notice to a Party.

## 8.3 Time of Essence

Time shall be of the essence of this Agreement in all respects.

#### **8.4 Successors and Assigns**

This Agreement shall become effective only when executed by each of the Parties and shall thereafter be binding on and enure to the benefit of the Parties and their respective successors and permitted assigns.

#### **8.5 Assignment**

Neither this Agreement nor any of the rights or obligations under this Agreement may be assigned or transferred, in whole or in part, by any Party without the prior written consent of each of the other Parties.

#### **8.6 Amendment**

This Agreement may only be amended, supplemented or otherwise modified by written agreement by the Parties.

#### **8.7 Waiver**

No waiver of any of the provision of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

#### **8.8 Survival**

Other than those representations, warranties, covenants, or other agreements which by their terms contemplate performance after Closing (including those set forth in Article 6) or unless otherwise expressly provided in this Agreement (including Section 3.4 (which in each case shall remain in full force and effect after Closing), the representations, warranties, covenants, and other agreements contained in this Agreement shall not survive Closing.

#### **8.9 Further Assurances**

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the Transactions, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing provided that the costs and expenses of any actions taken after Closing at the request of a Party shall be the responsibility of the requesting Party.

#### **8.10 Severability**

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of Law or public policy, then such covenant or other provision will be severed from and will not affect any other provision of this Agreement and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

#### **8.11 Governing Law and Jurisdiction**

This Agreement, the rights and obligations of the Parties hereunder, and any Claim based upon or arising out of this Agreement or the Transactions (or any part thereof) shall be governed by and interpreted and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Each Party irrevocably attorns and submits to the exclusive jurisdiction of the Court in any action, application, reference, or other proceeding arising out of or relating to this Agreement or the Transactions (including any part thereof) and consents to all Claims in respect of any such action, application, reference, or other proceeding being heard and determined in the Court.

#### **8.12 Execution and Delivery**

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by email or other electronic means is as effective as a manually executed counterpart of this Agreement.

[Remainder of page intentionally left blank]



IN WITNESS OF WHICH the Parties have executed this Agreement as of the Effective Date.

**ROYAL HELIUM LTD.**, by its Monitor Alvarez and Marsal Canada Inc., acting in its capacity as Monitor and not in its personal or corporate capacity.

PER: \_\_\_\_\_  
 Name:  
 Title:

**ROYAL HELIUM EXPLORATION LIMITED**, by its Monitor Alvarez and Marsal Canada Inc., acting in its capacity as Monitor and not in its personal or corporate capacity.

PER: \_\_\_\_\_  
 Name:  
 Title:

**IMPERIAL HELIUM CORP.**, by its Monitor Alvarez and Marsal Canada Inc., acting in its capacity as Monitor and not in its personal or corporate capacity.

PER: \_\_\_\_\_  
 Name:  
 Title:

**KERANIC INDUSTRIAL GAS INC.**

PER: \_\_\_\_\_  
 Name:  
 Title:

**102218166 SASKATCHEWAN LTD.**

PER: \_\_\_\_\_  
Name:  
Title:

**102218200 SASKATCHEWAN INC.**


PER: \_\_\_\_\_  
Name:  
Title:

## APPENDIX "B"

**Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited (Collectively, the "Company")**  
**Management Prepared Weekly Cash Flow Forecast**  
**For the period from September 13, 2025 to October 31, 2025**  
*unaudited, in CAD \$000's*

