

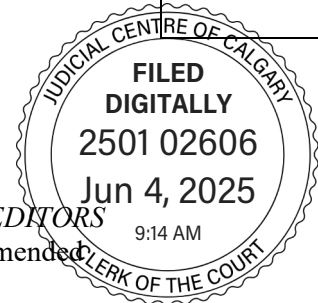
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COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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



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

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

**June 3, 2025**

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## INTRODUCTION

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 the NOIs were withdrawn;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

- d) approved the Applicants' ability to borrow under a debtor-in-possession credit facility (the "**New DIP Facility**") up to a maximum amount of \$2.5 million, subject to the terms of the interim financing term sheet dated February 19, 2025 (the "**DIP Term Sheet**") between the Applicants as borrowers and Canadian Western Bank and the Business Development Bank of Canada (collectively, and in such capacity, the "**DIP Lenders**") in order to refinance the Original DIP Facility (as defined in the DIP Term Sheet);
- e) continued and took up under the CCAA such charges and amounts secured under the Consolidation Order, specifying that the Amended Administration Charge (as defined below) shall secure the fees and disbursements of the Monitor and its legal counsel, and confirming that such charges attach to all of the Applicants' assets and property and continue to rank in priority to all other charges, mortgages, liens, security interests and other encumbrances therein, and in the following order priority amongst themselves:
  - i. first – a charge in favour of the Monitor, its legal counsel, Burnet, Duckworth & Palmer LLP ("**BD&P**" or the "**Monitor's Counsel**") and the Applicants' legal counsel, Reconstruct LLP (the "**Companies' Counsel**") in respect of their fees and disbursements, to a maximum amount of \$300,000 (the "**Amended Administration Charge**"); and
  - ii. second – a charge in favour of the DIP Lender up to the maximum principal amount of \$1,500,000 ("**DIP Lenders' Charge**"); and
- f) authorized the Applicants to pay the reasonable expenses incurred in carrying out their business in the ordinary course, including certain expenses incurred prior to the date of the Initial Order.

3. On February 19, 2025, the Court also granted an order (the "**SISP Approval Order**"), approving a sale and investment solicitation process (the "**SISP**") in the form attached as Schedule "A" to the SISP Approval Order, which SISP was directed to be conducted by the Monitor in consultation with the Applicants and in accordance with the terms of the SISP.
4. On March 28, 2025, the Court granted a stay extension order (the "**First Stay Extension Order**") which, among other things, extended the stay up to and including May 17, 2025, discharged DGT as Proposal Trustee and approved the First Report of the Proposal Trustee and the fees of the Proposal Trustee and its counsel, Gowling WLG.
5. On May 8, 2025, the Court granted a stay extension order (the "**Second Stay Extension Order**") that, among other things, extended the stay of proceedings from May 17, 2025, up to and including June 27, 2025 (the "**Stay Period**").
6. The Monitor is now seeking the following:
  - a) an order enhancing the powers of the Monitor over the Companies, granting the Monitor powers that would normally be carried out by a director of the Companies, or a receiver appointed over the Companies (the "**EMP Order**");
  - b) extending the Stay Period up to and including August 1, 2025;
  - c) approving the actions, activities and conduct of the Monitor as set out in the Pre-filing Report of the Monitor dated February 18, 2025 (the "**Pre-filing Report**"), the First Report of the Monitor dated March 24, 2025, the Second Report of the Monitor dated May 1, 2025 (the "**Second Report**") and this Third Report of the Monitor (the "**Third Report**" and together with the Pre-filing Report, the First Report, and the Second Report, collectively, the "**Monitor's Reports**");

- d) approving the fees of the Monitor and its counsel, BD&P, as set out in the Third Report; and
  - e) such further and other relief as may be sought by the Monitor and granted by this Honourable Court.
7. All documents filed with respect to these CCAA Proceedings are posted on the Monitor's website at: [www.alvarezandmarsal.com/royalhelium](http://www.alvarezandmarsal.com/royalhelium) (the "**Monitor's Website**").
8. Capitalized terms not defined in this Third Report are as defined in the Initial Order, the SISP Approval Order, the Stay Extension Orders, or the Affidavits of David Young sworn February 10, 2025, February 14, 2025, March 17, 2025 and April 28, 2025 (each a "**Young Affidavit**" and collectively, the "**Young Affidavits**") as well as the Monitor's Reports.

