



C30378



COURT FILE NUMBER           **B301 135903 / 2501 03468**

COURT                               **COURT OF KING’S BENCH OF ALBERTA**

JUDICIAL CENTRE               **CALGARY**

PROCEEDING                   **IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE  
A PROPOSAL OF ERIKSON NATIONAL ENERGY INC.**

**AND**

**AND IN THE MATTER OF THE COMPROMISE OR  
ARRANGEMENT OF ERIKSON NATIONAL ENERGY INC.**

DOCUMENT                       **SIXTH REPORT OF THE PROPOSAL TRUSTEE AND PRE-  
FILING REPORT OF THE PROPOSED MONITOR**

**MARCH 6, 2025**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

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## 1.0 Introduction

1. This report (this “**Report**”) is filed by KSV Restructuring Inc. (“**KSV**”), in its capacity as:
  - a) proposal trustee (in such capacity, the “**Proposal Trustee**”) in connection with a Notice of Intention to Make a Proposal (“**NOI**”) filed on October 1, 2024 (the “**Filing Date**”) by Erikson National Energy Inc. (“**Erikson**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) (the “**NOI Proceedings**”); and
  - b) the proposed monitor (in such capacity, the “**Proposed Monitor**”) in the proposed proceedings of Erikson under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c C-36, as amended (the “**CCAA**”) pursuant to an initial order, among other things, granting Erikson relief under the CCAA, and appointing KSV as monitor in the CCAA proceedings (if appointed, the “**Monitor**”).
2. Erikson is seeking approval from the Court of King’s Bench of Alberta (the “**Court**”) to transition the NOI Proceedings to proceedings under the CCAA to enable Erikson to maintain its oil and gas assets while it negotiates a sale or other strategic transaction in respect of Erikson and/or its assets.

### 1.1 NOI Proceedings

1. On October 21, 2024, on application by Erikson, the Court granted:
  - a) an order (the “**First Extension Order**”), among other things:
    - i. extending the time for Erikson to file a proposal to its creditors and the stay of proceedings up to and including November 30, 2024;
    - ii. approving the sale and investment solicitation process (the “**SISP**”) and Sayer Energy Services’ (“**Sayer**”) engagement letter dated October 15, 2024, including the fees payable to Sayer; and

- iii. granting a first-priority charge in the maximum amount of \$200,000 (the “**Administration Charge**”) on all of Erikson’s current and future assets, undertakings and properties of every nature and kind whatsoever (collectively, the “**Property**”) for the fees and disbursements of Erikson’s legal counsel, Bennett Jones LLP (“**Bennett Jones**”), the Proposal Trustee, and the Proposal Trustee’s legal counsel, Fasken Martineau DuMoulin LLP (“**Fasken**”); and
  - b) an interim financing order (the “**Interim Financing Order**”), among other things:
    - i. authorizing Erikson to obtain and borrow under a credit facility (as amended from time to time, the “**Interim Financing Facility**”) from Third Eye Capital Corporation (“**TEC**” and in such capacity, the “**Interim Lender**”) in the maximum principal amount of \$250,000, subject to the terms (including priority for Permitted Priority Liens) and conditions set forth in the term sheet (the “**Original Interim Financing Term Sheet**”) and granting a charge in favor of the Interim Lender (the “**Interim Lender’s Charge**”) to secure the advances made under the Interim Financing Facility; and
    - ii. ranking the Court-ordered charges in the NOI Proceedings as follows: (1) first, the Administration Charge; and (2) second, the Interim Lender’s Charge.
2. On November 21, 2024, on application by Erikson, the Court granted an order, among other things:
  - a) extending the time for Erikson to file a proposal to its creditors and the stay of proceedings up to and including December 10, 2024; and
  - b) approving an amended and restated interim financing term sheet dated November 21, 2024, and increasing the Interim Lender’s Charge from \$250,000 to \$550,000, to secure the advances made under the Interim Financing Facility.
3. On December 9, 2024, on application by Erikson, the Court granted:
  - a) an order, among other things:
    - i. extending the time for Erikson to file a proposal to its creditors and the stay of proceedings up to and including January 23, 2025; and

- ii. approving a further amended and restated interim financing term sheet dated December 9, 2024 and increasing the Interim Lender's Charge from \$550,000 to \$1.5 million, to secure the advances made under the Interim Financing Facility; and
  - b) a sale approval and vesting order (the "**AVO**"):
    - i. approving an asset purchase and sale agreement (the "**APA**") between Erikson and Gryphon Digital Mining Inc. ("**Gryphon**") (the "**Gryphyon Transaction**"); and
    - ii. ordering that: (1) subject only to approval by the British Columbia Energy Regulator (the "**BCER**") of transfer of any applicable licenses, permits, and approvals pursuant to section 29 of the *Energy Resource Activities Act*, SBC 2008, c 36; and (2) upon the Proposal Trustee delivering a certificate substantially in the form of Schedule "B" to the AVO, all of Erikson's right, title and interest in and to the Assets shall vest in Gryphon free and clear of any and all Encumbrances, other than the Permitted Encumbrances (all as defined in the AVO).
- 4. On January 22, 2025, on application by Erikson, the Court granted an order, among other things:
  - a) extending the time for Erikson to file a proposal to its creditors and the stay of proceedings up to and including February 22, 2025; and
  - b) approving an amended and restated interim financing term sheet dated January 22, 2025, and increasing the Interim Lender's Charge from \$1.5 million to \$1.8 million, to secure the advances made under the Interim Financing Facility.
- 5. On February 20, 2025, on application by Erikson, the Court granted an order (the "**Fifth Extension and Amended Interim Financing Order**"), a copy of which is attached as **Appendix "A"**, among other things:
  - a) extending the time for Erikson to file a proposal to its creditors and the stay of proceedings up to and including March 12, 2025; and

- b) approving an amended and restated interim financing term sheet dated February 20, 2025 (the **“Fourth Amended Interim Financing Term Sheet”**) and increasing the Interim Lender’s Charge from \$1.8 million to \$2.15 million, to secure the advances made under the Interim Financing Facility.

## 1.2 Purposes of this Report

1. Erikson has filed an application to be heard by the Court on March 11, 2025 (the **“Application”**), seeking approval to transition the NOI Proceedings to proceedings under the CCAA. The principal purposes for transitioning the proceedings are: (i) for Erikson to remain in a formal Court supervised process, while it attempts to finalize a sale or other strategic transaction in respect of Erikson and/or its assets, thereby minimizing the amount of assets that could potentially become orphaned; and (ii) for Erikson to maintain care and custody of its Oil & Gas Assets (as defined below).
2. This Report is intended to provide the Court with further information related to the relief sought by Erikson at the Application. More specifically, the purposes of this Report are to:
  - a) provide background information about Erikson and the NOI Proceedings;
  - b) summarize the terms of the fifth amended and restated interim financing term sheet dated March 11, 2025 (the **“Fifth Amended Interim Financing Term Sheet”**), which, *inter alia*, increases the authorized borrowings under the Interim Financing Facility from \$2.15 million to \$2.70 million;
  - c) report on Erikson’s amended and extended cash flow forecast for the period March 2 to May 3, 2025 (the **“Sixth Cash Flow Forecast”**);
  - d) provide a comparison of Erikson’s fifth cash flow forecast for the period February 9 to March 15, 2025 (the **“Fifth Cash Flow Forecast”**) filed in the NOI Proceedings pursuant to section 50.4(2)(a) of the BIA, to Erikson’s actual results;
  - e) provide the Court with an update on Erikson’s and the Proposal Trustee’s activities since the Proposal Trustee’s Fifth Report to Court dated February 18, 2025 (the **“Fifth Report”**);
  - f) discuss the reasons for transitioning the NOI Proceedings to proceedings under the CCAA;

- g) provide KSV's qualifications to act as Monitor;
- h) provide KSV's views in respect of Erikson's application for:
  - i. an initial order (the "**Initial Order**"), among other things:
    - 1. declaring that Erikson is a company to which the CCAA applies;
    - 2. declaring the NOI Proceedings of Erikson is taken up and continued under the CCAA, pursuant to section 11.6(a) of the CCAA;
    - 3. declaring that Division I of Part III of the BIA has no further application to Erikson;
    - 4. terminating the NOI Proceedings;
    - 5. deeming the NOI filed by Erikson to be withdrawn;
    - 6. granting a stay of all proceedings, rights, and remedies against or in respect of Erikson; and
    - 7. confirming the granting and priority of the Administration Charge and the Interim Lender's Charge pursuant to the Fifth Extension and Amended Interim Financing Order; and
  - ii. an amended Initial Order (the "**ARIO**"), among other things:
    - 1. extending the stay of proceedings up to and including April 30, 2025, or such further or other date as this Court may consider appropriate; and
    - 2. increasing the amount of the Interim Lender's Charge from \$2.15 million to \$2.70 million.

### **1.3 Scope and Terms of Reference**

1. In preparing this Report, the Proposal Trustee and Proposed Monitor has relied upon Erikson's unaudited financial information, books and records, information available in the public domain, and discussions with: (i) Erikson's management and legal counsel; and (ii) TEC, the agent for Erikson's secured lenders and Interim Lenders.

2. The Proposal Trustee and Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal Trustee and Proposed Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.
3. An examination of the Sixth Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information relied upon in this Report is based upon Erikson’s assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposal Trustee and Proposed Monitor expresses no opinion or other form of assurance on whether the Sixth Cash Flow Forecast will be achieved.
4. This Report should be read in conjunction with: (i) the Proposal Trustee’s First Report to Court dated October 18, 2024 (the “**First Report**”), the Second Report to Court dated November 18, 2024, the Third Report to Court dated December 6, 2024 (the “**Third Report**”), the Fourth Report to Court dated January 16, 2025, and the Fifth Report (collectively, the “**Previous Reports**”); (ii) the affidavits of Mark Horrox sworn October 15, October 18, and November 15, 2024; (iii) the affidavits of Peter Neelands sworn December 3, 2024, January 13, February 10, and March 3, 2025 (the “**Fourth Neelands Affidavit**”); and (iv) the materials filed by Erikson in support of the Application.

#### **1.4 Currency**

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

#### **1.5 Court Materials**

1. Court materials filed in the NOI Proceedings and the potential proceedings under the CCAA are available at: [www.ksvadvisory.com/experience/case/erikson](http://www.ksvadvisory.com/experience/case/erikson) (the “**Case Website**”).



