

COURT FILE NO.	2501-02606
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
MATTER	IN THE MATTER OF THE <i>COMPANIES'</i> <i>CREDITORS ARRANGEMENT ACT</i> , R.S.C. 1985, C. C-36, AS AMENDED  AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF ROYAL HELIUM LTD., IMPERIAL HELIUM CORP., AND ROYAL HELIUM EXPLORATION LIMITED.
APPLICANTS	ROYAL HELIUM LTD., IMPERIAL HELIUM CORP., AND ROYAL HELIUM EXPLORATION LIMITED.
DOCUMENT	<b>AFFIDAVIT OF DAVID YOUNG</b>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<b>RECONSTRUCT LLP</b> 80 Richmond Street West Suite 1700 Toronto, ON M5H 2A4  <b>Caitlin Fell / Sharon Kour</b> E-mail: <a href="mailto:cfell@reconllp.com">cfell@reconllp.com</a> / <a href="mailto:skour@reconllp.com">skour@reconllp.com</a> Tel: 416.613.8282 / 416.613.8283 Fax: 416.613.8290

**Lawyers for the Applicants**

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

1. I am the Chief Executive Officer of Royal Helium Ltd., Royal Helium Exploration Limited, and Imperial Helium Corp. (each individually, an "**Applicant**", and collectively, the "**Applicants**") and have been since September 3, 2024. Accordingly, I have personal knowledge of the matters set out below. Where I have relied on information from others, I state the source of such information and verily believe it to be true.

2. This affidavit is sworn in support of the Applicants' application (the "**Application**") returnable before the Alberta Court of King's Bench (Commercial List) (the "**Court**") on March 28, 2025, for relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

## I. RELIEF SOUGHT

3. The Applicants seek a stay extension order (the "**Stay Extension Order**") that, among other things:

- (a) declares service of this Application and its supporting materials good and sufficient and, if necessary, abridges the time for notice of the Application and the time actually given;
- (b) extends the stay of proceedings from April 2, 2025 to up to and including May 17, 2025 (the "**Stay Period**");
- (c) discharges Grant Thornton Limited ("**GTL**") in its capacity as proposal trustee (the "**Proposal Trustee**") in the NOI Proceedings (defined below);
- (d) approves the fees and disbursements of the Proposal Trustee and its counsel, Gowling WLG (Canada) ("**Gowling**");
- (e) approves the activities the Proposal Trustee as set out in the first report of the Proposal Trustee dated January 28, 2025;
- (f) grants such further and other relief as may be sought by the Applicants and granted by this Honourable Court.

## II. OVERVIEW

4. On February 19, 2025, the Court granted the Applicants' application for an initial order (the "**Initial Order**") under the CCAA. A copy of the Initial Order is attached as **Exhibit "A"**.

5. The Initial Order, among other things:

- (a) abridged time for service of the application materials;
- (b) declared that each of the Applicants are companies to which the CCAA applies;
- (c) declared that (i) the proceedings commenced by the Applicants under Division I of Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**", and such proceedings, the "**NOI Proceedings**") are taken up and continued under the CCAA, pursuant to section 11.6(a) of the CCAA; (ii) Division I of Part III of the BIA has no further application to the Applicants; (iii) the NOI Proceedings were terminated; and (iv) deemed the Notices of Intention to Make a Proposal (each, an "**NOI**") filed by the Applicants, under section 50.4 of the BIA, to be withdrawn;
- (d) appointed Alvarez & Marsal Canada Inc. as the monitor (the "**Monitor**") of the Applicants in these proceedings;
- (e) declared that the administrative consolidation of the Applicants' NOI Proceedings pursuant to the 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
- (f) approved the Applicants' ability to borrow under a debtor-in-possession credit facility (the "**New DIP Facility**") up to a maximum amount of \$2.5 million, subject to the terms of the interim financing term sheet dated February 19, 2025 (the "**DIP Term Sheet**") between the Applicants as borrowers and Canadian Western Bank

and Business Development Bank of Canada (collectively, in such capacity, the “**DIP Lenders**”) in order to refinance the Original DIP Facility (as defined in the DIP Term Sheet);

- (g) continued and took up under the CCAA such charges and amounts secured under the Consolidation Order, specifying that the Amended Administration Charge (as defined below) shall secure the fees and disbursements of the Monitor and its legal counsel, and confirming that such charges attach to all of the assets and property of the Applicants and continue to rank in priority to all other charges, mortgages, liens, security interests and other encumbrances therein, and in the following order priority amongst themselves:
  - i. first – a charge in favour of the Monitor, its legal counsel, and the Applicants’ legal counsel in respect of their fees and disbursements, to a maximum amount of \$300,000 (the “**Amended Administration Charge**”); and
  - ii. second – a charge in favour of the DIP Lender up to the maximum principal amount of \$1,500,000 (“**DIP Lenders’ Charge**”); and
- (h) 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.

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

Order is attached as **Exhibit “B”**.

### **III. BACKGROUND OF THE CCAA PROCEEDINGS**

7. In support of the Initial Order and SISP Approval Order I swore an affidavit dated February 10, 2025 (the “**Initial Affidavit**”), and an affidavit dated February 14, 2025 (the “**Second Affidavit**”), which describe, in detail, among other things, the Applicants’ business and financial circumstances, the events leading up to the Applicants’ insolvency, and their need for relief under the CCAA to conduct a SISP and restructuring. The Initial Affidavit is attached (without exhibits) as **Exhibit “C”**. The Second Affidavit is attached (without exhibits) as **Exhibit “D”**.

8. As described in the Initial Affidavit, Royal Helium Ltd. (“**RHL**”) is a public company that trades on the Toronto Stock Exchange, Venture Exchange and holds 100% of the issued and outstanding capital of its two subsidiaries: Royal Helium Exploration Limited (“**RHEL**”) and Imperial Helium Corp (“**IHC**”, together with RHEL the “**RHL Subsidiaries**”).

9. The Applicants are in the business of gas extraction and exploration. The company is focused on the drilling and extracting of helium for purification and the exploration of prospective helium rich lands in Saskatchewan and Alberta (the “**Business**”). The Applicants control approximately 800,000 acres of prospective helium lands through permits and leases across Saskatchewan and Alberta. Saskatchewan and Alberta are believed to have some of the largest extractable helium resources in the world.

10. The Applicants are suffering a liquidity crisis precipitated by, among other things, the failed commissioning of a helium purification facility in Steeveville, Alberta (the “**Steeveville Facility**”). In 2023, under the prior management team, RHL through its subsidiary IHC commissioned a state-of-the-art helium purification facility, which was later completed and brought over to its designated location in Steeveville, Alberta. However, the Applicants encountered challenges during the

commissioning of the Steveville Facility, resulting in greater than anticipated labour costs and increased general and administrative expenses.

11. The Applicants have been further impacted by the theft of various pieces of equipment from the Steveville Facility in December 2024. It is estimated that the theft resulted in millions of dollars of loss, and as a result the purification facility cannot be re-commissioned and operated in a cash flow positive manner until capital expenditures are made to replace the equipment and repair damage.

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

13. On January 17, 2025, each of the Applicants filed an NOI. The filings for the NOI Proceedings were made with the Office of the Superintendent of Bankruptcy in the district of Ontario as the corporate functions of the Applicants were based in Toronto under the Applicants' new management team, and the registered mailing address of RHL was in Toronto.

14. As a result of subsequent negotiations between the Applicants and its senior secured lenders, Canadian Western Bank and Business Development Bank of Canada (the "**Lenders**"), the Applicants agreed to seek a conversion of the NOI proceeding to a CCAA proceeding in the jurisdiction of the Alberta Court of King's Bench and to seek the appointment of A&M as Monitor. Pursuant to the negotiated arrangement, the Lenders agreed to participate as the DIP Lender.

15. The continuation of these proceedings under the CCAA (the "**CCAA Proceedings**") is necessary to allow the Monitor to conduct the SISP. Without the Stay Extension, the current stay period (being up to and including April 2, 2025) will expire before the SISP is completed. Currently,

the SISP contemplates the closing of a transaction by no later than May 9, 2025.