## **PURPOSE**

9. The purpose of this Report is for A&M, in its capacity as the Monitor of the Applicants, to provide the following information to this Honourable Court regarding:
- a) the activities of the Monitor since the Second Report;
  - b) the actual cash flow results of the Companies compared to their Consolidated Cash Flow Forecast (defined and discussed below);
  - c) the status of the SISP;
  - d) the Monitor's application for enhanced powers over the Companies through the granting of the EMP Order;
  - e) approving the fees and disbursements of the Monitor and the Monitor's Counsel;
  - f) the Stay Extension; and

- g) the Monitor's overall recommendation in respect of the foregoing.

## TERMS OF REFERENCE AND DISCLAIMER

10. In preparing this Report, A&M, in its capacity as Monitor, has been provided with, and has relied upon, unaudited financial information and the books and records prepared by the Companies and has held discussions with the Companies' management and their respective counsel and directors (collectively, the "**Information**"). Except as otherwise described in this Report in respect of the Companies' cash flow forecast:
  - a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
  - b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.
11. Future oriented financial information referred to in this Report was prepared based on the Companies' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections (even if the assumptions materialize), and the variations could be significant.
12. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.

## BACKGROUND

### *Overview*

13. RHL is a public company that trades on the TSX Venture Exchange and holds 100% of the issued and outstanding capital of its two subsidiaries, RHEL and IHC. Since its inception, RHL has grown through a series of amalgamations, asset purchases and through exploration and drilling for new resources.
14. The Companies are in the business of gas extraction and exploration and are focused on the drilling and extracting of helium for purification and the exploration of potentially helium rich lands in Saskatchewan and Alberta (the "**Business**"). The Companies control approximately 564,000 acres of lands through permits and leases across Saskatchewan and Alberta, which are believed to have some of the largest prospective helium resources in the world. As such, the Monitor understands that these lands may have significant economic concentrations of helium trapped in the subsurface for extraction and purification.
15. The Companies have three wells tied into their helium purification facility located in Steveville, Alberta (the "**Steveville Facility**"). The Companies' legacy drillings, well logs, and other geologic data suggest significant additional resources may exist within the Companies' leasehold lands.
16. At present, the Companies' operations have been halted and are not generating any production. There are two employees that remain, the CEO and the CFO (together as "**Management**"). The Companies also utilize contractors to preserve and protect the Steveville Facility.
17. Further information regarding the cause of the Companies' insolvency and these CCAA Proceedings, including the Initial Order, the supporting affidavits, and the Pre-Filing Report are available on the Monitor's Website.



## ACTIVITIES OF THE MONITOR SINCE THE SECOND REPORT

18. The Monitor's activities since the Second Report have included, but are not limited to, the following:

- a) conducting ongoing discussions with Management and the Companies' Counsel regarding the Business and the Companies' financial affairs;
- b) reviewing and discussing weekly payables with Management;
- c) reviewing the Companies' bank details and assisting the Companies with the compilation of their budget to actual reporting as well as extending the cash flow forecast, as needed, for purposes of communicating the same to the DIP Lenders;
- d) communicating with the Qualified Bidders who proceeded into Phase II of the SISP and providing additional information as requested;
- e) advancing communications in relation to the SISP with certain Qualified Bidders and ultimately selecting a successful bidder (the "**Successful Bidder**") to which the Companies and the Monitor executed on a 60-day exclusivity agreement with the Successful Bidder;
- f) engaging in multiple communications with the DIP Lenders and their respective counsel on file matters, including the cash flow forecast and the SISP reporting;
- g) holding various communications with the DIP Lenders as well as the Companies with respect to advancing these CCAA Proceedings in a cost-efficient manner and seeking the EMP Order;
- h) various communication with the Saskatchewan MER and the Alberta AER and providing updates on the SISP and the CCAA Proceedings;

- i) responding to various correspondence from third parties inquiring about the CCAA proceedings; and
- j) holding discussions with the Monitor's Counsel regarding various matters pertaining to these CCAA proceedings.

## ACTUAL CASH FLOW RESULTS COMPARED TO FORECAST

19. The Companies' actual cash receipts and disbursements as compared to the Consolidated Cash Flow Forecast presented in the Second Report during the period of April 26, 2025 to May 23, 2025 (the "**Reporting Period**") is summarized below.