## 2.0 Background

1. Erikson is an Alberta-based junior oil and natural gas company with assets in the Fort Nelson and Greater Fort St. John areas of British Columbia. Erikson was established to own and operate certain assets, which were acquired through the Ranch Energy Corp. receivership proceedings. Erikson holds licenses issued by the BCER for 414 wells, 346 pipelines, and 20 facilities (collectively, the “**Oil & Gas Assets**”). Certain of the Oil & Gas Assets consist of sour gas wells.
2. As of the Filing Date:
  - a) all of the Oil & Gas Assets were shut-in and not producing and remain shut-in except for intermittent production required in respect of the Wildboy Gas Plant (discussed below); and
  - b) Erikson had approximately seven employees and three contractors. While the Oil & Gas Assets are shut-in, Erikson maintains certain employees to perform routine well site and facilities inspections to ensure that its Oil & Gas Assets are maintained in a safe manner.
3. The Fourth Neelands Affidavit sets out detailed information with respect to Erikson’s business and operations and support for the relief sought at the Application. The information contained in the Report is not intended to be a detailed summary of all matters relating to the business of Erikson. For additional background information on Erikson, its financial position, and the reasons for the commencement of the NOI Proceedings, KSV recommends that readers review the First Report, a copy of which (without appendices) is attached as **Appendix “B”**.

### 2.1 Wildboy Gas Plant

1. Prior to commencing the NOI Proceedings and shutting in the Oil & Gas Assets, Erikson produced gas and packed its own sales pipeline with this gas to provide the necessary fuel to heat Erikson’s “Wildboy Gas Plant” and associated work camp (the “**Wildboy Gas Plant**”).

2. On December 4, 2024, Erikson discovered that a metering discrepancy revealed that the available gas quantities were substantially below Erikson's required gas needs for the foreseeable future, resulting in it only having approximately five days of fuel remaining. Without a sufficient gas supply, Erikson would be unable to adequately heat the Wildboy Gas Plant, which would cause certain components of the Wildboy Gas Plant to freeze and potentially rupture.
3. As Erikson did not have a viable solution to the issue, on December 6, 2024, Erikson obtained an emergency order from the Court (the "**Emergency Order**")<sup>1</sup>, which enabled Erikson to produce its own gas for a limited period of time in order to re-stack the sales pipeline and sustain heating at the Wildboy Gas Plant. After the issuance of the Emergency Order, the BCER issued a General Order 2024-0156-01 dated December 6, 2024 (the "**BCER General Order**"), directing Erikson to maintain the Oil & Gas Assets in a safe manner, including heating and maintaining the Wildboy Gas Plant.
4. Following the issuance of the Emergency Order and BCER General Order, Erikson produced natural gas from two wells on: (a) December 7 to 9, 2024; (b) January 9 and 10, 2025; and (c) February 24 to 28, 2025.
5. As outlined in the Fourth Neelands Affidavit, Erikson previously explored obtaining alternative sources of gas, specifically the trucking of liquified natural gas ("**LNG**") from Cryopeak Energy Services ("**CES**"), based out of Fort Nelson, British Columbia. Although Erikson estimated this service to initially cost \$45,000 and \$60,000 per month, the Proposal Trustee understands that the actual costs to receive the LNG are in excess of \$475,000 per month. Erikson has advised that the material discrepancy was due to confusion regarding the information initially supplied by Erikson to CES to obtain the initial quote of \$45,000 to \$60,000 per month. Further, Erikson has advised that there are no other economical sources of natural gas from other producers in the area.

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<sup>1</sup> On December 13, 2024, the Attorney General of British Columbia (the "**BC Attorney General**") filed a notice of appeal to the Emergency Order. The Proposal Trustee understands that discussions between Bennett Jones and the BC Attorney General remain ongoing.

6. It is anticipated that, should the NOI Proceedings be converted to proceedings under the CCAA, Erikson will continue to produce natural gas from its own wells pursuant to the Emergency Order and the BCER General Order, in order to maintain sufficient gas supply to adequately heat the Wildboy Gas Plant. The Proposal Trustee understands that, as the weather improves, less gas will be required to adequately heat the Wildboy Gas Plant than compared to the requirements in January and February 2025.

## 2.2 Gryphon Transaction

1. After conducting the SISP, on December 9, 2024, Erikson sought and obtained approval of the APA and Gryphon Transaction (a summary of which is included in the Third Report), which provided for a purchase price of \$2 million, assumption of all of Erikson's Oil & Gas Assets and associated cure costs, and Gryphon's participation in funding the NOI Proceedings. The APA also included conditions to closing, including, among other things, that:
  - a) the Petroleum and Natural Gas Rights shall have been transferred by the British Columbia Tenure and Resource Stewardship Branch ("**BC Tenure Ministry**") pursuant to section 117.1 of the *Petroleum and Natural Gas Act* (British Columbia) to Gryphon;
  - b) the Crown permits and related surface rights shall have been transferred to Gryphon;
  - c) the license, permit, and approval transfers shall have been approved by the BCER with any conditions satisfactory to Gryphon; and
  - d) Gryphon shall have completed its due diligence.
2. In addition to the APA, pursuant to an agency agreement dated December 9, 2024 between Gryphon and TEC (the "**Agency Agreement**"), Gryphon agreed to fund the incremental interim financing on a *pari passu* basis for the period from December 9, 2024 to January 31, 2025, subject to an option exercisable by Gryphon at any time prior to January 31, 2025, to extend such period to March 31, 2025. As outlined in the Fifth Report, Gryphon did not exercise the option to extend the Agency Agreement. As a result, on January 30, 2025, Gryphon ceased funding the NOI Proceedings.

3. The Gryphon Transaction provided for an outside date of January 31, 2025, or such other date as the parties agree. To allow for further assessment of the Oil & Gas Assets and to determine whether an amended APA may be possible, the outside date was extended twice, most recently to March 12, 2025. The Proposal Trustee understands that Gryphon is no longer prepared to purchase all the Oil & Gas Assets and, on February 27, 2025, advised that it was seeking to terminate the APA; however, Erikson has advised that it has not received a termination notice from Gryphon.
4. Notwithstanding this, the Proposal Trustee has learned that on March 3, 2025, Gryphon filed a disclosure statement with the United States Securities and Exchange Commission advising of its termination of the Gryphon Transaction and that it now plans to continue to evaluate the purchase of a subset of Erikson's Oil & Gas Assets. A copy of Gryphon's March 3, 2025 US securities disclosure statement is attached as **Appendix "C"**.

### **2.3 Alternative Transactions**

1. As at the date of this Report, the Proposal Trustee understands that Erikson is also exploring alternative options and has engaged with third parties who have previously expressed an interest in acquiring certain of the Oil & Gas Assets, including CNRL, to assess their continued interest in pursuing a transaction with Erikson.
2. The purpose underlying Erikson's efforts to sell its Oil & Gas Assets is primarily to reduce the number of assets that will ultimately become orphaned following Erikson's restructuring proceedings.
3. Additionally, Erikson has confirmed that TEC, as the Interim Lender, is prepared to continue funding under the Interim Financing Facility in support of advancing one or more transactions for Erikson or the Oil & Gas Assets within the proposed CCAA proceedings.

### **3.0 Sixth Cash Flow Forecast**

1. Erikson, with the assistance of the Proposal Trustee and Proposed Monitor, has prepared the Sixth Cash Flow Forecast for the period March 2 to May 3, 2025 (the "**Forecast Period**") for the purposes of initiating proceedings under the CCAA. The Sixth Cash Flow Forecast assumptions are largely consistent with the Fifth Cash Flow Forecast assumptions, except for the time period covered. The Sixth Cash Flow Forecast and Erikson's statutory report thereon pursuant to Section 10(2)(b) of the CCAA are attached as **Appendix "D"**.

2. The Sixth Cash Flow Forecast demonstrates that, subject to obtaining the relief sought under the proposed Initial Order and ARIO, Erikson is projected to have sufficient liquidity to continue to operate during the Forecast Period<sup>2</sup>.

(unaudited; \$)	Note	Mar 2 – May 3, 2025
<b>Receipts</b>		
Interim Financing Facility Advances	A	1,221,227
<b>Disbursements</b>		
Wages, salaries, and benefits	B	(285,000)
Insurance	C	(112,255)
Other operating expenses	D	(434,252)
Professional fees	E	(428,000)
		<u>(1,259,507)</u>
<b>Net cash flow</b>		<b>(38,280)</b>
Opening cash balance		63,280
Net cash flow		<u>(38,280)</u>
<b>Ending cash balance</b>		<b>25,000</b>

3. A summary of the key assumptions underlying the Sixth Cash Flow Forecast<sup>3</sup> is as follows:
- a) Interim Financing Facility Advances: represents advances under the Interim Financing Facility. As of the date of this Report, Erikson has borrowed \$1.461 million of the \$2.15 million maximum amount provided for under the Fifth Extension and Amended Interim Financing Order. As discussed in further detail below, Erikson requires a further \$550,000 pursuant to the ARIO in order to satisfy its projected post-filing obligations;
  - b) Wages, salaries, and benefits: represents expenses relating to on-site employees required to maintain site safety and emergency preparedness;
  - c) Insurance: includes property insurance for the Oil & Gas Assets and automobile insurance for site vehicles; and

<sup>2</sup> As the Oil & Gas Assets have been shut-in, Erikson is not forecasting any material receipts during the Forecast Period. Projected operating disbursements are to continue to maintain care and custody of the Oil & Gas Assets in a safe manner, including performing ongoing well site monitoring and for payment of associated royalties associated with the limited gas production under the Emergency Order and the BCER General Order.

<sup>3</sup> The notes to the Sixth Cash Flow Forecast provide the underlying assumptions, including a description of each line item.

- d) Other operating costs: includes contractor expenses, camp costs, emergency answering services, carbon tax payments totaling \$135,000 during the Forecast Period, and an estimated payment of \$15,000 to the BC Tenure Ministry. While no agreement has been reached with the BC Tenure Ministry, Erikson has included a payment to the BC Tenure Ministry during the week ending March 15, 2025.
4. The Sixth Cash Flow Forecast assumes that no further issues are encountered at the Wildboy Gas Plant (as detailed in section 2.1 above). If further issues are encountered that have a material impact on the Sixth Cash Flow Forecast, Erikson will file an updated cash flow forecast, which the Proposed Monitor will file with the Court. Based on the Proposed Monitor's review of the Sixth Cash Flow Forecast, the assumptions appear reasonable. The Proposed Monitor's statutory report on the Sixth Cash Flow Forecast is attached as **Appendix "E"**.

### 3.1 Fifth Amended Interim Financing Facility<sup>4</sup>

1. Erikson has negotiated the Fifth Amended Interim Financing Term Sheet to, among other things, increase the commitment under the Interim Financing Facility. A copy of the Fifth Amended Interim Financing Term Sheet is attached as **Appendix "F"**. Pursuant to the terms of the Fifth Amended Interim Financing Term Sheet, the Interim Financing Facility and corresponding Interim Lender's Charge is to be increased to \$2.70 million, for Erikson to satisfy its projected post-filing obligations as set forth in the Sixth Cash Flow Forecast. The proposed ARIO provides for a corresponding increase to the Interim Lender's Charge.
2. The Fifth Amended Interim Financing Term Sheet also revises:
- a) the Maturity Date from March 12 to April 30, 2025; and
  - b) the Event of Default in relation to the reinstatement of Erikson's currently expired crown mineral leases from March 5 to March 31, 2025.
3. As at the date of this Report, Erikson's crown mineral leases have not yet been reinstated. The Proposal Trustee understands that the BC Tenure Ministry will not consider a reinstatement of the mineral leases or a transfer to a potential purchaser until an actual transfer application has been filed with the BC Tenure Ministry.