16. Failure to complete the SISP would be detrimental to the Applicants' stakeholders and creditors as allowing the stay to expire would likely result in a deterioration in the value of the Business. The value of the Business is primarily in operations, being the Steeveville Facility (when up and running) and the Applicants' extensive leasehold over prospective helium rights in Alberta and Saskatchewan. As a result, creditor recovery is maximized by enabling the Monitor and the Applicants to continue with the SISP.

#### **IV. OVERVIEW OF THE APPLICANTS' ACTIVITIES SINCE THE INITIAL ORDER AND SISP APPROVAL ORDER**

17. Since the granting of the Initial Order and SISP Approval Order on February 19, 2025, the Applicants, in close consultation with the Monitor, have acted in good faith and with due diligence to assist the Monitor in conducting the SISP, in consultation with the DIP Lenders, to solicit a sale, investment or refinancing offer in an effort to maximize realization for creditors, preserve employment (both current and future, direct and indirect), to allow the Business to continue as a going concern.

18. The SISP commenced on February 24, 2025. To date, the following steps and milestones have been achieved:

- (a) the Monitor, in conjunction with the Applicants' management, created a "teaser letter" as part of the marketing material to be sent to potential interested parties;
- (b) the Monitor worked with the Applicants' management to create a list of potential interested parties to be contacted regarding the SISP;
- (c) the Monitor drafted a non-disclosure agreement ("**NDA**") for interested parties to

consider if interested in learning more about the SISP;

- (d) the teaser letter, NDA, and SISP procedures document were posted to the Monitor's website on February 24, 2025;
- (e) communication with the potentially interested parties was initiated on February 24, 2025;
- (f) the SISP was advertised in the Globe & Mail, BOE Report, Facility Calgary, and Insolvency Insider;
- (g) the Monitor worked with the Applicants' management to coordinate a notice of the SISP within an industry-specific publication;
- (h) AKap Energy and The Edelgas Group published a notice related to the Royal Helium SISP with the Applicants' management noting significant traction being achieved;
- (i) as of March 16, 2025, 16 parties have executed NDAs, and 16 parties have accessed the virtual data room;
- (j) as of March 16, 2025, two additional parties have executed NDAs and are expected to be provided access to the virtual data room once the Monitor approves; and
- (k) several meetings with interested parties related to data room materials and further information requests have taken place. The Monitor expects to have further calls related to the SISP in the week of March 16, 2025.

19. In addition to the above progress on the SISP, the Applicants have drawn funding from



the New DIP Facility to fund the SISP and their reduced operations (including payments to management and key consultants). The Original DIP Facility has also been repaid by funds from the New DIP Facility.

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

## **V. THE STAY EXTENSION ORDER**

21. The Applicants are seeking to extend the Stay Period to and including May 17, 2025. The extension of the Stay Period is necessary and appropriate in the circumstances to provide the Applicants with the time needed to complete the SISP and come back before this court to approve a transaction resulting from the SISP.

22. As set out above, since the granting of the Initial Order and the SISP Approval Order, the Applicants have, among other things, engaged with the Monitor to advance the SISP by reaching out to interested parties and widely advertising the SISP to the public generally as well as in targeted industry publications. Accordingly, the Applicants have acted and are continuing to act in good faith and with due diligence in these CCAA Proceedings.

23. The cash flow forecast dated March 7, 2025 (the “**Cash Flow Forecast**”), prepared by the Applicants in consultation with the Monitor, will be appended to the First Report of the Monitor, to be filed. The Cash Flow Forecast demonstrates that the Applicants have sufficient liquidity to operate through the proposed extension of the Stay Period. Ending cash as of May 16, 2025, is projected to be approximately \$63,000 with projected draws on the New DIP Facility totalling approximately \$1.9 million (excluding the Week 1 and Week 2 draws made on the Original DIP

Facility).

24. The Applicants' stakeholders will benefit from the extension of the Stay Period, which will allow the SISP to be conducted with the aim of eliciting a value-maximizing transaction.

25. The DIP Lenders, who are also the senior-secured creditors of the Applicants, and the Monitor are supportive of the proposed extension of the Stay Period.

## **VI. Discharge of the Proposal Trustee**

26. Pursuant to the Initial Order, the NOI Proceedings were taken up and continued under the CCAA and A&M was appointed as Monitor in the proceeding. The Initial Order further provides that the provisions of Part III of the BIA shall have no further application to the Applicants and that the NOI Proceedings are terminated, save that any and all acts, steps, agreements and procedures validly taken, done or entered into by the Applicants during the NOI Proceedings remain valid, binding and actionable within these CCAA Proceedings, including approval of the fees and disbursements and activities of GTL as the Proposal Trustee and the fees and disbursements of the Proposal Trustee's counsel in the NOI Proceedings.

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

28. The Proposal Trustee has completed its duties in respect of the NOI Proceedings, which have now been taken up by the Monitor in the CCAA proceeding, and provided a fee affidavit from its counsel (the "**Fee Affidavit**") in respect of Court approval of the fees and disbursements of GTL and Gowling.

Alina Stoica

THIS IS **EXHIBIT "A"** REFERRED TO IN THE  
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME,  
THIS 17TH DAY OF MARCH 2025

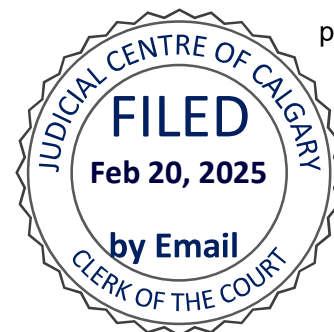
Signed by:

*Gabrielle Schachter*

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A COMMISSIONER FOR TAKING AFFIDAVITS  
GABRIELLE SCHACHTER

Clerk's Stamp:



COURT FILE NUMBER  
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MATTER

2501-02606  
COURT OF KING'S BENCH OF ALBERTA  
CALGARY  
IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 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.

APPLICANTS:

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

DOCUMENT

**CCAA INITIAL ORDER**

CONTACT INFORMATION OF  
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File No: 00482

**DATE ON WHICH ORDER WAS PRONOUNCED:**

**February 19, 2025**

**NAME OF JUDGE WHO MADE THIS ORDER:**

**Justice D.R. Mah**

**LOCATION OF HEARING:**

**Edmonton, Alberta**

**UPON** the application of Royal Helium Ltd., Imperial Helium Corp. and Royal Helium Exploration Limited (collectively, the "**Applicants**"); **AND UPON** having read the Originating Application, the Affidavit of David Young sworn February 10, 2025 (the "**Young Affidavit**"); and the Affidavit of Service of Alina Stoica sworn February 10, 2025; and the Affidavit of David Young sworn February 14, 2025 (the "**Second Young Affidavit**"); and the Affidavit of Service of Alina Stoica sworn February 14, 2025; **AND UPON** reading the consent of Alvarez & Marsal Canada

Inc. (“**A&M**”) to act as monitor (the “**Monitor**”); **AND UPON** being advised that the Applicants had previously commenced proceedings under Part III of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”) in the Ontario Superior Court of Justice (Commercial List), having Court File Number BK-25-3176135-0031 (the “**NOI Proceedings**”) and that Grant Thornton Limited was appointed as the proposal trustee in the NOI Proceedings (“**Proposal Trustee**”), with the current stay under the NOI Proceedings scheduled to expire on April 2, 2025; **AND UPON** noting that, pursuant to an order of the Ontario Superior Court of Justice (Commercial List) dated January 29, 2025 (the “**Consolidation Order**”): (i) an Administration Charge (as defined in the Consolidation Order) was granted; and (ii) a debtor in possession facility (“**Original DIP Facility**”) was approved up to the maximum principal amount of \$1,500,000 and a corresponding DIP Lender’s Charge (as defined in the Consolidation Order, and referred to herein as the “**Original DIP Lender’s Charge**”) was granted in favour of Energy & Specialty Gases DIP, LLC (“**Original DIP Lender**”) over the Property (as defined herein); **AND UPON** noting that the secured creditors have been provided notice of this application and consent to the within Order; **AND UPON** reading the pre-filing report the Monitor dated February 18, 2025 (the “**Pre-Filing Report**”); **AND UPON** hearing counsel for the Applicants, counsel for the proposed Monitor, counsel for Canadian Western Bank (“**CWB**”), counsel for the Business Development Bank of Canada (“**BDC**”) and counsel to all other parties present;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE AND INTERPRETATION**

1. The time for service of the application materials for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today.
2. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Young Affidavit.