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited (Collectively, the "Company")				
Cash Flow Variance Analysis				
For the period from April 26, 2025 to May 23, 2025				
SCAD, thousands, unaudited				
	YTD Weeks 1 - 16	Reporting Period Weeks 13 - 16		
	Actuals	Forecast	Actuals	Variance
<b>Receipts</b>				
Accounts Receivable	64	-	-	-
Retainer Receipt	-	50	-	(50)
Other Receipts	53	-	-	-
DIP Cash Advance	1,874	535	-	(535)
<b>Total Receipts</b>	<b>1,991</b>	<b>585</b>	<b>-</b>	<b>(585)</b>
<b>Operating Disbursements</b>				
Payroll and Contractors	277	62	60	2
Plant Security	-	12	-	12
Insurance	86	10	10	-
Rent, Office, IT, and Other Miscellaneous	55	51	0	51
Lease Payments	170	-	-	-
Contingency	-	11	-	11
<b>Total Operating Disbursements</b>	<b>588</b>	<b>146</b>	<b>71</b>	<b>75</b>
<b>Net Cash Flow from Operations</b>	<b>1,403</b>	<b>439</b>	<b>(71)</b>	<b>(510)</b>
<b>Non-Operating Disbursements</b>				
<u>Professional Fees</u>				
Companies Counsel's Fees	362	26	25	1
DIP Counsel Fees	83	135	-	135
Proposal Trustee Fees	48	-	-	-
Proposal Trustee Counsel Fees	36	-	-	-
Monitor's Fees	133	106	-	106
Monitor's Counsel's Fees	75	145	75	70
Company Counsel Retainer and Monitor Retainer	50	-	-	-
D&O Insurance	-	100	-	100
NOI DIP Repayment	644	-	-	-
<b>Total Non-Operating Disbursements</b>	<b>1,431</b>	<b>511</b>	<b>100</b>	<b>411</b>
<b>Net Cash Flow</b>	<b>(28)</b>	<b>(72)</b>	<b>(171)</b>	<b>(98)</b>
<b>Opening Cash</b>	<b>196</b>	<b>338</b>	<b>338</b>	<b>-</b>
<b>Net Cash Flow</b>	<b>(28)</b>	<b>(72)</b>	<b>(171)</b>	<b>(98)</b>
<b>Ending Cash</b>	<b>167</b>	<b>266</b>	<b>167</b>	<b>(98)</b>
<b>Opening Interim Financing Balance</b>	<b>-</b>	<b>1,230</b>	<b>1,230</b>	<b>-</b>
Advances	1,874	535	-	(535)
Repayments	-	-	-	-
NOI DIP Repayment	(644)	-	-	-
<b>Closing Interim Financing Balance</b>	<b>1,230</b>	<b>1,765</b>	<b>1,230</b>	<b>(535)</b>

20. Over the Reporting Period, the Companies experienced a negative cash flow variance of approximately \$98,000, primarily because of temporary timing differences, as well as some permanent variances, which are described below:
- a) a negative timing variance relating to the delayed collection of aggregate retainers related to the Proposal Trustee and the Companies' Counsel;
  - b) a timing variance related to lower than forecasted DIP draws being required during the Reporting Period than originally forecasted;
  - c) a positive timing variance related to payroll and contractor expenses and the difference of when source deductions are withheld from payroll and required to be remitted to the government;
  - d) a positive permanent variance due to the Steeveville, Alberta security services not being implemented during the Reporting Period and payroll and contractor costs being marginally lower than originally projected;
  - e) a positive timing variance related to rent, office, IT, and other miscellaneous as well as contingency costs being lower than originally forecasted. Management has advised that costs related to rent, office, IT, and other miscellaneous as well as contingency will likely be higher in the go forward period.; and
  - f) An additional timing variance is related to the delayed payment of certain professional fees during the Reporting Period.
21. Actual opening cash as at April 26, 2025 was approximately \$338,000 and closing cash at the end of the Reporting Period was \$167,000.
22. The Companies borrowed approximately \$0 during the Reporting Period for purposes of funding operational and non-operational costs.