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<sup>4</sup> Capitalized terms not defined in this section have the meanings provided to them in the Fifth Amended Interim Financing Term Sheet.

4. The Proposed Monitor recommends the Court issue an order approving the Fifth Amended Interim Financing Term Sheet and increasing the Interim Lender's Charge, as:
  - a) without additional funding, Erikson will not be able to continue to maintain the Oil & Gas Assets, which may also jeopardize the ability to continue the NOI Proceedings under the CCAA and to successfully close one or more transactions for the Oil & Gas Assets;
  - b) the additional fees associated with the Fifth Amended Interim Financing Term Sheet are reasonable and consistent with fees charged in similar insolvency engagements in the Proposed Monitor's experience; and
  - c) no stakeholder should be prejudiced by the Fifth Amended Interim Financing Term Sheet, as it will enable Erikson to satisfy its post-filing obligations and pursue the closing of one or more transactions.

#### 4.0 Performance Against the Fifth Cash Flow Forecast

1. Pursuant to section 50.4(7)(b)(ii) of the BIA, the Proposal Trustee has continued to review and evaluate the state of Erikson's business and financial affairs since the Filing Date.
2. The Proposal Trustee understands that, aside from the fees payable to Bennett Jones (as discussed below), Erikson remains current in respect of its obligations that have arisen since the Filing Date. As outlined in the Fifth Report, the Proposal Trustee further understands that TEC and Erikson are paying Bennett Jones by way of a payment plan.
3. A review process has been established with Erikson to review weekly cash variances. A summary of Erikson's actual receipts and disbursements compared to the Fifth Cash Flow Forecast for the period from February 9 to March 1, 2025 (the "**Reporting Period**") is as follows:

(unaudited; \$)	Actual	Projected	Difference
<b>Receipts</b>			
Collections	35,602	35,602	-
Interim Financing Facility Advances	150,000	281,768	(131,768)
	185,602	317,370	(131,768)
<b>Disbursements</b>			
Operating disbursements	(130,158)	(217,605)	87,447
Professional fees	(32,399)	(115,000)	82,601
	(162,557)	(332,605)	170,048
<b>Net cash flow</b>	<b>23,045</b>	<b>(15,235)</b>	<b>38,280</b>

4. As reflected in the table above, Erikson's cash flow has generally been in line with the Fifth Cash Flow Forecast. The material variances and explanations are summarized below:
  - a) operating disbursements were lower than forecasted, primarily due to insurance and contractor billings totaling approximately \$72,000 that were forecasted to be paid the week ending March 1, 2025, but were paid the week ending March 8, 2025 (i.e., outside the Reporting Period); and
  - b) professional fees are lower than forecasted due to the delayed payment of Bennett Jones' outstanding fees originally scheduled to be paid during the Reporting Period. Amounts outstanding to Bennett Jones up to and including February 28, 2025 total \$529,170. The Sixth Cash Flow Forecast contemplates the payment of \$320,000 to Bennett Jones by May 3, 2025, which includes a payment of \$80,000 that was made by Erikson on March 5, 2025.

## **5.0 Continuation of the NOI Proceedings Under the CCAA**

1. Erikson is seeking the Initial Order and ARIO to, among other things, continue the NOI Proceedings under the CCAA and declare that Division I of Part III of the BIA has no further application to Erikson. In KSV's view, the continuation of the NOI Proceedings under the CCAA, terminating the NOI Proceedings, and deeming the NOI filed by Erikson withdrawn is appropriate for the following reasons:
  - a) since the Filing Date, the actions taken by Erikson in the NOI Proceedings and observed by the Proposal Trustee demonstrate to KSV that Erikson is acting in good faith and with due diligence, including through the initial advancement of the SISF, the efforts to close the Gryphon Transaction, and then subsequently the efforts in advancing a potential revised transaction with Gryphon or most recently, an alternative third party, engaging with various key stakeholders such as the BCER and the BC Tenure Ministry regarding the reinstatement of the crown mineral leases, and maintaining care and custody of its Oil & Gas Assets, including by managing the ongoing operational challenges in relation to the gas supply to heat the Wildboy Gas Plant;
  - b) the Proposed Monitor understands that the Interim Lender has agreed to continue funding the operations of Erikson under the Fifth Amended Interim Financing Term Sheet, up to a total maximum principal amount of \$2.70 million;



- c) the conversion of the NOI Proceedings to proceedings under the CCAA should not adversely affect or prejudice any group of creditors as Erikson is projected to pay post-filing services and suppliers in the amounts contemplated by the Sixth Cash Flow Forecast, subject to approval of the Fifth Amended Interim Financing Term Sheet, and has agreed to a payment plan with Bennett Jones and TEC regarding the professional fees outstanding;
- d) the continuation under the CCAA will provide Erikson the additional time it requires to further advance its restructuring and pursue the closing of a transaction, minimizing the amount of its assets that will likely be orphaned at the conclusion of its restructuring;
- e) Erikson has not filed a proposal within the meaning of the BIA under Division I of Part III of the BIA; therefore, the taking up and conversion of the NOI Proceedings under the CCAA in respect of Erikson is not precluded under section 11.6 of the CCAA; and
- f) Erikson is a company to which section 3(1) of the CCAA applies, as it is insolvent and is subject to creditor claims in excess of \$5 million.

## 6.0 KSV's Qualifications to Act as Monitor

1. KSV is a licensed trustee within the meaning of subsection 2(1) of the BIA. KSV is not subject to any of the restrictions to act as Monitor set out in Section 11.7(2) of the CCAA.
2. KSV has consented to act as Monitor in the CCAA proceedings should the Initial Order be granted. A copy of KSV's consent to act as Monitor is attached as **Appendix "G"**.
3. KSV was initially appointed as Proposal Trustee on October 1, 2024, to assist in the restructuring under the BIA. During this mandate, KSV has, among other things:
  - a) completed those activities listed in the Previous Reports and this Report;
  - b) engaged legal counsel, who have also participated in certain meetings with Erikson and its legal counsel;
  - c) assisted Erikson in the preparation of its cash flow forecasts;
  - d) provided oversight of the SISP; and

- e) prepared this Report.
4. Since being appointed as Proposal Trustee, KSV has acquired knowledge of the business and operations of Erikson, including its key personnel, stakeholders, and key issues in the proposed CCAA proceedings. As a result, KSV is able to provide a seamless and efficient transition from its role as Proposal Trustee to Monitor and immediately fulfill its duties as Monitor if the Initial Order is granted.

## 7.0 BCER Matters

1. Just immediately prior to Erikson filing its Application materials, the Proposal Trustee was made aware that the BCER was not supportive of Erikson's application to convert the NOI Proceedings to proceedings under the CCAA. Rather, the BCER advised that it was supportive of a two-week stay extension until the end of March 2025, to allow Erikson to close a transaction with one of the parties it is currently in discussions with, or potentially advance those discussions further, at which point the BCER would reconsider whether converting the NOI Proceedings to proceedings under the CCAA is appropriate.
2. As a result, on March 4, 2025, the Proposal Trustee, through its counsel, conveyed its concerns with the approach proposed by the BCER. Among other things, the Proposal Trustee:
  - a) advised that it is not feasible for Erikson to close a transaction by the end of March 2025, given that:
    - i. there is no definitive agreement in place or executed with any party;
    - ii. Erikson would have to seek Court approval of a transaction prior to closing, which seems unlikely to happen before March 31, 2025; and
    - iii. the reinstatement of the Crown mineral leases will likely be a condition to closing any transaction and, based on the representations repeatedly made by counsel for the BC Tenure Ministry, this would most certainly not occur by March 31, 2025;

in which case, a two-week stay extension did not seem economical, as Erikson will need to return to Court at the end of the month to convert the NOI Proceedings, if a transaction was being pursued;

- b) advised that if the NOI Proceedings fail and there is an automatic deemed bankruptcy, the Proposal Trustee is not in a position to take possession of any of the Oil & Gas Assets;
  - c) outlined that, without a transition plan in place by the BCER, there would be no responsible party in care and custody of the Oil & Gas Assets, including a party who can manage the ongoing gas supply issues to the Wildboy Gas Plant, to ensure continuous heat to the facility is provided; and
  - d) sought clarity on what the BCER's transition plan is to ensure continuity of the care and custody of the Oil & Gas Assets, some of which comprise sour gas wells, including:
    - i. how the BCER intends to continue the ongoing well site monitoring of the Oil & Gas Assets;
    - ii. if the BCER intends to retain Erikson employees, and if the Proposal Trustee's assistance was required to liaise with those employees to ensure they do not leave the site upon the termination of the NOI Proceedings; and
    - iii. the BCER's plan is to provide the necessary gas supply to the Wildboy Gas Plant.
3. As at the date of this Report, the Proposal Trustee is unsure whether the BCER's position regarding Erikson's Application has changed at all following a consideration of these issues. The Proposal Trustee has also not received information from the BCER regarding a transition plan for the care and custody of Erikson's Oil & Gas Assets, nor a request for assistance from the Proposal Trustee to connect the BCER with any of Erikson's employees. As a result, as noted above, if the NOI Proceedings fail and a deemed bankruptcy occurs, due to the absence of funding and the nature of the Oil & Gas Assets, the Proposal Trustee will make an application to Court seeking an order declaring that it is not responsible for the care and custody of any of the Oil & Gas Assets.

## **8.0 Activities of the Proposal Trustee and Erikson**

### **8.1 Activities of the Proposal Trustee**

1. Since the Fifth Report, the Proposal Trustee has performed the following key activities:
  - a) assisting Erikson with its communications to both internal and external stakeholders;
  - b) monitoring the affairs of Erikson's business, including reviewing financial information with management;
  - c) assisting Erikson in preparing the Sixth Cash Flow Forecast;
  - d) corresponding and holding numerous discussions with Erikson, Bennett Jones, and Fasken with respect to general matters and specific matters related to the closing of the Gryphon Transaction and the pursuit of alternative transactions;
  - e) corresponding and holding discussions with various stakeholders, and/or respective legal counsel to stakeholders;
  - f) engaging in various correspondence with the BCER's legal counsel;
  - g) maintaining the Case Website; and
  - h) preparing this Report.