**APPLICATION**

3. The Applicants are companies to which the *Companies’ Creditors Arrangement Act* R.S.C. , 1985, c. C-36 (the “**CCAA**”) applies.
4. This Order serves as both the Initial Order and the Amended and Restated Initial Order.

5. The NOI Proceedings are hereby taken up and continued under the CCAA pursuant to section 11.6(a) of the CCAA and the provisions of Part III of the BIA shall have no further application to the Applicants. The NOI Proceedings shall have no further force and effect, and are hereby terminated, save that any and all acts, steps, agreements and procedures validly taken, done or entered into by the Applicants during the NOI Proceedings shall remain valid, binding and actionable within these proceedings. For certainty, this includes approval of the fees and disbursements and activities of Grant Thornton Limited in its capacity as Proposal Trustee and the fees and disbursements of the Proposal Trustee's counsel in the NOI Proceedings. The Applicants are hereby directed and authorized to file a copy of this Order in the NOI Proceedings.
6. The Charges (as defined in the Consolidation Order) are hereby taken up and continued in these CCAA proceedings, subject to the amendments to such Charges described herein.

#### **PLAN OF ARRANGEMENT**

7. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (the "**Plan**").

#### **POSSESSION OF PROPERTY AND OPERATIONS**

8. The Applicants shall:
  - (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");
  - (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property;
  - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order; and

- (d) be entitled to continue to utilize the central cash management system and reconciliation systems currently in place as described in the Young Affidavit.
- 9. To the extent permitted by law, the Applicants shall be entitled but not required to make the following advances or payments of the following expenses, incurred prior to or after this Order:
  - (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
  - (b) the reasonable fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges, including for periods prior to the date of this Order.
- 10. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
  - (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
  - (b) payment for goods or services actually supplied to the Applicants following the date of this Order.
- 11. The Applicants shall remit, in accordance with legal requirements, or pay:
  - (a) any amount that was due or becomes due to His Majesty after January 17, 2025 and could be subject to a demand under,
    - (i) subsection 224(1.2) of the *Income Tax Act*;
    - (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, an employee's premium, or employer's premium, as defined in



the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or

- (iii) any provision of provincial legislation that has a purpose similar to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, and the sum:

- A. has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or

- B. is of the same nature as a contribution under the *Canada Pension Plan* if the province is a province providing a comprehensive pension plan as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a provincial pension plan as defined in that subsection;

- (b) all goods and services or other applicable sales taxes (collectively, “**Sales Taxes**”) required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and that are attributable to or in respect of the carrying on of the Business by the Applicants.

- 12. Until such time as a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the

lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order (“**Rent**”), but shall not pay any rent in arrears.

13. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:
  - (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the date of this Order other than the payments approved and made pursuant to the Consolidation Order;
  - (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and
  - (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

14. The Applicants shall, subject to such requirements as are imposed by the CCAA have the right to:
  - (a) permanently or temporarily cease, downsize or shut down any portion of their business or operations and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$250,000 in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;
  - (b) terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;
  - (c) disclaim or resiliate, in whole or in part, with the prior consent of the Monitor (as defined below) or further Order of the Court, their arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the Applicants deems appropriate, in accordance with section 32 of the CCAA; and

- (d) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

15. The Applicants shall provide each of the relevant landlords with notice of the Applicant’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days’ notice to such landlord and any such secured creditors. If the Applicants disclaims or resiliates the lease governing such leased premises in accordance with section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicant’s claim to the fixtures in dispute.
16. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
  - (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours’ prior written notice; and
  - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein

shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

## **NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

17. Until and including April 2, 2025 or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

## **NO EXERCISE OF RIGHTS OR REMEDIES**

18. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:
  - (a) empower the Applicants to carry on any business that the Applicants are not lawfully entitled to carry on;
  - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
  - (c) prevent the filing of any registration to preserve or perfect a security interest;
  - (d) prevent the registration of a claim for lien; or
  - (e) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment.
19. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such

party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

### **NO INTERFERENCE WITH RIGHTS**

20. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

### **CONTINUATION OF SERVICES**

21. During the Stay Period, all persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, consulting services, insurance, transportation, services, utility, or other services to the Business or the Applicants

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued services, provided in each case that the usual charges for all such goods and services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

### **NON-DEROGATION OF RIGHTS**

22. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any person, other than

the DIP Lenders (as defined herein) where applicable, be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

23. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 20 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date of this Order and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

## **APPOINTMENT OF MONITOR**

24. A&M is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business, and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein. The Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
25. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
  - (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
  - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately

report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicant;

- (c) advise the Applicants in their preparation of the Applicants' cash flow statements;
- (d) assist the Applicants, to the extent required by the Applicants, in their dissemination to the DIP Lenders (as defined herein) and their respective counsel;
- (e) advise the Applicants in their development of the Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to the extent that is necessary to adequately assess the Property, Business, and financial affairs of the Applicants or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and
- (j) perform such other duties as are required by this Order or by this Court from time to time.

26. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other

contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation or regulation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order be deemed to be in possession of any of the Property within the meaning of any federal or provincial environmental legislation.

27. The Monitor shall provide any creditor of the Applicants, the Original DIP Lender (up to and until the repayment of all obligations, liabilities, and indebtedness under the Original DIP Facility), and the DIP Lenders (as defined herein) with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
28. In addition to the rights and protections afforded the Monitor under the CCAA or as an Officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

#### **AMENDED ADMINISTRATION CHARGE**

29. The Monitor, the Monitor's counsel, and the Applicants' counsel shall be paid their reasonable fees and disbursements incurred both before and after the granting of the Consolidation Order in the NOI Proceedings (including any pre-filing fees and disbursements related to these CCAA proceedings) and both before and after the granting of this Order, in each case at their standard rates and charges, as part of the costs of these proceedings.
30. The Monitor and its legal counsel shall pass their accounts from time to time.
31. The Monitor, the Monitor's counsel, and the Applicants' counsel, as security for the professional fees and disbursements incurred at the normal rates and charges both before and after the granting of this Order, shall be entitled to the benefits of the Administration



Charge on the Property granted in the Consolidation Order, that has been taken up and continued as part of these CCAA proceedings, which charge is hereby amended to include security for the professional fees and disbursements incurred by the Monitor and its counsel, and which charge shall not exceed the aggregate amount of \$300,000 (the “**Amended Administration Charge**”).

32. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Applicants as such accounts are rendered using the proceeds of the Original DIP Facility and the New DIP Facility (as defined herein). The Monitor and its counsel shall be authorized to immediately apply any such payments made by the Applicants to their fees and disbursements and such amounts shall constitute advances against remuneration and disbursements when and as approved by this Court.
33. The Amended Administration Charge shall have the priority set out in paragraph 40 herein.