## UPDATED CASH FLOW FORECAST

23. For purposes of paragraph 10(2)(a) of the CCAA, the Companies have prepared an updated weekly cash flow forecast (the "**Fourth Cash Flow Forecast**") for the 10-week period from May 24, 2025 to August 1, 2025 (the "**Forecast Period**"), using the probable and hypothetical assumptions set out in the notes to the Fourth Cash Flow Forecast. A copy of the Fourth Cash Flow Forecast, together with a summary of assumptions are attached hereto as Appendix "A".
24. The Fourth Cash Flow Forecast assumes that all ongoing costs of the business continue throughout the Forecast Period.
25. The Fourth Cash Flow Forecast is summarized below:

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited (Collectively, the "Company")	
Management Prepared 10-Week Cash Flow Forecast	
For the period from May 24, 2025 to August 1, 2025	
SCAD, thousands, unaudited	
	10 Week Total
<b>Receipts</b>	
Accounts Receivable	-
Sales	-
Retainer Receipt	-
Other Receipts	-
DIP Cash Advance	950
<b>Total Receipts</b>	<b>950</b>
<b>Operating Disbursements</b>	
Payroll and Contractors	90
Plant Security	27
Insurance	46
Rent, Office, IT, and Other Miscellaneous	25
Lease Payments	-
Contingency	24
<b>Total Operating Disbursements</b>	<b>212</b>
<b>Net Cash Flow from Operations</b>	<b>738</b>
<b>Non-Operating Disbursements</b>	
<u>Professional Fees</u>	
Companies Counsel's Fees	30
DIP Counsel Fees	90
Monitor's Fees	403
Monitor's Counsel's Fees	245
D&O Insurance	100
<b>Total Non-Operating Disbursements</b>	<b>869</b>
<b>Net Cash Flow</b>	<b>(131)</b>
<b>Opening Cash</b>	<b>167</b>
Net Cash Flow	(131)
<b>Ending Cash</b>	<b>36</b>
<b>Opening Interim Financing Balance</b>	<b>1,230</b>
Advances	950
Repayments	-
<b>Closing Interim Financing Balance</b>	<b>2,180</b>

26. An overview of the Fourth Cash Flow Forecast and select assumptions include the following:
- a) total projected cash receipts of approximately \$950,000 which relates solely to DIP advances;
  - b) total forecast operating cash disbursements forecast of approximately \$212,000 relating primarily to payroll, consulting fees, insurance, and administrative costs; and

- c) forecast non-operating cash disbursements of approximately \$869,000, primarily relating to the forecast payment of the fees incurred by Monitor, the Monitor's counsel, and the Companies' counsel, as well as directors and officers' insurance deductible, which is to be held in trust by the Monitor.
- 27. Accordingly, there is negative net cash flow over the Forecast Period of approximately \$131,000, with the expectation that the Companies will draw on the New DIP Facility in the approximate amount of \$950,000, bringing the total borrowings under the New DIP Facility to \$2.18 million. The maximum availability under the New DIP Facility remains at \$2.5 million.
- 28. The Fourth Cash Flow Forecast is based on assumptions by Management regarding future events. Management advises that actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Fourth Cash Flow Forecast will be accurate nor any opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Monitor in the course of the preparation of this Report.
- 29. The Fourth Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

#### **SISP UPDATE**

- 30. Following the Second Report, the Monitor and the Company have been advancing efforts to select and complete a transaction in respect of the Companies' property.
- 31. The Monitor, in consultation with the DIP Lenders and the Companies, advanced discussions with two of the four Qualified Bidders, which ultimately resulted in the selection of the Successful Bidder. The Companies and the Monitor entered into an exclusivity agreement (the "**Exclusivity Agreement**") with the Successful Bidder on May 23, 2025.

32. The Exclusivity Agreement provides exclusivity for a 60-day period (the "**Exclusivity Period**") to finalize the necessary agreements between the Companies and the Successful Bidder (the "**Transaction**") and for the Successful Bidder to finalize its remaining financing and equity requirements.
33. The Transaction is proposed to be completed by way of Reverse Vesting Order, which will result in a residual company ("**ResidualCo**").
34. The Monitor intends to seek Court approval of the proposed Transaction with the Successful Bidder during the Exclusivity Period and close on the Transaction before the conclusion of the Exclusivity Period.
35. The Monitor will report to this Honourable Court regarding the approval of the proposed Transaction and the results of the SISF in a subsequent report filed in connection with Companies' next court hearing.