### **8.2 Activities of Erikson**

1. The Proposal Trustee has observed certain key activities of Erikson since the Fifth Report, including:
  - a) communicating with various stakeholders and creditors regarding the NOI Proceedings, in consultation with the Proposal Trustee;
  - b) with the assistance of Bennett Jones, pursuing multiple channels to resolve the ongoing gas supply issues facing Erikson, including discussions with the BC Tenure Ministry;
  - c) reporting to the Proposal Trustee on a weekly basis in respect of Erikson's receipts and disbursements;

- d) working with the Proposal Trustee in preparing the Sixth Cash Flow Forecast;
- e) engaging in discussions with prior bidders in the SISF regarding their continued interest in transacting with Erikson;
- f) attending ongoing meetings with the Proposal Trustee, Bennett Jones, and Fasken to discuss the Gryphon Transaction, potential alternative transactions, and most recently, the conversion of the NOI Proceedings to proceedings under the CCAA; and
- g) working with Bennett Jones to prepare materials for the Application.

## 9.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee and the Proposed Monitor respectfully recommends that this Honourable Court grant the relief sought by Erikson.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
solely in its capacity as Proposal Trustee and  
Proposed Monitor of Erikson National Energy Inc.,  
and not in its personal or corporate capacities**

**APPENDIX A**  
**[ATTACHED]**



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COURT FILE NUMBER

B301-135903

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PROCEEDING

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF ERIKSON NATIONAL ENERGY INC.

DOCUMENT

**ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**BENNETT JONES LLP**  
Barristers and Solicitors  
4500 Bankers Hall East  
855 – 2 Street SW  
Calgary, Alberta T2P 4K7

Attention: Keely Cameron/Luc Rollingson  
Telephone No.: 403-298-4485  
Fax No.: 403-265-7219  
Client File No.: 87754.38

DATE ON WHICH ORDER WAS PRONOUNCED:

February 20, 2025

LOCATION WHERE ORDER WAS PRONOUNCED:

Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER:

The Honourable Justice D. Mah

UPON the application of the Applicant, Erikson National Energy Inc. ("**Erikson**" or the "**Applicant**"); AND UPON reviewing the Affidavit of Peter Neeland, sworn December 3, 2024 ("**Neeland Affidavit**"); AND UPON reviewing the Affidavit of Peter Neeland, sworn January 13, 2025 ("**Neeland Affidavit #2**"); AND UPON reviewing the Affidavit of Peter Neeland, sworn February 10, 2025 ("**Neeland Affidavit #3**"); AND UPON reviewing the Certificate of Filing of a Notice of Intention to Make a Proposal filed, October 1, 2024; AND UPON reviewing the Fifth Report of KSV Restructuring Inc. as Proposal Trustee ("**Proposal Trustee**"); AND UPON

reviewing the Affidavit of Kathy Brulotte affirmed February 18, 2025; AND UPON having heard counsel for Erikson, the Proposal Trustee and counsel for any other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

### **SERVICE**

1. Service of this Application and its supporting materials is deemed good and sufficient.

### **CAPITALIZED TERMS**

2. Capitalized terms used but not otherwise defined in this Order shall have the meaning given to such term in the Interim Financing Order of this Court in these proceedings dated October 21, 2024.

### **EXTENSION**

3. Erikson is granted an extension to and including March 12, 2025 (“**Proposal Extension Date**”) to file a proposal to its creditors, under section 50.4 of the *Bankruptcy and Insolvency Act*, RSA 1985, c. B-3, as amended (“**BIA**”).
4. The stay of proceedings in the within matter is extended to and including March 12, 2025.

### **AMENDMENT OF INTERIM FINANCING AGREEMENT**

5. The further amended and restated Interim Financing Agreement attached to the Neeland Affidavit #3 (the “**A&R Interim Financing Agreement**”) is hereby approved.
6. Paragraphs 3 and 9 of the Interim Financing Order shall be amended as follows:

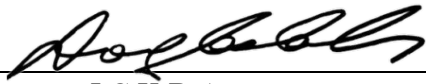
3. The Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from Third Eye Capital Corporation and Gryphon Digital Mining, Inc. (the “**DIP Lender**”) in order to finance the Applicant’s working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$2,150,000 unless permitted by further order of this Court.



9. The priorities of the Administration Charge and the Interim Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$200,000);  
and

Second – Interim Lenders Charge (to the maximum amount of \$2,150,000).

  
\_\_\_\_\_  
J.C.K.B.A.

**APPENDIX B**  
**[ATTACHED]**



COURT FILE NUMBER **B301 135903**

COURT **COURT OF KING’S BENCH OF ALBERTA**

JUDICIAL CENTRE **CALGARY**

PROCEEDING **IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE  
A PROPOSAL OF ERIKSON NATIONAL ENERGY INC.**

DOCUMENT **FIRST REPORT OF THE PROPOSAL TRUSTEE  
OCTOBER 18, 2024**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**PROPOSAL TRUSTEE**  
 KSV Restructuring Inc.  
 Suite 1165, 324 - 8th Avenue SW  
 Calgary, Alberta  
 T2P 2Z2

Attention: Andrew Basi / Jason Knight  
 Telephone: (587) 287-2670 / (587) 287-2605  
 Facsimile: (416) 932-6266  
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 jknight@ksvadvisory.com

**PROPOSAL TRUSTEE’S COUNSEL**  
 Fasken Martineau DuMoulin LLP  
 350 – 7th Avenue SW, Suite 3400  
 Calgary, Alberta  
 T2P 3N9

Attention: Robyn Gurofsky / Jessica Cameron  
 Telephone: (403) 261-9469 / (403) 261-9468  
 Facsimile: (403) 261-5351  
 E-Mail: rgurofsky@fasken.com /  
 jcameron@fasken.com

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## 1.0 Introduction

1. This first report (this “**First Report**”) is filed by KSV Restructuring Inc. (“**KSV**”), in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) in connection with a Notice of Intention to Make a Proposal (“**NOI**”) filed on October 1, 2024 (the “**Filing Date**”) by Erikson National Energy Inc. (“**Erikson**” or the “**Company**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). A copy of the certificate of filing issued by the Office of the Superintendent of Bankruptcy is attached hereto as **Appendix “A”**.
2. The principal purpose of the NOI proceedings (these “**Proceedings**”) is to utilize the stay of proceedings under the BIA to create a stabilized environment to enable the Company to continue to maintain its oil and gas assets while it continues an ongoing sale and investment solicitation process (the “**SISP**”), with the assistance of a sales agent, Sayer Energy Services (“**Sayer**” or the “**Sales Agent**”), with the objective of completing one or more transactions.

### 1.1 Purposes of this First Report

1. The purposes of this First Report are to provide information on:
  - a) the background of the Company, its financial position, and the reasons for the NOI filing;
  - b) the Company’s cash flow forecast for the period October 1 to December 28, 2024 (the “**Cash Flow Forecast**”);
  - c) the activities of the Proposal Trustee and the Company since the Filing Date; and
  - d) Erikson’s application for an Order (the “**First Extension Order**”):
    - i. extending the period in which Erikson can make a proposal to its creditors and the stay of proceedings up to and including November 30, 2024 (the “**Stay Extension**”);
    - ii. approving the SISP and Sayer’s engagement letter dated October 15, 2024 (the “**Sayer Engagement Letter**”), including Sayer’s Work Fee and Success Fee (both as defined below);

- iii. expanding the scope of the stay of proceedings in the Proceedings as it relates to the terms of supply and service to the Company on a basis consistent with the provisions of the model Initial Order in a proceeding under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**");
- iv. granting a super-priority charge in the amount of \$200,000 (the "**Administration Charge**") on all of Erikson's current and future assets, undertakings and properties of every nature and kind whatsoever (collectively, the "**Property**") for the fees and disbursements of the Proposal Trustee, the Proposal Trustee's counsel, Fasken Martineau DuMoulin LLP ("**Fasken**"), and the Company's counsel, Bennett Jones LLP ("**Bennett Jones**"); and
- v. sealing **Confidential Appendix "1"** which contains commercially sensitive information.

## 1.2 Scope and Terms of Reference

1. In preparing this First Report, the Proposal Trustee has relied upon the Company's unaudited financial information, books and records, information available in the public domain, and discussions with the Company's management and legal counsel and Third Eye Capital Corporation ("**TEC**"), the agent for the Company's secured lenders.
2. The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this First Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.
3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information relied upon in this First Report is based upon the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposal Trustee expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

4. This First Report should be read in conjunction with the materials filed by the Company, including the Affidavit of Mark Horrox sworn October 15, 2024 (the “**Horrox Affidavit**”), in support of the Company’s application returnable October 21, 2024. Capitalized terms not defined in this First Report have the meanings ascribed to them in the Horrox Affidavit.

### **1.3 Currency**

1. Unless otherwise noted, all currency references in this First Report are in Canadian dollars.

### **1.4 Court Materials**

1. Court materials filed in these proceedings are available on the Proposal Trustee’s website at: <https://www.ksvadvisory.com/experience/case/erikson> (the “**Case Website**”).

## **2.0 Background**

1. Erikson is incorporated and registered pursuant to the laws of Alberta, with headquarters located in Calgary, Alberta.
2. Erikson is a junior oil and natural gas company with assets in the Fort Nelson and Greater Fort St. John areas of British Columbia. Erikson was established to own and operate certain assets, which were acquired through the Ranch Energy Corp. receivership proceedings. The Company holds licenses issued by the British Columbia Energy Regulator (the “**BCER**”) for 414 wells, 346 pipelines, and 20 facilities (collectively, the “**Oil & Gas Assets**”). Additional details on the Company’s Oil & Gas Assets are contained in the Teaser Letter (as defined herein).
3. As of the Filing Date, all of Erikson’s Oil & Gas Assets were shut-in and not producing.
4. As of the Filing Date, Erikson had approximately seven employees and three contractors. While the Company’s Oil & Gas Assets are shut-in, Erikson maintains certain employees to perform routine well site and facilities inspections to ensure that its Oil & Gas Assets are maintained in a safe manner.
5. Additional background information on the Company is included in the Horrox Affidavit.