#### **INTERIM FINANCING**

34. The Applicants are hereby authorized and empowered to obtain and borrow under a credit facility (the “**New DIP Facility**”) from CWB and BDC (collectively, in such capacity, the “**DIP Lenders**”) in order to refinance the Original DIP Facility and to finance the Applicants’ working capital requirements and other general corporate purposes and capital expenditures, on and subject to the terms and conditions of the Term Sheet (as defined herein) substantially in the form attached as Appendix “E” to the Pre-Filing Report of the Monitor dated February 18, 2025, provided that borrowings under such credit facility shall not exceed \$2.5 million unless permitted by further order of this Court.
35. Such credit facility shall be on the terms and subject to the conditions set forth in the DIP Facility Term Sheet between the Applicants and the DIP Lenders dated as of January 19, 2025 (the “**Term Sheet**”), filed.
36. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs, and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the Term Sheet or as may be reasonably required by the DIP Lenders

pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities, and obligations to the DIP Lenders under and pursuant to the Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

37. The Original DIP Lender's Charge under the Consolidation Order is hereby taken up and continued in the CCAA Proceedings, provided that such Original DIP Lender's Charge shall be and is hereby amended and restated (as so amended and restated, the **"Amended DIP Lenders' Charge"**) as follows:

- (a) the Original DIP Lender shall continue to be entitled to the full benefit of the Original DIP Lender's Charge, on the terms set forth in the Consolidation Order, up to and until such time as the Original DIP Lender is repaid, in full, with respect to all indebtedness, liabilities, and obligations of the Applicants to the Original DIP Lender under the Original DIP Facility (the **"Original DIP Obligations"**), from the proceeds of the New DIP Facility. From and after such time, the Original DIP Lender's Charge shall terminate in relation to the Original DIP Lender and the Original DIP Facility and shall instead apply to the DIP Lenders and the New DIP Facility, *mutatis mutandis*, as amended hereby. The Applicants are hereby authorized and directed to utilize a portion of the initial advance to be made under the New DIP Facility to repay such Original DIP Obligations and, for greater certainty, the DIP Lenders are hereby authorized, but not directed, to pay such amounts directly to the Original DIP Lender, for and on behalf of the Applicants, and any payment so made by the DIP Lenders shall be deemed to be an advance under the New DIP Facility, the Term Sheet, and the Definitive Documents;
- (b) subject to paragraph 37(a), the DIP Lenders shall be entitled to the benefits of and are hereby granted the Amended DIP Lenders' Charge on the Property, to secure all obligations under the New DIP Facility, the Term Sheet, and Definitive Documents incurred on or after the date of this Order, which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the Definitive Documents. The Amended DIP Lenders' Charge shall not secure any obligation existing before this the date this Order is made (provided, for

greater certainty, that all amounts advanced by the DIP Lenders to refinance the Original DIP Obligations shall be secured by such Amended DIP Lenders' Charge). The Amended DIP Lenders' Charge shall have the priority set out in paragraphs 40 and 42 hereof and the DIP Lenders shall each rank equally with respect to the Amended DIP Lenders' Charge; and

- (c) from the time of the first advance under the New DIP Facility, up to and until the actual time of repayment of the Original DIP Obligations, the DIP Lenders shall rank *pari passu* with the Original DIP Lender in respect of any advances made under the New DIP Facility and the Original DIP Facility, respectively.

38. Notwithstanding any other provision of this Order:

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

the Applicants or the Property.

39. The DIP Lenders shall be treated as unaffected in any Plan filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the BIA, with respect to any advances made under the Term Sheet, the Definitive Documents, and the New DIP Facility.

## VALIDITY AND PRIORITY OF CHARGES

40. The Administration Charge and Original DIP Lender's Charge created by the Consolidation Order are hereby taken up and continued in the CCAA proceedings and are amended as set out herein in the form of the Amended Administration Charge and the Amended DIP Lenders' Charge. The priorities of the Charges (defined below), as among them, shall be as follows:

- (a) **first** – the **Amended Administration Charge** in favour of the Monitor, its legal counsel, and the Applicants' legal counsel in respect of their fees and disbursements, up to the maximum amount of \$300,000; and
- (b) **second** – the **Amended DIP Lender's Charge** in favour of the DIP Lenders up to the maximum principal amount of \$2,500,000; provided that, until the repayment of the Original DIP Obligations, the Original DIP Lender's Charge shall continue to apply in favour of the Original DIP Lender and shall continue to be limited to the maximum principal amount of \$1,500,000,

(collectively, the "**Charges**").

41. The filing, registration or perfection of the Charges shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
42. Each of the Charges shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or

otherwise (collectively, "**Encumbrances**") in favour of any Person.

43. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, CWB, BDC, and the beneficiaries of the Charges, or further order of this Court.
44. The Charges, the Term Sheet, and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by:
  - (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
  - (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
  - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
  - (d) the provisions of any federal or provincial statutes; or
  - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") that binds any of the Applicants, and notwithstanding any provision to the contrary in any Agreement:
    - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Term Sheet or the Definitive Documents, shall create or be deemed to constitute a new breach by any Applicant of any Agreement to which it is a

party;

- (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, the Applicants entering into the Term Sheet, or the execution, delivery or performance of the Definitive Documents; and
- (iii) the payments made by the Applicant pursuant to this Order, including the Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

#### **RELIEF FROM REPORTING OBLIGATIONS**

- 45. The decision by the Applicants to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the “**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act (Ontario)*, R.S.O., c. S.5 and comparable statutes enacted by other provinces of Canada, the TSX Company Manual and other rules, regulations and policies of the Toronto Stock Exchange and (collectively, the “**Securities Provisions**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicants failing to make any Securities Filings required by the Securities Provisions.
- 46. None of the directors, officers, employees, and other representatives of the Applicants nor the Monitor shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Provisions during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicants.

## ALLOCATION

47. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the Charges amongst the various assets comprising the Property.

## SERVICE AND NOTICE

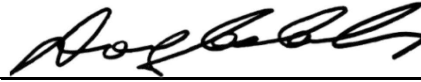
48. The Monitor shall (i) without delay, publish in the Globe and Mail a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.
49. The Monitor shall establish or continue a case website in respect of the within proceedings (the “**Monitor’s Website**”).
50. The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants’ creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.
51. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsel’s email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on the Monitor’s Website.

## GENERAL

52. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
53. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Monitor's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
54. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager or a trustee in bankruptcy of the Applicants, the Business or the Property.
55. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
56. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
57. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



58. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

A handwritten signature in black ink, appearing to be 'D. G. ...', is written above a horizontal line.

Justice of the Court of King's Bench of Alberta

THIS IS **EXHIBIT "B"** REFERRED TO IN THE  
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME,  
THIS 17TH DAY OF MARCH 2025

Signed by:

*Gabrielle Schachter*

88545D85499D4AA

A COMMISSIONER FOR TAKING AFFIDAVITS  
GABRIELLE SCHACHTER

Clerk's Stamp:



COURT FILE NUMBER  
COURT  
JUDICIAL CENTRE OF  
MATTER

2501-02606

COURT OF KING'S BENCH OF ALBERTA  
CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 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.

APPLICANTS:

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

DOCUMENT

**SISP APPROVAL ORDER**

CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT:

**Reconstruct LLP**  
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File No: 00482

**DATE ON WHICH ORDER WAS PRONOUNCED:**

**February 19, 2025**

**NAME OF JUDGE WHO MADE THIS ORDER:**

**Justice D. R. Mah**

**LOCATION OF HEARING:**

**Edmonton, Alberta**

**UPON** the application of Royal Helium Ltd., Imperial Helium Corp. and Royal Helium Exploration Limited (collectively, the "**Applicants**") pursuant to section 11.6(a) of the *Companies' Creditors Arrangement Act* R.S.C., 1985, c. C-36 (the "**CCAA**"); **AND UPON** having read the Originating Application, the Affidavit of David Young sworn February 10, 2025 (the "**Young Affidavit**"); the Affidavit of David Young sworn February 14, 2025 (the "**Supplementary Young Affidavit**"); the Affidavit of Service of Alina Stoica sworn February 10, 2025; and the Affidavit of

Service of Alina Stoica sworn February 14, 2025; **AND UPON** reading the pre-filing report of Alvarez & Marsal Canada Inc. (the “**Monitor**”) dated February 18, 2025, filed; **AND UPON** hearing counsel for the Applicants, counsel for the Monitor, and counsel to all other parties present;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE AND INTERPRETATION**

1. The time for service of the notice of application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this application is properly returnable today.