#### **PROPOSED ORDER FOR ENHANCED MONITOR'S POWERS**

36. In order to promote efficiency, the Monitor and the Companies discussed various cost saving measures, which included the possibility of the Monitor assuming an enhanced role in closing the Transaction with the Successful Bidder and completing the CCAA Proceedings. This would, among other things, enable the current directors to step down and reduce the legal costs of Companies' Counsel, resulting in a cost savings to the Companies' estates. Upon further discussion between the Companies and the Monitor, along with the support of the DIP Lenders, the Applicants have agreed to the Monitor assuming this increased role with enhanced powers.
37. The enhanced powers are required for the Monitor to lead the negotiations and complete the closing of the Transaction that is being finalized, subject to Court approval.
38. The Companies' currently have two remaining employees, the CEO and the CFO, who are also directors of the Companies. Both the CEO and CFO are agreeable to

the termination of their roles, effective the date of court approval of June 10, 2025, including these resigning from their role as directors. The Monitor intends to offer consulting agreements to both the CEO and CFO post termination to assist with various matters on a part-time basis, including but not limited to closing the Transaction, assisting with accounting functions as well as other matters as required by the Monitor.

39. Following the closing of the Transaction, ResidualCo will have assets and property requiring administration and, eventually, distribution, within the CCAA Proceedings. However, ResidualCo will have no employees or management and will be unable to manage its own affairs. Accordingly, the proposed enhanced powers are necessary in order to enable the Companies and ResidualCo to take steps necessary to conclude these CCAA Proceedings.
40. The enhanced powers are designed to maximize the value of the property, assets, and undertakings of the Companies and promote efficiency in these proceedings, all to the benefit of their creditors and stakeholders.
41. The DIP Lenders and the Companies support the expansion of the Monitor's powers pursuant to the proposed EMP Order.
42. The Monitor wishes to make it clear that it is not advocating for the EMP Order. Rather, the Monitor, as an independent court officer, brings this application forward for the Court's consideration and considers the EMP Order to be a reasonable and efficient approach to administer the remainder of the CCAA Proceedings. The Monitor is prepared to take on these new additional roles should this Court conclude that the EMP Order is an appropriate path forward and in the best interest of the Companies and their stakeholders.

#### **APPROVAL OF PROFESSIONAL FEES AND EXPENSES**

43. The Monitor and its legal counsel have rendered their invoices for their respective fees and disbursements for services in connection with the CCAA Proceedings and are seeking approval of this Honourable Court.



44. The Monitor seeks approval from this Honourable Court of its professional fees and disbursements for the period of January 29, 2025 to May 2, 2025 (the "**Monitor Taxation Period**"), and for BD&P for the period of January 31, 2025 to April 30, 2025 (the "**BD&P Taxation Period**").
45. The total fees and expenses of the Monitor during the Monitor Taxation Period are \$320,670.54 (exclusive of GST), a summary of which is included below:

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited Summary of Monitor's Fees and Disbursements January 29, 2025 to May 2, 2025						
Invoices subject to Court Approval						
Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
Invoice #1	January 29, 2025 - February 28, 2025	126,696.00	-	126,696.00	6,348.45	133,044.45
Invoice #2	March 1, 2025 - March 28, 2025	92,740.00	8,029.74	100,769.74	5,038.49	105,808.23
Invoice #3	March 29, 2025 - May 2, 2025	91,490.00	1,714.80	93,204.80	4,660.24	97,865.04
	<b>Total</b>	<b>310,926.00</b>	<b>9,744.54</b>	<b>320,670.54</b>	<b>16,047.18</b>	<b>336,717.72</b>
	<b>Grand Total</b>	<b>310,926.00</b>	<b>9,744.54</b>	<b>320,670.54</b>	<b>16,047.18</b>	<b>336,717.72</b>

46. The total fees and expenses of the Monitor's counsel during the BD&P Taxation Period total \$176,743.88 (exclusive of GST), a summary of which is included below:

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited Summary of Monitor's Counsel's Fees and Disbursements January 31, 2025 to April 30, 2025						
Invoices subject to Court Approval						
Inv. No.	Period	Fees	Disbursements	Total Fees & Disbursements	GST	Total
203495112	January 31, 2025 - February 28, 2025	71,336.00	384.75	71,720.75	3,585.10	75,305.85
203495503	March 1, 2025 - March 31, 2025	66,502.00	101.13	66,603.13	3,329.27	69,932.40
203496544	April 1, 2025 - April 30, 2025	38,419.50	0.50	38,420.00	1,921.01	40,341.01
	<b>Total</b>	<b>176,257.50</b>	<b>486.38</b>	<b>176,743.88</b>	<b>8,835.38</b>	<b>185,579.26</b>
	<b>Grand Total</b>	<b>176,257.50</b>	<b>486.38</b>	<b>176,743.88</b>	<b>8,835.38</b>	<b>185,579.26</b>

47. The Monitor and BD&P's invoices outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work in question. The Monitor will be delivering an affidavit of professional fees and costs of the Monitor to this Honourable Court, as per the common practice in the Edmonton jurisdiction.