## 2.1 Financial Difficulties

1. Erikson has incurred losses for several consecutive years due to ongoing low natural gas prices in Western Canada, and its operations have largely been funded by TEC. As a result, the Company has incurred an unsustainable amount of liabilities that it can no longer service.
2. The Proposal Trustee understands that prior to May 2024, Erikson was losing approximately \$250,000 per month. As a result, in May 2024, Erikson suspended its operations, reduced its staff, and focused its efforts on maintaining the Oil & Gas Assets in a safe state. As part of the suspension efforts, Erikson winterized the Oil & Gas Assets and continues to ensure ongoing monitoring and maintenance of same, as needed.
3. A summary of the Company's financial results for the nine months ending June 30, 2024, is presented in the table below:

(In \$000s)	9 months ended Jun 30, 2024 (unaudited)
Revenue	5,050
Operating expenses	(6,661)
Gross margin	(1,611)
Other Expenses	(5,391)
<b>Net loss</b>	<b>(7,002)</b>

4. Further, the Company's balance sheet as at June 30, 2024 recorded negative retained earnings of approximately \$38.75 million, representing significant and recurring losses.
5. The Company is facing a liquidity crisis. Absent the commencement of these proceedings, the Company would not have funds available to continue to maintain its Oil & Gas Assets, which funds were subject to garnishment proceedings by certain of its creditors. TEC has advised the Proposal Trustee that it is willing to fund the Company's scaled-down operations during the stay extension period, subject to being granted an interim lender's charge, so that as many of Erikson's Oil & Gas Assets as possible may be sold. As at the time this First Report was finalized, the Proposal Trustee was further advised that TEC is finalizing a proposed interim lending agreement to be entered into with the Company. Additionally, the Proposal Trustee understands that if the interim financing agreement cannot be finalized before the October 21, 2024 hearing date, the Company will seek to adjourn the stay extension application to a date prior to October 31, 2024, with the intention



of seeking approval on notice to all affected parties of the interim financing agreement and stay extension at that time.

## 2.2 Assets

1. Based on the Company's most recent internal financial statements, a summary of the Company's assets as at June 30, 2024 is provided below:

Description	Book Value (\$000s)
Cash	97
Restricted cash	5,623
Receivables	2,162
Prepaid expenses	55
Property and equipment, net of depreciation	30,281
<b>Total</b>	<b>38,218</b>

- Restricted cash: relates to cash collateral held at ATB Financial to secure letters of credit ("LC") in favour of the BCER and NOVA Gas Transmission Ltd. ("**Nova Gas**"). The Proposal Trustee understands that the LC in favour of Nova Gas has been fully drawn and the LC in favour of the BCER has been partially drawn on. As at the date of this First Report, the cash held with ATB Financial is approximately \$4.16 million.
- Accounts receivable: comprised of joint interest billings with Erikson's partners. Management has advised that a majority of these amounts have been collected by Erikson since June 30, 2024 or are subject to set-off as against Erikson's accounts payable. Erikson is performing a reconciliation to determine if there are any accounts receivable balances outstanding net of any set-offs, or otherwise.
- Prepaid expenses and other assets: comprised of deposits and prepaid expenses related to operations.
- Property and equipment, net of depreciation: comprised of the Company's Oil & Gas Assets.

## 2.3 Liabilities

1. As at the Filing Date, the Company had listed liabilities in excess of \$42.64 million that include, among other things:
  - a) secured obligations of approximately \$31.69 million owing to TEC, as agent under the TEC Credit Agreement (as defined below); and
  - b) unsecured obligations totaling \$10.95 million.
2. Additionally, the Company's internal balance sheet as at June 30, 2024 lists approximately \$33.61 million in asset retirement obligations.

### TEC

3. Pursuant to a credit agreement dated October 15, 2019 (as amended, the "**TEC Credit Agreement**") between Erikson, as borrower, TEC, as agent for and on behalf of Third Eye Capital Alternative Credit Trust, Ninepoint-TEC Private Credit Fund, and MBI/TEC Private Debt Opportunities Fund II, L.P., as lenders (together, the "**Lenders**"), the Lenders extended certain working capital loans to Erikson (the "**TEC Facility**"). The TEC Facility was secured pursuant to a security agreement dated October 15, 2019.
4. As at the Filing Date, Erikson owed the Lenders approximately \$31,696,602.
5. Additional parties that have registered security interests with the Alberta or BC Personal Property Registry include:
  - a) Canadian Natural Resources, A General Partnership – security registrations related to various Operating Agreements relating to a sub-set of Erikson's wells and related infrastructure;
  - b) ATB Financial – security registrations over specific accounts; and
  - c) Calmont Leasing Ltd. – various vehicle leases.

## Unsecured Creditors

6. As at the Filing Date, per the Company's books and records, Erikson's unsecured liabilities totaled approximately \$10,946,063, consisting of:
  - a) approximately \$3,913,733 owing to various branches of the Government of British Columbia for crown road use fees, production levies, carbon taxes, and surface lease payments;
  - b) approximately \$5,634,906 owing to the Northern Rockies Regional Municipality for outstanding municipal property taxes; and
  - c) amounts owing to suppliers and service providers (excluding off-balance sheet obligations, such as employee and landlord claims) totaling approximately \$1,397,424.
7. The Company's preliminary list of creditors was filed with its NOI statutory documents and is available on the Case Website.

## **3.0 SISP and Sayer Engagement Letter**

### **3.1 Pre-Filing SISP**

1. As outlined in the Horrox Affidavit, in January 2023, Erikson engaged Sayer to assist the Company in conducting a sale and investment solicitation process that commenced on January 25, 2023 with a bid deadline of March 2, 2023 (the "**Pre-Filing SISP**"). The Pre-Filing SISP was focused on the marketing of the shares of Erikson.
2. A summary of the Pre-Filing SISP is as follows:
  - a) Sayer identified approximately 2,650 potential purchasers and investors (the "**Prospective Pre-Filing Purchasers**") who may have interest to complete a transaction or strategic investment in the Company;
  - b) Sayer reached out to the Prospective Pre-Filing Purchasers, providing them with a teaser and a confidentiality agreement;

- c) advertisements were placed in the BOE Report and the Daily Oil Bulletin; and
  - d) interested Prospective Pre-Filing Purchasers entered into confidentiality agreements to access the data room.
3. The Proposal Trustee understands that in carrying out the SISP in the Proceedings, Sayer intends to re-engage with parties that it previously contacted (on the expectation that the commencement of these Proceedings may cause parties to revisit the opportunity), and identify and canvass new parties that may have an interest in transacting with the Company. The SISP is intended to market broadly to prospective purchasers and investors.
4. Based on the Proposal Trustee's discussions with counsel for the BCER and Erikson, the Proposal Trustee understands that as part of the SISP, the BCER is willing to consider partial asset sales and associated license transfers in an effort to maximize the amount of the Company's Oil & Gas Assets that are ultimately transferred to a third party.

### 3.2 Sayer Engagement Letter

1. Capitalized terms used but not otherwise defined in this section have the meanings ascribed to them in the Sayer Engagement Letter. A partially redacted copy of the Sayer Engagement Letter is attached as **Appendix "B"**. An unredacted copy of the Sayer Engagement Letter is attached as **Confidential Appendix "1"**.
2. Under the Sayer Engagement Letter, Sayer's services will include, among other things:
- a) reviewing, compiling, and analyzing all available information regarding the Oil & Gas Assets and assisting with preparing an information summary for prospective bidders;
  - b) identifying and contacting parties that may have an interest in the Oil & Gas Assets;
  - c) providing information on the Oil & Gas Assets to parties that have an interest in same and have executed a satisfactory non-disclosure agreement;
  - d) evaluating offers submitted to Erikson with respect to the sale in whole or in part of the Oil & Gas Assets (each, a **"Transaction"**); and
  - e) assisting in the closing of the Transaction(s).

3. The fees payable to Sayer pursuant to the Sayer Engagement Letter are as follows:
  - a) Work Fee: the Sales Agent is entitled to a one-time work fee (the “**Work Fee**”) payable on the effective date of the Sayer Engagement Letter; and
  - b) Success Fee: upon closing of the Transaction, the Company agrees to pay Sayer a success fee based on a percentage of the total consideration achieved from the Transaction, subject to a minimum and maximum amount (the “**Success Fee**”).

### **3.3 Recommendation Regarding Retention of Sayer and Approval of the Sayer Engagement Letter**

1. The Proposal Trustee recommends that the Court approve the retention of Sayer as the Sales Agent under the Sayer Engagement Letter for the following reasons:
  - a) in the Proposal Trustee’s view, the fees payable to Sayer are consistent with market and commercially reasonable, as:
    - i. the Success Fee is contingent on the successful completion of a Transaction;
    - ii. the Success Fee is consistent with similar fees in other proceedings based on, among other things, recent mandates in which KSV has acted as monitor and/or proposal trustee and in which a sales agent has been retained; and
    - iii. the Work Fee is reasonable in the circumstances;
  - b) Sayer has significant experience in the oil and natural gas industry; and
  - c) as further discussed below, the SISP was launched on October 16, 2024 and its approval by this Court will allow the SISP to continue, as:
    - i. the Sales Agent has deep knowledge of the Company and its management given the Sales Agent’s involvement in the Pre-Filing SISP;
    - ii. the Sales Agent has already conducted a broad market canvassing of financial and strategic parties and the Sales Agent has an ongoing dialogue with certain of these parties; and
    - iii. the Sales Agent has, among other things, prepared a teaser and populated a data room.

### 3.4 Sealing of the Sayer Engagement Letter

1. The Company is seeking an order sealing the Sayer Engagement Letter attached hereto as **Confidential Appendix “1”**. The Sayer Engagement Letter contains commercially sensitive information with respect to Sayer’s compensation and fee structure.
2. The Proposal Trustee believes it is appropriate to seal **Confidential Appendix “1”**. Sealing this type of commercially sensitive information (i.e. regarding compensation and fee structures) is common practice in insolvency proceedings to protect the Sales Agent’s competitive advantage and thereby its commercial interest in assisting with the SISP. The salutary effects of sealing such information from the public record greatly outweigh any deleterious effects of doing so. The Proposal Trustee is of the view that a sealing order is appropriate in the circumstances and that doing so satisfies the test from *Sherman Estate v. Donovan* 2021 SCC 25. The Proposal Trustee is of the view that no stakeholders will be prejudiced if the information is sealed.

### 3.5 SISP

1. Capitalized terms used but not otherwise defined in this section have the meanings provided to them in the proposed SISP, which is attached to the Company’s notice of application.
2. The SISP is intended to solicit interest in, and opportunities for, a sale of all or some of Erikson’s assets (a “**Sale Proposal**”), or an investment in Erikson and its business (an “**Investment Proposal**”), which are primarily comprised of the Oil & Gas Assets (the “**Opportunity**”). The SISP is comprised principally of three stages: (i) pre-marketing; (ii) marketing; and (iii) offering and evaluation.
3. The following table provides a summary of the key process milestones and dates under the proposed SISP:

<b>Milestone</b>	<b>Deadline</b>
Marketing Launch	October 16, 2024
Bid Deadline	12:00 p.m. MT, November 15, 2024
Sale Approval Application	November 25, 2024
Target Closing Date	November 30, 2024

4. Erikson and the Proposal Trustee, in consultation with the BCER, shall have the right to modify the SISP and the deadlines set out therein if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP.