**APPROVAL OF SALE AND INVESTMENT SOLICIATION PROCESS**

2. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the sales and investment solicitation process (the “**SISP**”) attached hereto as **Schedule “A”**.
3. The SISP is approved in the form attached, which includes all or part of the Applicants’ Property and Business as defined in the SISP, without exception. Applicants, the Monitor and their advisors are empowered, authorized and directed to implement the SISP, perform their respective obligations under the SISP and to do all things reasonably necessary to perform their obligations under the SISP.
4. The steps taken by the Applicants or the Monitor in connection with the SISP prior to the date of this Order, as described in the Pre-Filing Report, are approved and ratified.
5. Each of the Applicants, the Monitor and their respective affiliates, partners, directors, employees, advisors (including but not limited to legal counsel), agents, shareholders and controlling persons shall have no liability with respect to any losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of the SISP or the conduct thereof, except to the extent of such losses, claims, damages or liabilities resulting from the gross negligence or willful misconduct of any of the foregoing in performing their obligations under the SISP (as determined by this Court). Pursuant to clause 7(3)(c) of the Canada Personal Information Protection and Electronic Documents Act, the Applicants and the Monitor may disclose personal information of identifiable individuals to Potential Bidders and their advisors in connection with the

SISP, but only to the extent desirable or required to carry out the SISF. Each Potential Bidder (and their respective advisors) to whom any such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information solely to its evaluation of a transaction in respect of the Applicants and the Property, and if it does not complete such a transaction, shall return all such information to the Monitor, or in the alternative destroy all such information. The Successful Bidder shall be entitled to continue to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Applicants and shall return all other personal information to the Monitor, or ensure that all other personal information is destroyed.

6. In overseeing and conducting the SISF, the Monitor shall have all of the benefits and protections granted to it under the CCAA and any Order of this Court in the within proceeding.
7. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
8. Notwithstanding Rule 6.11 of the Alberta Rules of Court, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Monitor's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
9. Service of this Order shall be deemed good and sufficient by serving the same by posting a copy of this Order on the Monitor's website at [www.alvarezandmarsal.com/royalhelium](http://www.alvarezandmarsal.com/royalhelium).

  
Justice of the Court of King's Bench of Alberta

**Schedule “A”**

**Sale and Investment Solicitation Process**

## Schedule "A"

### Bidding Procedures for the Sale Investment and Solicitation Process

#### Introduction

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

## Bidding Procedures

### *Opportunity*

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



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

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

### **Solicitation of Interest: Notice of the SISP**

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

### ***Virtual Data Room***

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

### ***Qualified Bidders***

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

## Due Diligence

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

## Non-Binding Offers

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

## Formal Binding Offers

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

- (i) includes evidence satisfactory to the Monitor of funds available to pay the purchase price on closing;
- (j) provides for any anticipated corporate, licensing, securityholder, legal or other regulatory approvals required to close the transaction, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals (or, in the case of any such approvals which are already held by the Qualified Bidder, identifies such approvals);
- (k) does not provide for any break or termination fee, expense reimbursement or similar type of payment, it being understood and agreed that no bidder will be entitled to any bid protections;
- (l) in the case of a Sale Proposal or Partial Sale Proposal, includes:
  - (i) the specific purchase price in Canadian dollars and a description of any non-cash consideration;
  - (ii) a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
  - (iii) a specific indication of the sources of capital for the Binding Offer Bidder and the structure and financing of the transaction; and
  - (iv) a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume and which such liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;
- (m) in the case of an Investment Proposal, includes the scope of the investment in the Business, which may include one or more of the following: a restructuring, recapitalization or other form of reorganization of the Business and affairs of the Company as a going concern, together with a plan of compromise or arrangement pursuant to the CCAA;
- (n) includes payment of a deposit in the amount of not less than 20% of the cash purchase price payable on closing (the “**Deposit**”) by wire transfer to the Monitor;
- (o) is accompanied by an acknowledgement that if the Binding Offer Bidder is selected as a Successful Bidder, that the Deposit will be non-refundable subject to approval of such Successful Bid by the Court and the terms described in paragraph 45 below;
- (p) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is ten (10) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than April 7, 2025 (the “**Outside Date**”);
- (q) provides sufficient consideration to repay or otherwise address the indebtedness owing to the Lenders (the “**Lender Secured Indebtedness**”) to the satisfaction of the Lenders in their sole discretion; and

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

### **Evaluation of Competing Bids**

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

### **Selection of Successful Bid**

- 37. The Monitor in consultation with the Company and the Lenders may, following the receipt of any Binding Offer, including one or more Binding Offers comprising an Aggregated Bid, seek clarification with respect to any of the terms or conditions of such Binding Offer and/or request and negotiate one or more amendments to such Binding Offer prior to determining if the Binding Offer should be considered.

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



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

their final Bid and any other modifications submitted and agreed to during the Auction, prior to the filing of the motion material for the hearing to consider the Approval Motion.

- (k) Any Bids submitted after the conclusion of the Auction will not be considered.
  - (l) The Monitor, in consultation with the Company, shall be at liberty to modify or to set additional procedural rules for the Auction as it sees fit, including to conduct the Auction by way of written submissions.
42. A Successful Bid and a Back-Up Bid, if any, will be selected by no later than 5:00 p.m. (Mountain Time) on April 23, 2025 (or such later date immediately thereafter if the Auction is conducted and not completed in one day). If a Back-Up Bid is identified in accordance with the SISP, then such Back-Up Bid shall remain open until the date (the “**Back-Up Bid Outside Date**”) on which the transaction contemplated by the applicable Successful Bid is consummated or such earlier date as the Monitor, in consultation with the Company, determines. If the transactions contemplated by the applicable Successful Bid have not closed by the Outside Date, as applicable, or the applicable Successful Bid is terminated for any reason prior to the Outside Date, as applicable, the Company and the Monitor may elect to, or by further order of the Court, seek to complete the transactions contemplated by the applicable Back-Up Bid, and will promptly seek to close the transaction contemplated by such Back-Up Bid, which will be deemed to be a Successful Bid. The Company will be deemed to have accepted such Back-Up Bid only when the Company and the Monitor have made such election.

### ***Approval of Successful Bid***

43. The Company will apply to the Court (the “**Approval Motion**”) for one or more orders: (i) approving the Successful Bid(s) and authorizing the taking of such steps and actions and completing such transactions as are set out therein or required thereby (such order shall also approve the Back-Up Bid(s), if any, should the Successful Bid(s) not close for any reason); and (ii) granting a vesting order(s) to the extent that such relief is contemplated by the Successful Bid(s) so as to vest title to any purchased assets and/or shares in the name of the applicable Successful Bidder(s) (collectively, the “**Approval Order(s)**”). The Approval Motion will be held on a date to be scheduled by the Company, in consultation with the Monitor and the Lenders, and confirmed by the Court upon application by the Company. With the consent of the Monitor, the Approval Motion may be adjourned or rescheduled by the Company without further notice, by an announcement of the adjourned date at the Approval Motion or in a notice to the service list maintained in the CCAA Proceedings prior to the Approval Motion. The Company will consult with the Monitor, the Lenders and the applicable Successful Bidder regarding the motion material to be filed by the Company for the Approval Motion.
44. All Binding Offers (other than the Successful Bid(s) but including the applicable Back-Up Bid(s)) will be deemed rejected on and as of the date of the closing of the applicable Successful Bid(s), with no further or continuing obligation of the Company or the Monitor to any unsuccessful Binding Offer Bidders.

### ***Deposits***

45. The Deposit(s):

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

***“As is, Where is”***

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

**Confidentiality**

47. Unless otherwise set out herein, other than as required in connection with any Auction or Approval Motion or as otherwise ordered by the Court, neither the Company nor the Monitor will disclose: (i) the identity of any Potential Bidder or Qualified Bidder; or (ii) the terms of any bid, Sale Proposal, Partial Sale Proposal, or Binding Offer, to any other bidder or any of its affiliates, except to the extent the Monitor, with the consent of such applicable parties is seeking to combine separate Bids into Aggregated Bids. Potential Bidders, Qualified Bidders, Known Potential Bidders, Binding Offer Bidders and each of their respective affiliates shall not communicate with, or contact, directly or indirectly, any other Potential Bidder, Qualified Bidder, Known Potential Bidder, Binding Offer Bidder, or their respective affiliates, without the express written consent of the Monitor, and such communications or discussions are to take place under the supervision of the Monitor. For greater certainty, nothing in this section shall limit the ability of the Monitor or the Company to disclose information in relation to the identity of any Potential Bidder or Qualified Bidder

or the terms of any bid, Sale Proposal, Partial Sale Proposal, or Binding Offer, to the Lenders.

### **Further Orders**

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

### **Additional Terms**

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

THIS IS **EXHIBIT "C"** REFERRED TO IN THE  
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME,  
THIS 17TH DAY OF MARCH 2025

Signed by:

*Gabrielle Schachter*

80545B65499D4A...