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

#### **EXTENSION OF THE STAY OF PROCEEDINGS**

49. Pursuant to the Second Stay Extension Order, the Stay Period (as defined therein) will expire on June 27, 2025. Assuming the EMP Order is granted, the Monitor is seeking an extension of the Stay Period to August 1, 2025 on behalf of the Companies (the "**Stay Extension**").

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

#### **CONCLUSIONS AND RECOMMENDATIONS**

51. Based on the current information that the Companies have made available to the Monitor, the Monitor respectfully recommends that this Honourable Court:
- a) grant the EMP Order enhancing the Monitor's powers;

- b) extend the Stay Period up to and including August 1, 2025;
- c) approve the actions, activities and conduct of the Monitor as set out in Third Report and all prior reports filed by the Monitor in the CCAA Proceedings;
- d) approve the fees of the Monitor and its counsel, BD&P, as set out in the Third Report as well as the respective fee affidavits;

All of which is respectfully submitted this 3<sup>rd</sup> day of June, 2025.

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



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



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Bryan Krol, CIRP  
Director


## **APPENDIX "A"**

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited (Collectively, the "Company")  
Management Prepared 10-Week Cash Flow Forecast  
For the period from May 24, 2025 to August 1, 2025  
unaudited, in CAD \$000's

		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
		Week 17	Week 18	Week 19	Week 20	Week 21	Week 22	Week 23	Week 24	Week 25	Week 26	Total Week 17 to Week 26
	Notes	30-May-25	06-Jun-25	13-Jun-25	20-Jun-25	27-Jun-25	04-Jul-25	11-Jul-25	18-Jul-25	25-Jul-25	01-Aug-25	
<b>Receipts</b>												
Accounts Receivable		-	-	-	-	-	-	-	-	-	-	-
Sales		-	-	-	-	-	-	-	-	-	-	-
Retainer Receipt	1	-	-	-	-	-	-	-	-	-	-	-
Other Receipts	2	-	-	-	-	-	-	-	-	-	-	-
DIP Cash Advances	3	350	-	200	-	150	-	100	-	150	-	950
<b>Total Receipts</b>		<b>350</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>950</b>
<b>Operating Disbursements</b>												
Payroll and Contractors	4	30	-	15	-	15	-	15	-	15	-	90
Plant Security	5	-	3	3	3	3	3	3	3	3	3	27
Insurance	6	-	-	-	-	46	-	-	-	-	-	46
Rent, Office, IT, and Other Miscellaneous	7	7	2	2	2	2	2	2	2	2	2	25
Lease Payments	8	-	-	-	-	-	-	-	-	-	-	-
Contingency	9	-	3	3	3	3	3	3	3	3	3	24
<b>Total Operating Disbursements</b>		<b>37</b>	<b>8</b>	<b>23</b>	<b>8</b>	<b>69</b>	<b>8</b>	<b>23</b>	<b>8</b>	<b>23</b>	<b>8</b>	<b>212</b>
<b>Net Cash Flow from Operations</b>		<b>313</b>	<b>(8)</b>	<b>177</b>	<b>(8)</b>	<b>81</b>	<b>(8)</b>	<b>77</b>	<b>(8)</b>	<b>127</b>	<b>(8)</b>	<b>738</b>
<b>Non-Operating Disbursements</b>												
<b>Professional Fees</b>												
Companies Counsel's Fees	10	-	-	-	30	-	-	-	-	-	-	30
DIP Counsel Fees		-	-	30	-	-	-	30	-	-	30	90
Monitor's Fees		106	-	98	75	-	-	75	-	-	50	403
Monitor's Counsel's Fees		110	-	-	55	-	-	50	-	-	30	245
Company Counsel Retainer and Monitor Retainer		-	-	-	-	-	-	-	-	-	-	-
D&O Insurance	11	100	-	-	-	-	-	-	-	-	-	100
NOI DIP Repayment	12	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Operating Disbursements</b>		<b>316</b>	<b>-</b>	<b>128</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>155</b>	<b>-</b>	<b>-</b>	<b>110</b>	<b>869</b>
<b>Net Cash Flow</b>		<b>(3)</b>	<b>(8)</b>	<b>49</b>	<b>(168)</b>	<b>81</b>	<b>(8)</b>	<b>(78)</b>	<b>(8)</b>	<b>127</b>	<b>(118)</b>	<b>(131)</b>