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
		Week 33	Week 34	Week 35	Week 36	Week 37	Week 38	Week 39	Total Week
	Notes	19-Sep-25	26-Sep-25	03-Oct-25	10-Oct-25	17-Oct-25	24-Oct-25	31-Oct-25	33 to Week 39
<b>Receipts</b>									
DIP Cash Advances	1	-	-	300	-	-	-	-	300
Non-Refundable Deposit	2	-	-	-	-	-	-	-	-
Other Receipts	3	-	-	-	-	-	-	-	-
<b>Total Receipts</b>		-	-	300	-	-	-	-	300
<b>Operating Disbursements</b>									
Payroll and Contractors	4	14	-	-	-	14	-	-	29
Facility Inspections	5	-	-	-	-	3	-	-	3
Insurance	6	15	-	-	5	-	-	-	20
Rent, Office, IT, and Other Miscellaneous	7	4	-	-	-	2	-	-	6
Contingency	8	-	-	-	-	8	-	-	8
<b>Total Operating Disbursements</b>		34	-	-	5	28	-	-	66
<b>Net Cash Flow from Operations</b>		(34)	-	300	(5)	(28)	-	-	234
<b>Non-Operating Disbursements</b>									
<u>Professional Fees</u>	9								
DIP Counsel Fees		-	-	220	-	-	-	-	220
Monitor's Fees		78	-	48	-	-	-	-	126
Monitor's Counsel's Fees		78	-	37	-	-	-	-	115
<b>Total Non-Operating Disbursements</b>		156	-	305	-	-	-	-	461
<b>Net Cash Flow</b>		(190)	-	(5)	(5)	(28)	-	-	(227)
<b>Opening Cash</b>		275	86	86	81	76	48	48	275
Net Cash Flow		(190)	-	(5)	(5)	(28)	-	-	(227)
<b>Ending Cash</b>		86	86	81	76	48	48	48	48
<b>DIP Facility Reconciliation</b>									
DIP Facility Maximum		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Opening Availability		390	390	390	90	90	90	90	90
DIP Draws		-	-	300	-	-	-	-	300
NOI DIP Repayment		-	-	-	-	-	-	-	(644)
<b>Closing Availability</b>		390	390	90	90	90	90	90	90
<b>Total DIP Used</b>		(2,110)	(2,110)	(2,410)	(2,410)	(2,410)	(2,410)	(2,410)	(2,410)
<b>Calculation of DIP Interest and Fees</b>		(2,110)	(2,110)	(2,410)	(2,410)	(2,410)	(2,410)	(2,410)	(2,410)
Cumulative Commit Fee (1.5%)		38	38	38	38	38	38	38	38
Cumulative Interest (10%)		75	75	93	93	93	93	93	93
<b>Total Facility Balance for Purposes of Interest Calc.</b>		2,223	2,223	2,541	2,541	2,541	2,541	2,541	131

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

  
Orest Konowalchuk, LIT  
Senior Vice President

**Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited**  
**(collectively, the "Companies")**  
**Notes to Management Prepared 7-Week Cash Flow Forecast**  
**For the period from September 13, 2025 to October 31, 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 protections will be realized. The Forecast is presented in thousands of Canadian dollars.*

**Note 1 Other Receipts**

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

**Note 2 Non-Refundable Deposit**

On August 30, 2025, as a result of the Successful Bidder's failure to confirm its satisfaction or waiver of the Financing Condition, the Monitor informed the Successful Bidder that the Monitor was terminating the Amalgamation Agreement. The Successful Bidder had previously agreed and acknowledged that its deposit of \$150,000 was non-refundable following its initial failure to satisfy the Financing Condition.

**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 Facility Inspections**

Estimated monthly payments related to Monitor facility inspections for the Steeveville, Alberta property.

**Note 6 Insurance**

Monthly insurance payments related to property insurance for approximately \$10k per month and these payments are expected to be made on the 14th of each month. Approximately \$5k in Week 33 relates to insurance disbursements associated with the extension of the D&O insurance policy to September 30, 2025. Additional, D&O insurance extension forecasted to be paid in Week 36.

**Note 8 Rent, Office, IT, and Other Miscellaneous**

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

**Note 8 Contingency**

A contingency of \$8,000 has been included over the forecast period to account for possible unforeseen expenditures, plus any timing variance adjustments.

**Note 9 Professional Fees**

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

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



Orest Konowalchuk, LIT  
 Senior Vice President