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A COMMISSIONER FOR TAKING AFFIDAVITS  
GABRIELLE SCHACHTER

COURT FILE NO.

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

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

DOCUMENT **AFFIDAVIT OF DAVID YOUNG**

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**Lawyers for the Applicants**

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

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

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

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

## **I. RELIEF SOUGHT**

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

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

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

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



vii. authorizing the Applicants to pay all reasonable fees and disbursements of the Proposed Monitor, the Proposed Monitor's legal counsel, and the Applicants' legal counsel; and

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

## II. OVERVIEW

### ***Background of the Applicants***

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

2. The Applicants are in the business of gas extraction and exploration. The company is focused on the drilling and extracting of helium for purification and the exploration of prospective helium rich lands in Saskatchewan and Alberta (the "**Business**"). The Applicants control approximately 564,000 acres of prospective helium lands through permits and leases across Saskatchewan and Alberta. Saskatchewan and Alberta are believed to have some of the largest prospective helium resources in the world. As such, these lands may have significant economic concentrations of helium trapped in the subsurface for extraction and purification.

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

4. The Applicants are suffering a liquidity crisis precipitated by the failed commissioning of the helium purification facility in Steeveville, Alberta (the “**Steeveville Facility**”). In 2023, under the prior management team, RHL through its subsidiary IHC commissioned a state-of-the-art helium purification facility, which was later completed and brought over to its designated location in Steeveville, Alberta. However, the Applicants encountered challenges commissioning the Steeveville Facility, resulting in greater than anticipated labour costs and increased general and administrative expenses.

5. The Applicants have been further impacted in recent months by the theft of various pieces of equipment from the Steeveville Facility in December 2024. It is estimated that the theft resulted in millions of dollars of loss, and as a result the purification facility cannot be re-commissioned and operated in a cash flow positive manner until capital expenditures are made to replace the equipment and repair damage.

### ***The NOI Proceeding***

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

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

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

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

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

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

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

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

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

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

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

### **III. THE APPLICANTS**

#### **A. Corporate Structure**

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

## **B. RHL's Subsidiaries**

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

### **i. Royal Helium Exploration Limited**

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

### **ii. Imperial Helium Corp.**

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

## **IV. THE APPLICANTS' BUSINESS AND OPERATIONS**

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

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

fulfill the global demand for helium.

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

#### **A. Regulatory Regimes**

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

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

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

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

## **B. Licenses**

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

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

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

## **C. Surface Leases**

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

**D. Subsurface Leases and Permits**

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

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

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

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

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



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

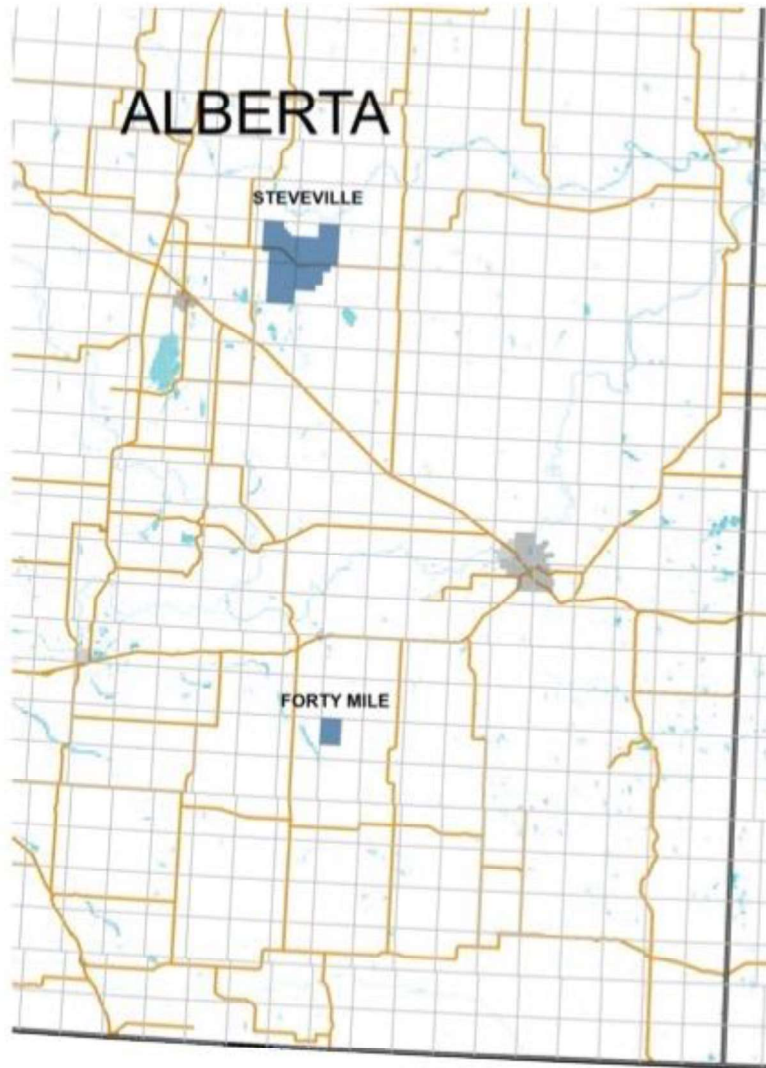
32. As part of the permit requirements in Saskatchewan, RHEL must complete a certain amount of work annually on the permitted lands to keep the permit in good standing. If the annual work requirement is not met, the Saskatchewan government allows the permit holder to pay cash in lieu of work in order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



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

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

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



**E. Employees**

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

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

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

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

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

#### **F. Banking and Cash Management**

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

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

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

**V. FINANCIAL POSITION OF THE APPLICANTS**

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

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

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

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

**A. Assets of the Applicants**

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

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

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

## **B. Liabilities of the Applicants**

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

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

## **VI. THE APPLICANTS' INDEBTEDNESS**

### **A. Secured Obligations of the Applicants**

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

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

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

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

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

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

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

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

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

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

## **B. Guarantees and Security**

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

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

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

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

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



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

### **C. Intercreditor Agreement**

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

### **D. Other Registered Security Interests**

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

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

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

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

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

## **E. Unsecured Obligations of the Applicants**

### **i. Western Economic Diversification Canada**

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

### **ii. Convertible Debentures**

60. On February 8, 2023, RHL announced the raise and issuance of unsecured convertible debentures (the "**February Debentures**") and issued 5,500 units limited to an aggregate principal amount of \$5,500,000. The February Debentures bear an interest at 14% per annum, mature on December 31, 2025, and are convertible, at the holder's option, into common shares at a fixed conversion price of \$0.26 per share. The amount outstanding under the February Debentures is \$4,220,000. Copies of the February Debentures are attached as **Exhibit "LL"**.

61. On June 12, 2023, RHL announced the raise and issuance of unsecured convertible debentures (the “**June Debentures**”) and issued 7,300 units limited to an aggregate principal amount of \$7,300,000. The June Debentures bear an interest rate at 12% per annum, mature on June 30, 2025, and are convertible, at the holder’s option, into common shares at a fixed conversion rate of \$0.37 per share. The amount outstanding under the June Debentures is \$4,800,000. Copies of the June Debentures are attached as **Exhibit “MM”**.

**F. HST, Payroll, and Tax Obligations**

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

**G. Ordinary Course Obligations**

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

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

## **H. Contingent Claims**

### **i. Jag Litigation**

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

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

### **ii. Canpar Litigation**

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

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

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

## **I. Environmental Obligations**

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

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

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

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

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

## **VII. THE APPLICANTS' FINANCIAL DIFFICULTIES**

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

### **A. Steveville Facility**

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

## **B. Theft of Equipment**

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

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

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

## **C. NOI Proceedings**

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

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

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

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

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

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

## **VIII. CCAA PROTECTION**

### **A. Cash Flow Forecast**

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

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

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

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

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

**B. The Applicants Satisfy the CCAA Statutory Requirements**

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

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

### **C. Court-Ordered Charges**

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

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

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

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

#### **i. Amended Administration Charge**

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

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

restructuring.

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

#### **D. Proposed Monitor**

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

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

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

#### **IX. CONCLUSION**

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

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

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

Signed by:

*Gabrielle Schachter*

A Commissioner for taking Affidavits.