5. While Court approval of the SISP has not yet been obtained, Erikson agreed with the BCER to commence the SISP as soon as reasonably possible, including prior to Court approval of same, which agreement was supported by the Proposal Trustee in the unique circumstances of these Proceedings. Namely, that:
  - a) Erikson had previously conducted the Pre-Filing SISP with the assistance of the Sales Agent;
  - b) Erikson has liquidity constraints, necessitating an expedient SISP; and
  - c) the commencement of the SISP prior to Court approval of same was done in part at the request of the BCER, one of Erikson's most significant stakeholders in these Proceedings.
  
6. Additionally, the Proposal Trustee is supportive of the approval of the SISP at this time, notwithstanding the Company's potential funding issues, as Sayer, the sales agent in the Pre-Filing SISP, has recommended that a remarketing of the Company's assets is necessary to result in the best likelihood of maximizing value for stakeholders. As such, regardless of the form of Erikson's insolvency proceedings, the Proposal Trustee anticipates that a brief sale and marketing process is necessary. To avoid any further delay in such remarketing, the Proposal Trustee is supportive of continuing the present SISP, the continuation of which beyond October 31, 2024 will be dependent upon the Company's ability to secure adequate funding to maintain operations through to the proposed bid deadline of November 15, 2024, as further discussed below.

### 3.5.1 Pre-Marketing Stage

1. As soon as reasonably practicable:
  - a) Erikson, in consultation with Sayer and the Proposal Trustee, will prepare a list of potential bidders including parties who may be interested in the Opportunity (collectively, "**Known Potential Bidders**");
  - b) Sayer, in consultation with the Proposal Trustee, will prepare:
    - i. a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the SISP, and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP;

- ii. a non-disclosure agreement in form and substance satisfactory to Erikson and the Proposal Trustee, and their respective counsel (an “**NDA**”); and
  - iii. a Confidential Information Memorandum (“**CIM**”); and
- c) Erikson and Sayer will gather and review all required due diligence material to be provided to Known Potential Bidders and together with the Proposal Trustee shall establish a secure, electronic data room (the “**Data Room**”) which will be maintained and administered by Sayer during the SISP.

### 3.5.2 Marketing Stage

1. On and after October 16, 2024 (being the Marketing Launch):
  - a) Sayer will arrange for a notice of the SISP (the “**Notice**”) to be published in the Daily Oil Bulletin, and any other newspaper or journals as Erikson, Sayer, and the Proposal Trustee consider appropriate; and
  - b) Sayer will send the Teaser Letter and NDA to all Known Potential Bidders and to any other party who responds to the Notice as soon as reasonably practicable after such request or identification, as applicable.
2. Any party who expresses an interest to participate in the SISP (“**Potential Bidder**”) who meets the following criteria shall be deemed to be a “**Qualified Bidder**”:
  - a) executes an NDA<sup>1</sup>; and
  - b) submits a letter setting forth 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.
3. As at the date of this First Report, the following pre-marketing and marketing steps have been completed:
  - a) Sayer has prepared the Teaser Letter, a copy of which is attached as **Appendix “C”**;

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<sup>1</sup> If a Potential Bidder has previously delivered an NDA and letter of this nature to Erikson or Sayer in respect of Erikson and the NDA remains in effect, the Potential Bidder is not required to deliver a new NDA, unless otherwise requested by Sayer or the Proposal Trustee.



- b) a copy of the Teaser Letter has been posted to Sayer's website (<https://www.sayeradvisors.com/view/138/erikson-national-energy-inc.>); and
- c) the Teaser Letter has been distributed to 2,300 potential interested parties.

### 3.5.3 Final Bid Process

1. Qualified Bidders who wish to submit a Sale Proposal or an Investment Proposal shall submit a binding offer (each a "**Final Bid**") that complies with all of the requirements outlined in paragraph 18 of the SISP (each a "**Qualified Final Bid**") to the Sales Agent and the Proposal Trustee by no later than 12:00 p.m. (Calgary time) on November 15, 2024 (the "**Bid Deadline**").
2. Erikson and the Proposal Trustee may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant Final Bids to be a Qualified Bid. No Final Bids received shall be deemed to be Qualified Bids without the approval of the Proposal Trustee.
3. If Erikson, the BCER, and the Proposal Trustee are not satisfied with the number or terms of the Qualified Bids, Erikson and the Proposal Trustee, in conjunction with the BCER, may extend the Bid Deadline.

### 3.5.4 Selection of the Successful Bid

1. Erikson and the Proposal Trustee will together:
  - a) review and evaluate each Qualified Bid and the applicable Qualified Bidder, in consultation with the BCER, and such Qualified Bid may be amended, modified, or varied as a result of negotiations with such Qualified Bidder; and
  - b) identify the highest or otherwise best bid or combination of bids (the "**Successful Bid(s)**"), and the Qualified Bidder(s) making such Successful Bid(s) (the "**Successful Bidder(s)**") for any particular property or the business in whole or in part.
2. Evaluation criteria will include, but are not limited to, matters such as:
  - a) the Purchase Price and the net value and form of consideration to be paid;
  - b) the ability of the Qualified Bidder to successfully complete such transactions, including any conditions attached to the bid and the expected feasibility of such conditions;

- c) the proposed transaction documents;
  - d) factors affecting the speed, certainty, and value of the transaction; and
  - e) the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions.
3. The determination of any Successful Bid by Erikson, in consultation with the Proposal Trustee and the BCER, shall be subject to approval by the Court.

#### **4.0 Cash Flow Forecast**

1. Pursuant to the BIA, the Company is required to prepare a cash flow forecast for the stay extension period. The Cash Flow Forecast for the period October 1 to December 28, 2024 (the “**Period**”), together with Management’s Report on the Cash-Flow Statement as required by subsection 50.4(2)(c) of the BIA, is collectively attached hereto as **Appendix “D”**.
2. The Cash Flow Forecast was prepared by the Company with the assistance of the Proposal Trustee. As the Oil & Gas Assets have been shut-in, the Company is not forecasting any receipts during the Period. Projected disbursements are primarily for payroll and benefits, utilities, and other operating expenses and professional fees.
3. The Company’s Cash Flow Forecast anticipates the receipt of third-party funding in the week ending November 6, 2024, in order to maintain the Company’s skeletal operations and support the within Proceedings. The Proposal Trustee notes that if the Company does not receive such funding, it will not be in a position to satisfy its post-filing obligations after November 2, 2024, as demonstrated in the Cash Flow Forecast.
4. Based on the Proposal Trustee’s review of the Cash Flow Forecast, there are no material assumptions that seem unreasonable. The Proposal Trustee’s Report on the Company’s Cash Flow Statement, as required by subsection 50.4(2)(b) of the BIA, is attached as **Appendix “E”**.

## 5.0 Stay of Proceedings

1. In order to provide the Company with the greatest opportunity to successfully complete a transaction, the Company needs to operate without disruption during these Proceedings. The orderly operation of the business will be facilitated by incorporating into the requested order the enhanced stay provisions from the model Initial Order issued in a CCAA proceeding as they relate to requiring suppliers and service providers to continue to provide goods and services without disruption, provided they are not required to do so on credit. The stay of proceedings under a CCAA Initial Order is significantly broader than the statutory stay of proceedings in proposal/NOI processes under the BIA.
2. The relief sought is in the spirit of stabilizing the Company's operations and allowing them the greatest opportunity to preserve normal course operations during the NOI proceedings. Any supply disruptions would impair the Company's ability to continue to maintain the Oil & Gas Assets in the normal course. Accordingly, the Proposal Trustee believes that expanding the scope of the stay of proceedings is appropriate as the continued operation of the Company will assist it in achieving its objectives in these Proceedings.

## 6.0 Administration Charge

1. Erikson is seeking an Administration Charge of \$200,000 to secure payment of the fees and disbursements of the Proposal Trustee, its counsel, and the Company's counsel incurred in connection with services provided to the Company with respect to the within Proposal Proceedings. An Administration Charge is a standard feature of restructuring proceedings and the quantum requested is appropriate, in the Proposal Trustee's view, given its previous history and experience with restructurings of similar size and complexity.
2. The Proposal Trustee understands that TEC does not oppose the amount or priority of the Administration Charge. All other registered secured creditors, as well as the BCER and the Canada Revenue Agency, will be given notice of the application for this charge and those mentioned below.
3. The Proposal Trustee supports the request for the Administration Charge, pursuant to section 64.2(1) of the BIA, on the basis that it provides payment certainty for the professionals involved and allows them to effectively participate in the proceedings.

## 7.0 Activities of the Company and Proposal Trustee

### 7.1 Activities of the Proposal Trustee

1. Since its appointment, the Proposal Trustee has performed the following key activities:
  - a) assisting the Company in its communications to both internal and external stakeholders;
  - b) filing the necessary prescribed forms required pursuant to the BIA for the NOI;
  - c) issuing the required notice pursuant to section 50.4(6) of the BIA to all known creditors of Erikson;
  - d) monitoring the affairs of the business including reviewing financial information;
  - e) assisting the Company in preparing the Cash Flow Forecast;
  - f) corresponding and holding numerous discussions with management and Erikson's restructuring counsel, Bennett Jones;
  - g) holding discussions with the BCER and various British Columbia Government Ministries including the Tenure and Resource Stewardship Branch (the "**Tenure Ministry**");
  - h) engaging in discussions with the Sales Agent on advancing the SISP;
  - i) engaging Fasken as legal counsel to the Proposal Trustee;
  - j) responding to calls and emails from creditors, suppliers, and other stakeholders;
  - k) maintaining the Case Website for these Proceedings;
  - l) reviewing and providing comments on the Company's materials for the First Extension Order; and
  - m) preparing this First Report.

2. The Proposal Trustee understands that all of the Company's crown mineral leases have been cancelled by the Government of British Columbia. However, based on the Proposal Trustee's discussions with the Company and the Tenure Ministry, the Proposal Trustee understands that, subject to satisfying certain conditions, it is possible for the mineral leases to be reinstated by the Government of British Columbia. All of the Company, the Proposal Trustee, and the Tenure Ministry remain in ongoing discussions regarding the potential reinstatement of the Company's crown mineral leases.
3. The Proposal Trustee notes that the Horrox Affidavit references a series of transactions between the Company and TEC effected in October 2023 involving Pieridae Energy Limited ("**Pieridae**"), a publicly traded Canadian oil and gas company listed on the Toronto Stock Exchange (TSX: PEA). Given the relative recency of its appointment and the efforts being taken to commence the SISP, the Proposal Trustee has not yet had an opportunity to conduct a review of these transactions.