<b>Opening Cash</b>		<b>167</b>	<b>165</b>	<b>157</b>	<b>206</b>	<b>39</b>	<b>120</b>	<b>112</b>	<b>34</b>	<b>27</b>	<b>154</b>	<b>167</b>
Net Cash Flow		(3)	(8)	49	(168)	81	(8)	(78)	(8)	127	(118)	(131)
<b>Ending Cash</b>		<b>165</b>	<b>157</b>	<b>206</b>	<b>39</b>	<b>120</b>	<b>112</b>	<b>34</b>	<b>27</b>	<b>154</b>	<b>36</b>	<b>36</b>
<b>DIP Facility Reconciliation</b>												
DIP Facility Maximum		1,270	920	920	720	720	570	570	470	470	320	320
DIP Draws		350	-	200	-	150	-	100	-	150	-	950
NOI DIP Repayment		-	-	-	-	-	-	-	-	-	-	-
<b>DIP Facility Availability</b>		<b>920</b>	<b>920</b>	<b>720</b>	<b>720</b>	<b>570</b>	<b>570</b>	<b>470</b>	<b>470</b>	<b>320</b>	<b>320</b>	<b>320</b>
<b>Cumulative DIP Draw (Principal)</b>												
Cumulative DIP Draw (Principal)		2,224	2,224	2,424	2,424	2,574	2,574	2,674	2,674	2,824	2,824	2,824
Cumulative Commit Fee (1.5%)		38	38	38	38	38	38	38	38	38	38	38
Cumulative Interest (10%)		23	38	38	38	38	57	57	57	57	57	57
<b>Total Facility Balance for Purposes of Interest Calc.</b>		<b>2,284</b>	<b>2,300</b>	<b>2,500</b>	<b>2,500</b>	<b>2,650</b>	<b>2,669</b>	<b>2,769</b>	<b>2,769</b>	<b>2,919</b>	<b>2,919</b>	<b>2,919</b>
<b>Total Interest (10%)</b>		<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>56</b>

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

  
David Young  
Director

  
Orest Konowalchuk, LIT  
Senior Vice President

Royal Helium Ltd., Imperial Helium Corp, and Royal Helium Exploration Limited  
(collectively, the "Companies")  
Notes to Management Prepared 10-Week Cash Flow Forecast  
For the period from May 24, 2025 to August 1, 2025

Disclaimer

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

**Note 1 Retainer Receipt**

Aggregate retainers related to Proposal Trustee and Company Counsel.

**Note 2 Other Receipts**

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

**Note 3 DIP Cash Advance**

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

**Note 4 Payroll and Contractors**

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

**Note 5 Plant Security**

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

**Note 6 Insurance**

Monthly insurance payments related to facility insurance and D&O insurance. Payments are primarily forecasted to be made on the 14th of each month. Cash advance to be paid week ending June 27th to the insurance broker for a one year renewal on the facility insurance (\$30,461) and a four month renewal on D&O insurance (\$15,500).

**Note 7 Rent, Office, IT, and Other Miscellaneous**

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

**Note 8 Lease Payments**

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

**Note 9 Contingency**

A weekly contingency of \$3,000 has been included to account for possible unforeseen expenditures, plus any timing variance adjustments.

**Note 10 Professional Fees**

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

**Note 11 D&O Insurance**

Directors and officers insurance deductible to be paid to the Monitor to be held in trust in the event any statutory claims, particularly around unpaid wages during the pre-filing period need to be paid.


**Note 12 NOI DIP Repayment**

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

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

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

  
\_\_\_\_\_  
David Young  
Director

  
\_\_\_\_\_  
Orest Konowalchuk, LIT  
Senior Vice President