Signed by:

*David Young*

**DAVID YOUNG**

**Name: Gabrielle Schachter LSO#80244T**



*Alina Stoica*

THIS IS **EXHIBIT "D"** REFERRED TO IN THE  
AFFIDAVIT OF DAVID YOUNG SWORN BEFORE ME,  
THIS 17TH DAY OF MARCH 2025

Signed by:

*Gabrielle Schachter*

-----  
A COMMISSIONER FOR TAKING AFFIDAVITS  
GABRIELLE SCHACHTER

COURT FILE NO. 2501-02606

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

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

DOCUMENT **SUPPLEMENTARY AFFIDAVIT OF DAVID YOUNG**

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INFORMATION OF  
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**Lawyers for the Applicants**

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

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



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

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

## **I. RELIEF SOUGHT**

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

- (a) an order (the “**SISP Approval Order**”) substantially in the form attached as **Schedule “B”** to the Amended Notice of Application approving a sale and investment solicitation process (“**SISP**”) in the form attached as Schedule “A” to the SISP Approval Order, which SISP shall be conducted by the Monitor in consultation with the Applicants and in accordance with the terms of the SISP; and
- (b) such further and other relief as may be sought by the Applicants and granted by this Honourable Court.

## **II. OVERVIEW**

### ***Background of the Applicants***

5. Royal Helium Ltd. (“**RHL**”) is a public company that trades on the Toronto Stock Exchange, Venture Exchange (the “**TSX.V**”) and holds 100% of the issued and outstanding capital of its two subsidiaries: Royal Helium Exploration Limited (“**RHEL**”) and Imperial Helium Corp (“**IHC**”, together with RHEL the “**RHL Subsidiaries**”). Since its inception, RHL has grown through a series

of amalgamations, asset purchases and through exploration and drilling for new resources.

6. The Applicants are in the business of gas extraction and exploration. The company is focused on the drilling and extracting of helium for purification and the exploration of prospective helium rich lands in Saskatchewan and Alberta (the “**Business**”). The Applicants control approximately 800,000 acres of prospective helium lands through permits and leases across Saskatchewan and Alberta. Saskatchewan and Alberta are believed to have some of the largest extractable helium resources in the world.

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

8. The Applicants are suffering a liquidity crisis precipitated by the failed commissioning of the helium purification facility in Steeveville, Alberta (the “**Steeveville Facility**”). In 2023, under the prior management team, RHL through its subsidiary IHC commissioned a state-of-the-art helium purification facility, which was later completed and brought over to its designated location in Steeveville, Alberta. However, the Applicants encountered challenges commissioning the Steeveville Facility, resulting in greater than anticipated labour costs and increased general and administrative expenses.

9. The Applicants have been further impacted in recent months by the theft of various pieces of equipment from the Steeveville Facility in December 2024. It is estimated that the theft resulted in millions of dollars of loss, and as a result the purification facility cannot be re-commissioned and operated in a cash flow positive manner until capital expenditures are made to replace the equipment and repair damage.

### ***The NOI Proceeding***

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

11. On January 7 and 8, 2025, the Applicants' primary secured lenders, Canadian Western Bank ("**CWB**") and Business Development Bank of Canada ("**BDC**" and together with CWB, the "**Lenders**"), respectively, issued Notices of Intention to Enforce Security under Section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. (the "**BIA**").

12. On January 17, 2025, the Applicants each filed Notices of Intention to Make a Proposal pursuant to Section 50.4(1) of the BIA (the "**NOI Proceedings**"). The filings for the NOI Proceedings were made with the Office of the Superintendent of Bankruptcy in the district of Ontario as the corporate functions of the Applicants were based in Toronto under the Applicants' new management team, and the registered mailing address of RHL was in Toronto.

13. On January 29, 2025, the Applicants brought a motion in the Ontario Superior Court of Justice (Commercial List) for an order, among other things,: (i) procedurally consolidating the Applicants' NOI Proceedings; (ii) extending the time for the Applicants to file a proposal to April 2, 2025 (the "**Stay Period**"); (iii) granting an administration charge for the benefit of the Proposal Trustee, their counsel, and the Applicants' counsel up to the maximum amount of \$300,000 (the "**Administrative Charge**"); (iv) approving the debtor in possession credit facility (the "**DIP Facility**") up to the maximum amount of \$1.5 million and granting a corresponding charge on the Property (the "**DIP Lender's Charge**"); and (v) ordering that the NOI Proceedings be transferred to the Court of King's Bench of Alberta (the "**Consolidation Order**").

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

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

- (a) administer the SISP, in consultation with the Monitor and Lenders, to solicit a sale, investment or refinancing offer in an effort to maximize realization for creditors, preserve employment (both current and future, direct and indirect), and allow the Business to emerge as a going concern; and
- (b) continue to explore the potential for a Stalking Horse Agreement with interested parties to set a baseline value of the Business and encourage competitive bidder participation during the SISP.

**A. SISP**

16. The primary objective of these CCAA proceedings is to achieve a sale or recapitalization transaction of the Business for the benefit of the Applicants' stakeholders.

17. To meet this objective, the Applicants determined that it is critical that they conduct a sale and investment solicitation process. Accordingly, the Applicants developed the SISP in consultation with the Monitor and the Lenders. Notably, the SISP is to be conducted by the Monitor and the selection of any successful bid is to be done in consultation with the Applicants.

18. I believe that the SISP is the best available option to maximize value for the Applicants'

stakeholders. Specifically, the SISP is intended to widely expose the Applicants' Business to the market and to provide a structured and orderly process for interested parties to perform due diligence and submit offers for a broad range of potential transactions (including sale or recapitalization).

19. I understand that the Monitor and the Lenders support the approval of the SISP, recognizing that the SISP is fair and reasonable in the circumstances, and is in the best interest of creditors.

**i. Overview of the SISP**

20. The SISP contemplates a two-phase bidding process followed by an auction, if necessary, that will be administered by the Monitor in consultation with the Company and the Lenders for approximately 80 days. The outside date for closing any transaction arising from the SISP is May 9, 2025, which is approximately a month after the current Stay of Period expires.

21. A summary of the key dates pursuant to the SISP is as follows:

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

Auction, if needed	By no later than April 23, 2025.
Selection of Successful Bid	By no later than April 23, 2025.
Approval Motion (as defined below)	By no later than May 2, 2025, or the earliest date available thereafter.
Closing of Successful Bid	As soon as possible but no later than May 9, 2025.

22. I believe the above milestones provide sufficient time for the Applicants to broadly canvass the market for a value-maximizing transaction. In particular, the above timeline of the SISP appropriately balances the Applicants' need for sufficient time to comprehensively market their Business with the limitations of the Applicants' financial position and available interim financing.

23. The SISP provides that the Monitor may extend the above deadlines as the Monitor deems necessary or appropriate. The ability to extend deadlines provides the Monitor and Applicants with the necessary flexibility to maximize the Applicants' success in the SISP.

24. Each of the key milestones of the SISP are described in greater detail below.

## **ii. Solicitation of Interest: Notice of the SISP**

25. The SISP prescribes that the Monitor and the Applicants, will as soon as reasonably practicable after the granting of the SISP Approval Order, take the following steps to commence the SISP (all capitalized terms below have the meaning ascribed in the SISP Approval Order):

- (a) prepare a list of Known Potential Bidders;
- (b) prepare a Teaser Letter describing the SISP and a form NDA;

- (c) provide the Known Potential Bidders with a copy of the Bidding Procedures approved by the Court; and
- (d) cause the Teaser Letter and NDA to be sent to any other party who requests a copy or who is identified as a potential bidder.

### iii. **Non-Binding Offers**

26. To participate in the SISP, a Qualified Bidder (as defined in the SISP Approval Order) shall make a formal offer to: (a) acquire all or substantially all of the Property or Business, whether through an asset purchase, a share purchase or a combination thereof (either one, a “**Sale Proposal**”); or (b) a portion of the Property or the Business (a “**Partial Sale Proposal**”); or (c) the restructuring, recapitalization or refinancing of the Business (an “**Investment Proposal**”). In each case, a Sale Proposal, Partial Sale Proposal or Investment Proposal will constitute a non-binding offer (“**Non-Binding Offer**”). A Non-Binding Offer will be submitted in the form of a Letter of Intent disclosing all material terms of the Non-Binding Offer, including, without limitation the source of financing or funding for the proposed transaction by no later than 5:00 p.m. (Mountain Time) on March 28, 2025 (the “**Phase I Bid Deadline**”). All Non-Binding Offers are to be submitted to the Monitor and copied to the Company.