## **7.2 Activities of the Company**

1. The Proposal Trustee has observed the following key activities of the Company since the Filing Date:
  - a) communicating with various stakeholders and creditors regarding the Proceedings, in consultation with the Proposal Trustee;
  - b) corresponding with the Company's legal counsel, Bennett Jones, and the Proposal Trustee;
  - c) engaging in discussions with the BCER to negotiate support for the SISP;
  - d) engaging in discussions with the Tenure Ministry regarding reinstatement of the cancelled crown mineral leases;
  - e) participating in multiple meetings with Sayer regarding the commencement of the SISP;
  - f) beginning to provide updated documentation for Sayer's data room;
  - g) working with the Proposal Trustee in preparing the Cash Flow Forecast;

- h) engaging in discussions with TEC regarding the provision of interim financing; and
- i) working with its legal counsel and Proposal Trustee to prepare materials for the First Extension Order.

## **8.0 Company's Request for an Extension**

1. The Company is seeking an extension of the time required to file a proposal to November 30, 2024. As previously noted, the Cash Flow Forecast anticipates the receipt of some form of third-party financing by the week ending November 6, 2024, which is prior to the requested stay extension. Further, the Proposal Trustee understands that the Company is working on the terms of a definitive interim financing agreement with TEC; however, as at the time of finalizing this First Report, such agreement had not been finalized. Further, any such agreement will be conditional upon approval of same by this Court.
2. As such, in these unique circumstances, the Proposal Trustee is supportive of the Company's requested stay extension to the extent the Company can obtain the requisite funding in accordance with its Cash Flow Forecast, either through the interim financing agreement presently being negotiated with TEC or otherwise. Absent appropriate funding arrangements, the Proposal Trustee will not be in a position to support the requested stay extension, as it is not supported by the Cash Flow Forecast.
3. With respect to the Company's requested stay extension, the Proposal Trustee also notes its views that:
  - a) since the Filing Date, the actions taken by the Company and observed by the Proposal Trustee demonstrate to the Proposal Trustee that the Company is acting in good faith and with due diligence, including through the expedient advancement of the SISP;
  - b) subject to appropriate funding arrangements being in place, the extension will enhance the likelihood of the Company being able to make a viable proposal to its creditors by enabling the Company to implement the SISP;
  - c) subject to appropriate funding arrangements being in place, the extension should not adversely affect or prejudice any group of creditors as the Company is projected to pay post-filing services and suppliers in the amounts contemplated by the Cash Flow Forecast; and

- d) the extension will provide the Company the additional time it requires to further advance its restructuring and complete the SISP, which is in the interest of all stakeholders.

## 9.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court approve the requested: (i) Administration Charge, (ii) engagement of the Sales Agent, (iii) SISP, and, subject to confirmation that the Company has appropriate funding arrangements in place that support its Cash Flow Forecast, grant the Company's requested stay extension as well.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
in its capacity as trustee in the proposal of  
Erikson National Energy Inc.,  
and not in its personal capacity**

**APPENDIX C**  
**[ATTACHED]**



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **February 27, 2025**

**GRYPHON DIGITAL MINING, INC.**  
(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction of Incorporation)

**001-39096**  
(Commission File Number)

**83-2242651**  
(IRS Employer  
Identification No.)

**1180 N. Town Center Drive, Suite 100**  
**Las Vegas, NV**  
(Address of Principal Executive Offices)

**89144**  
(Zip Code)

**(702) 945-2700**  
(Registrant's Telephone Number, Including Area Code)

**N/A**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of Each Class</b>	<b>Trading Symbol</b>	<b>Name of Each Exchange on Which Registered</b>
Common Stock, par value \$0.0001 per share	GRYP	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-1 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

### **Item 1.02 Termination of a Material Definitive Agreement**

As previously disclosed, on December 9, 2024, Gryphon Digital Mining, Inc. (the “Company” or “Gryphon”) entered into an asset purchase and sale agreement (the “Purchase Agreement”) with Erikson National Energy Inc. (“Erikson”), a Canadian corporation under the laws of the Province of Alberta. Erikson commenced proposal proceedings under the Bankruptcy and Insolvency Act (Canada) (“BIA”) on October 1, 2024 by filing a Notice of Intention to Make a Proposal, pursuant to section 50.4 of the BIA, and KSV Restructuring Inc. was named as proposal trustee. Pursuant to an order of the Court of King’s Bench of Alberta (the “Court”) granted on October 21, 2024, the Court approved a sale and investment solicitation process (“SISP”) in respect of the sale of the assets and properties of Erikson. As part of the SISP, Gryphon and Erikson entered into the Court-approved Purchase Agreement pursuant to which Gryphon agreed to purchase substantially all of Erikson’s assets for a purchase price of CAD \$2,000,000, subject to certain adjustments as provided for in the Purchase Agreement. Pursuant to the Purchase Agreement, the Company was to acquire all of Erikson’s natural gas and oil wells, facilities and pipelines, which are currently shut in. The assets are located in northeast British Columbia and span the Fort St. John, Stoddart, Roseland, Fireweed, Buick Creek, Laprise and Wildboy areas.

On February 27, 2025, following its review of its due diligence findings, the Company terminated the Purchase Agreement. There are no material early termination penalties incurred by the Company in connection with the termination. The Company plans to continue to evaluate the purchase of a subset of gas and oil wells from Erikson if and when they become available to purchase.

### **Item 9.01 Financial Statements and Exhibits**

Set forth below is a list of Exhibits included as part of this Current Report.

104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
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Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**GRYPHON DIGITAL MINING, INC.**

Date: March 3, 2025

By: /s/ Steve Gutterman  
Name: Steve Gutterman  
Title: Chief Executive Officer

**APPENDIX D**  
**[ATTACHED]**



Erikson National Energy Inc.

## **Notes to the Weekly Cash Flow Projection**

March 2, 2025 to May 3, 2025

(Unaudited; \$USD Thousands)

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### **Purpose and General Assumptions**

1. The purpose of the projection is to present a cash flow forecast (the "Cash Flow Forecast") of Erikson National Energy Inc. ("Erikson") from March 2 to May 3, 2025. (the "Period") in respect of the proceedings under the Companies' Creditors Arrangement Act ("CCAA").

The Cash Flow Forecast has been prepared solely in respect of Erikson's application for protection under the CCAA. As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast is prepared in accordance with the provisions of the CCAA and should be read in conjunction with the Monitor's Report on Cash Flow Statement.

The Cash Flow Forecast has been prepared based on hypothetical and most probable assumptions.

### **Hypothetical**

8. Includes contractor expenses, camp costs, an emergency answering service, and an estimated payment of \$15,000 to British Columbia Tenure Ministry ("BC Tenure"). Erikson has offered to pay BC Tenure \$5,000 for the first three draws of natural gas; however, this offer has not been accepted. While no agreement has been reached with BC Tenure, Erikson has included a payment of \$15,000 during the week ending March 15, 2025 to BC Tenure.
9. Relates to the required scheduled maintenance of certain generators used by Erikson.

### **Most Probable**

2. As Erikson's oil and gas assets (the "Oil & Gas Assets") have been shut-in, Erikson is not forecasting any material receipts during the forecast period. Projected operating disbursements are to continue to maintain care and custody of the Oil & Gas Assets in a safe manner, including performing ongoing well site monitoring. The Cash Flow Forecast assumes that Erikson will continue to maintain the Oil & Gas Assets in the normal course during the forecast period.
3. Expenses relating to on-site employees required to maintain site safety and emergency preparedness.
4. Includes hydro, telecommunications, IT services, and fees for Erikson's accounting system.
5. Includes property insurance for the Oil & Gas Assets and automobile insurance for site vehicles.
6. Represents travel costs for on-site employees.
7. Represents payments required pursuant to Canada's Carbon Tax.
10. Represents fees and interest related to Erikson's interim financing facility, which are being deferred during the Period.
11. Includes fees of the Proposal Trustee, its legal counsel, and Erikson's legal counsel.
12. Erikson has received advances under the interim financing facility totaling \$1.461 million. Erikson intends to make an application to the Court on March 11, 2025 seeking an increase in the amount of the interim financing facility from \$2.15 million to \$2.70 million to fund the proceedings under the CCAA.

**IN THE COURT OF KING'S BENCH OF ALBERTA**

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

**IN THE MATTER OF  
ERIKSON NATIONAL ENERGY INC.**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT**  
(paragraph 10(2)(b) of the CCAA)

The management of Erikson National Energy Inc. ("**Erikson**") has developed the assumptions and prepared the attached projected cash flow (the "**Cash Flow**") for the period March 2, 2025 to May 3, 2025 (the "**Cash Flow Period**") reflecting the operations of Erikson for the Cash Flow Period. The assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of Erikson and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 5<sup>th</sup> day of March, 2025.

**ERIKSON NATIONAL ENERGY INC.**

Signed by:  
  
Per: Peter Neelands  
Director

**APPENDIX E**  
**[ATTACHED]**



**IN THE COURT OF KING'S BENCH OF ALBERTA**

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

**IN THE MATTER OF  
ERIKSON NATIONAL ENERGY INC.**

**MONITOR'S REPORT ON CASH FLOW STATEMENT**  
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash flow of Erikson National Energy Inc. ("**Erikson**"), as of the 5<sup>th</sup> day of March, 2025, consisting of a weekly projected cash flow statement for the period March 2, 2025 to May 3, 2025 (the "**Cash Flow**") has been prepared by the management of Erikson for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures, and discussions related to information supplied by Erikson's management. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by Erikson's management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by Erikson's management are not suitably supported and consistent with the plans of Erikson or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 of the Cash Flow and readers are cautioned that it may not be appropriate for other purposes.

Dated at Calgary, Alberta this 5<sup>th</sup> day of March, 2025.