### iv. **Formal Binding Offers**

27. Any Qualified Bidder that wishes to make a formal binding offer for a Sale Proposal, Partial Sale Proposal or Investment Proposal must submit a binding offer (a “**Binding Offer**”): (i) in the case of a Sale Proposal or a Partial Sale Proposal, in the form of a purchase agreement, or (ii) in the case of a Financing Proposal, in the form of a financing agreement, both in form and substance satisfactory to the Monitor, in consultation with the Company and the Lenders, in each case, to the Monitor with copy to the Company, no later than 5:00 p.m. (Mountain Time) on April

18, 2025 (the “**Binding Offer Deadline**”).

28. A Binding Offer submitted by a Qualified Bidder (the “**Binding Offer Bidder**”) will be considered if it complies with certain criteria, including, *inter alia*,

- (a) is submitted on or before the Binding Offer Deadline by a Qualified Bidder;
- (b) is made by way of binding, definitive transaction document(s) that is/are executed by the Binding Offer Bidder and contains reasonable particulars of the proposed transaction structure, including the form of Approval Order (which may, in appropriate circumstances, include a reverse vesting order);
- (c) in the case of a Sale Proposal or Partial Sale Proposal, identifies any executory contracts and leases of the Company that the Binding Offer Bidder will assume and clearly describes, for each contract or on an aggregate basis, how all monetary defaults and non-monetary defaults will be remedied, as applicable;
- (d) is not subject to any financing condition, diligence condition or internal or board approval;
- (e) is unconditional, other than upon the receipt of the Approval Order(s) (as defined below) and satisfaction of any other conditions expressly set forth in the Binding Offer;
- (f) contains or identifies the key terms and provisions to be included in any Approval Order;
- (g) in the case of a Sale Proposal or Partial Sale Proposal, contains the Binding Offer Bidder’s proposed treatment of employees of the Company (for example, anticipated employment offers and treatment of post-employment benefits);
- (h) includes acknowledgments and representations of the Binding Offer Bidder that it:
  - (i) has had an opportunity to conduct any and all due diligence regarding the Opportunity prior to making its Binding Offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property and/or the Business in making its Binding Offer; (iii) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Opportunity or the completeness of any information provided in connection therewith, other than as expressly set forth in the Binding Offer or other transaction document submitted with the Binding Offer; and (iv) promptly will commence any governmental or regulatory review of the proposed transaction by the applicable governmental authorities;
- (i) includes evidence satisfactory to the Monitor of funds available to pay the purchase price on closing;



- (j) provides for any anticipated corporate, licensing, securityholder, legal or other regulatory approvals required to close the transaction, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals (or, in the case of any such approvals which are already held by the Qualified Bidder, identifies such approvals);
- (k) does not provide for any break or termination fee, expense reimbursement or similar type of payment, it being understood and agreed that no bidder will be entitled to any bid protections;
- (l) in the case of a Sale Proposal or Partial Sale Proposal, includes:
  - i. the specific purchase price in Canadian dollars and a description of any non-cash consideration;
  - ii. a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
  - iii. a specific indication of the sources of capital for the Binding Offer Bidder and the structure and financing of the transaction; and
  - iv. a description of those liabilities and obligations (including operating liabilities) which the Binding Offer Bidder intends to assume and which such liabilities and obligations it does not intend to assume and are to be excluded as part of the transaction;
- (m) in the case of an Investment Proposal, includes the scope of the investment in the Business, which may include one or more of the following: a restructuring, recapitalization or other form of reorganization of the Business and affairs of the Company as a going concern, together with a plan of compromise or arrangement pursuant to the CCAA;
- (n) includes payment of a deposit in the amount of not less than 20% of the cash purchase price payable on closing (the “**Deposit**”) by wire transfer to the Monitor;
- (o) is accompanied by an acknowledgement that if the Binding Offer Bidder is selected as a Successful Bidder, that the Deposit will be non-refundable subject to approval of such Successful Bid by the Court and the terms described in paragraph 45 of the SISP Procedures;
- (p) contemplates and reasonably demonstrates a capacity to consummate a closing of the transaction set out therein on the date that is ten (10) days from the date of the issuance of the Approval Order approving such bid, or such earlier date as is practical for the parties to close the contemplated transaction, following the satisfaction or waiver of the conditions to closing and in any event no later than April 7, 2025 (the “**Outside Date**”);
- (q) provides sufficient consideration to repay or otherwise address the indebtedness owing to the Lenders (the “**Lender Secured Indebtedness**”) to the satisfaction of the Lenders in their sole discretion; and

- (r) includes such other information as reasonably requested or identified as being necessary or required by the Monitor, in consultation with the Company.

29. The DIP Lender, the Lenders, and any other secured creditor of the Company shall have the right (subject to compliance with the terms of this SISP) to credit bid their secured debt against the assets secured thereby up to the full face value of such secured lender's claims

30. The Lenders will not participate as bidders in the SISP unless no offer is received that provides sufficient consideration to repay or otherwise address the indebtedness owing to the Lenders to the satisfaction of the Lenders. In the event of this, the Lenders (or any one of them) shall be entitled to repay the DIP Facility in full and: (i) credit bid some or all of the amount of the DIP Facility and the Lender Secured Indebtedness, and such credit bid submitted by the Lenders (or any of them) shall be deemed to be the Successful Bid; or (ii) agree to fund an alternate process to realize on the Applicants' assets.

31. Pursuant to the SISP, the Monitor, in consultation with the Company, may aggregate separate bids from unaffiliated Binding Offers to create one or more Qualified Bid(s) (an **"Aggregated Bid"**).

#### **v. Selection of Successful Bid**

32. At the conclusion of the Binding Offer Deadline, the Monitor and the Company will, in consultation with the Lenders, review and evaluate each offer received and identify (A) the highest and otherwise best Binding Offer (the **"Successful Bid"**, and the Binding Offer Bidder making such Successful Bid, the **"Successful Bidder"**); and (B) the next highest and otherwise second best Binding Offer (the **"Back-Up Bid"**, and the Binding Offer Bidder making such Back-Up Bid, the **"Back-Up Bidder"**).

33. If the Monitor, in consultation with the Company and the Lenders, determines that more than one Binding should be considered, the Monitor may, without being obligated to do so,

conduct an auction (the “**Auction**”) to select the highest and/or best Binding Offer in accordance with the procedures set out in the SISP Approval Order.

vi.           **Approval of Successful Bid**

34.       Once a Successful Bid is selected by the Monitor, or the Auction is completed resulting in the best Binding Offer becoming a Successful Bid, the Applicants will apply to the Court for one or more orders as required for: (i) approval the Successful Bid (or Successful Bids if an Aggregate Bid is selected) (the “**Approval Order**”); and (ii) granting a vesting order (or orders as the case may be) to the extent that such relief is contemplated by the Successful Bid (the “**Vesting Order**”, together with the Approval Order the “**Transaction Approval Orders**”).

III.       **CONCLUSION**

35.       I believe that it is in the interests of the Applicants and their stakeholders that this Court grant the relief requested in accordance with the terms of the SISP Approval Order.

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

**SWORN REMOTELY** by David Young )  
stated as being located in the City of New )  
York in the State of New York before me )  
at the City of Toronto, in the Province of )  
Ontario, this 14<sup>th</sup> day of February 2025, in )  
accordance with O. Reg 431/20, )  
Administering Oath or Declaration )  
Remotely. )  
)  
)  
)

Signed by:  
*Gabrielle Schachter*  
88545D85499D4AA...

A Commissioner for taking Affidavits.  
Name: Gabrielle Schachter LSO#80244T

Signed by:  
*David Young*  
DF98DEBC337340B...

**DAVID YOUNG**