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
SOLELY IN ITS CAPACITY AS PROPOSED CCAA MONITOR  
OF ERIKSON NATIONAL ENERGY INC.,  
AND NOT IN ITS PERSONAL CAPACITY**

**APPENDIX F**  
**[ATTACHED]**

**\$2,700,000**  
**INTERIM FINANCING TERM SHEET**

**March 11, 2025**

**WHEREAS** the Borrower (as defined below) is subject to proceedings (the “**NOI Proceedings**”) under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) commenced before the Court of King’s Bench of Alberta under Court File No. 2401-13792 (the “**Court**”) pursuant to the Notice of Intention to Make a Proposal filed with the Official Receiver of the Superintendent of Bankruptcy on October 1, 2024 under Estate No. 25-3135903 (the “**NOI**”);

**AND WHEREAS** KSV Restructuring Inc. was appointed as the Proposal Trustee of the Borrower (in such capacity, the “**Proposal Trustee**”) in the NOI Proceedings;

**AND WHEREAS** the parties hereto entered into an interim financing term sheet dated as of October 18, 2023 (as amended from time to time, the “**Original Interim Financing Term Sheet**”) pursuant to which the Interim Lenders agreed to provide financing in order to fund certain obligations of the Borrower to facilitate the Borrower’s restructuring pursuant to and in accordance with the SISP approved by the Court pursuant to the first interim financing order pronounced on October 21, 2024 and filed on October 29, 2024 (the “**First Interim Financing Order**”);

**AND WHEREAS** the parties entered into subsequent amended and restated interim financing term sheets which were approved by the Court, as follows:

- (a) first amended and restated interim financing term sheet, dated November 21, 2024 (“**First A&R Interim Financing Term Sheet**”) and approved by the Court pursuant to the the second interim financing order pronounced on November 21, 2024 (the “**Second Interim Financing Order**”);
- (b) second amended and restated interim financing term sheet, dated December 9, 2024 (“**Second A&R Interim Financing Term Sheet**”) and approved by the Court pursuant to the the third interim financing order pronounced on December 9, 2024 (the “**Third Interim Financing Order**”);
- (c) third amended and restated interim financing term sheet, dated January 22, 2025 (“**Third A&R Interim Financing Term Sheet**”) and approved by the Court pursuant to the the fourth interim financing order pronounced on January 22, 2025 (the “**Fourth Interim Financing Order**”);
- (d) fourth amended and restated interim financing term sheet, dated February 20, 2025 (“**Fourth A&R Interim Financing Term Sheet**”) and approved by the Court pursuant to the the fourth interim financing order pronounced on February 20, 2025 (the “**Fifth Interim Financing Order**”);

(collectively, the “**NOI Interim Financing Documents**”, and the obligations of any kind thereunder, the “**NOI Interim Financing Obligations**”);

**AND WHEREAS** the Borrower intends to continue the restructuring proceedings commenced under its NOI under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA", with the subject proceedings the "**CCAA Proceedings**");

**AND WHEREAS** KSV Restructuring Inc. has agreed to act as the monitor of the Borrower (in such capacity, the "**Monitor**") in the CCAA Proceedings;

**NOW THEREFORE** in consideration of the mutual covenants, terms and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **BORROWER** Erikson National Energy Inc. (the "**Borrower**")
2. **LENDERS** One or more investment vehicles managed, advised, or operated by Third Eye Asset Management Inc. or its affiliates and Gryphon Digital Mining, Inc. (collectively, the "**Interim Lenders**").
3. **AGENT** Third Eye Capital Corporation, as administrative and collateral agent (in such capacity, the "**Agent**", together with the Interim Lenders, the "**Secured Parties**").
4. **DEFINED TERMS** Capitalized terms used in this Interim Financing Term Sheet (including in the recitals above) (also referred to herein as "**this Term Sheet**") not otherwise defined herein shall have the meanings given thereto in **Schedule A**.
5. **CURRENCY** Except as otherwise expressly provided herein, all dollar amounts herein are in Canadian Dollars. All payments made hereunder shall be made in the currency in respect of which the obligation requiring such payment arose.
6. **ACKNOWLEDGEMENT** The Borrower acknowledge in favour of the Secured Parties that all NOI Interim Financing Obligations form part of the Interim Financing Obligations herein, and which are secured by the Interim Lender Charge.
7. **PURPOSE** The Borrower shall use the proceeds of the Interim Facility solely for the following purposes and in the following order, in each case during and for the purposes of the Borrower's pursuit of a sale and/or restructuring previously under its NOI Proceedings, and which are now continued under its CCAA Proceedings:
  - (a) To fund professional fees of the Proposal Trustee, the Monitor, the Borrower's sales advisor, Sayer Energy Services Inc., and the legal fees of counsel to each of the

Borrower, the Proposal Trustee, and the Monitor.

- (b) To finance only (i) agreed operating expenses, including the operating expenses of the Borrower, administrative and other restructuring costs in the NOI Proceedings and the CCAA Proceedings, and (ii) agreed general corporate purposes of the Borrower, including the payment of insurance premiums and/or run-off coverage, in each case and all in accordance with the Agreed Budget.
- (c) To fund the payment of interest, Interim Financing Fees and Expenses and other amounts payable under the Interim Facility in accordance with the terms hereof.
- (d) To fund such other costs and expenses as agreed to by the Agent, in writing.

For greater certainty, the Borrower may not use the proceeds of the Interim Facility to pay any pre-filing obligations of the Borrower without the prior written consent of the Agent; it being agreed by the Agent that such consent is not required for the Borrower to pay (i) fees and disbursements for the pre-filing period incurred in contemplation of the NOI Proceedings owing to counsel to the Borrower, the Monitor and counsel to the Monitor (ii) taxes, accrued payroll and other ordinary course liabilities, provided that such amounts are included in the Agreed Budget, or (iii) any other amounts owing by the Borrower to the extent specifically identified in the Agreed Budget.

**8. INTERIM FACILITY,  
MAXIMUM AMOUNT**

A super-priority, debtor-in-possession interim, non-revolving credit facility (the “**Interim Facility**”) up to a maximum principal amount of \$2,700,000 (two million seven hundred thousand dollars, as such amount may be reduced from time to time pursuant to the terms hereof, the “**Maximum Amount**”), subject to the terms and conditions contained herein. Advances under the Interim Facility (collectively the “**Interim Advances**” and individually an “**Interim Advance**”) shall be deposited

into the Deposit Account and utilized by the Borrower in accordance with the Agreed Budget and the terms hereof.

**9. CONDITIONS  
PRECEDENT TO  
EFFECTIVENESS AND  
INTERIM ADVANCES**

The effectiveness of this Term Sheet and the agreement of the Secured Parties to make advances of the Interim Facility shall be subject to the satisfaction of the following conditions precedent, as determined by the Secured Parties:

- (a) The Court shall have issued the Initial Order and ARIO no later than March 12, 2025, which must be satisfactory to the Agent, and which Initial Order shall not have been amended, restated or modified without the consent of the Agent;
- (b) the Court shall have issued and entered no later than March 12, 2025 an order in the CCAA Proceedings in form and substance satisfactory to the Agent (the “**Interim Financing Increase Order**”), satisfactory to the Agent, in its sole discretion, on notice to such parties as are acceptable to the Secured Parties, and which Order shall not have been amended, restated or modified without the consent of the Agent, and which shall: (i) approve this Interim Financing Term Sheet and the Interim Facility; (ii) grant the Secured Parties a super-priority charge (the “**Interim Lender Charge**”) in favour of the Agent for the benefit of itself and the other Secured Parties over all now owned or hereafter acquired property and assets, real and personal, tangible or intangible (collectively, the “**Property**”) of the Borrower securing all obligations, covenants and liabilities owing by the Borrower to the Secured Parties under this Term Sheet, including, without limitation, all principal, interest, indemnities and the Interim Financing Fees and Expenses (collectively, the “**Interim Financing Obligations**”), which shall have priority over all Liens other than the Permitted Priority Liens; and (iii) treat the Secured

Parties as an unaffected creditor in the CCAA Proceedings.

- (c) The Secured Parties shall have received the Agreed Budget.
- (d) The Interim Financing Security shall be satisfactory to the Agent, acting reasonably.
- (e) The Interim Financing Credit Documentation shall be satisfactory to the Agent, and shall have been executed by the Borrower, as applicable, and the Agent as required.

The making of each Interim Advance by the Interim Lenders shall be further subject to the satisfaction of the following conditions precedent (collectively, the “**Funding Conditions**”) as determined by the Secured Parties:

- (f) The First Interim Financing Order, Second Interim Financing Order, Third Interim Financing Order, Fourth Interim Financing Order, Fifth Interim Financing Order, Initial Order, ARIO, Interim Financing Increase Order and the SISP Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Secured Parties in a material manner, without the consent of the Agent and such Initial Order, ARIO, Interim Financing Increase Order and SISP Order shall have become final orders not subject to appeal.
- (g) The making of any Interim Advance shall not cause the aggregate amount of the outstanding Interim Advances to exceed the maximum amount secured under the Interim Lender Charge which ranks in priority to all other Liens other than the Permitted Priority Liens.

- (h) All Interim Financing Fees and Expenses for which invoices have been provided to the Borrower shall have been paid, or arrangements satisfactory to the Secured Parties shall have been made to pay such amounts.
- (i) The Borrower shall be in compliance with all orders issued in the NOI Proceedings (collectively, the “**Court Orders**”).
- (j) The Borrower shall have paid all statutory liens, trust and other priming government claims including, without limitation, source deductions, except, in each case, for any such amounts that are not yet due and payable or which are in dispute in which case appropriate reserves have been made.
- (k) All of the representations and warranties of the Borrower as set forth herein shall be true and accurate in all material respects.
- (l) No Default or Event of Default shall have occurred or, if applicable, shall occur as a result of the requested Interim Advance.
- (m) The SISP commenced in the NOI Proceedings remains in effect, and there is a reasonable possibility of a Transaction closing in accordance with its terms, as determined by the Agent, acting reasonably.
- (n) The Secured Parties shall be satisfied that no Material Adverse Change shall have occurred after the date hereof.
- (o) The Secured Parties shall have valid and perfected super-priority Liens on the Collateral of the Borrower pursuant to the Interim Financing Order and Interim Financing Increase Order, and there shall be no Liens ranking in priority to the Interim Lender Charge other than the Permitted Priority Liens.



- (p) The Agent shall have received a written request for an Interim Advance from the Borrower, substantially in the form attached hereto as **Schedule C**, which shall be executed by a director or officer of the Borrower, and shall certify, *inter alia*, that (i) the requested Interim Advance is within the Maximum Amount and is consistent with the Agreed Budget, and (ii) the Borrower are in compliance with this Term Sheet and all Court Orders.
- (q) The requested Interim Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Advance.

For greater certainty, the Secured Parties shall not be obligated to make any Interim Advance or otherwise make available funds pursuant to this Interim Financing Term Sheet unless and until all the foregoing applicable conditions have been satisfied and all the foregoing applicable documentation and confirmations have been obtained (for certainty, each of the same, as applicable, as a condition precedent to each Interim Advance), each in form and content satisfactory to the Agent in its sole discretion (unless specified otherwise), unless otherwise waived in writing by the Agent.

**10. COSTS AND EXPENSES** The Borrower shall pay all of the fees, plus all reasonable and documented legal fees (on a solicitor and own client full indemnity basis), out-of-pocket disbursements and any reasonable costs of the Secured Parties in connection with or otherwise related to the Term Sheet, Interim Facility, the Interim Financing Security, NOI Proceedings, or the CCAA Proceedings and for certainty, including without limitation the preparation and negotiation of all of this Interim Financing Term Sheet and Court filings in connection with the CCAA Proceedings, any amendments thereto or analysis thereof or the assessment or enforcement of any rights and/or remedies of the Secured

Parties thereunder or in connection with the CCAA Proceedings (collectively, the “**Interim Financing Fees and Expenses**”). The Agent shall provide the Borrower with duly rendered invoices supporting all Interim Financing Fees and Expenses upon request.

For clarity, any costs, disbursements, or expenses (including legal fees) incurred by the Secured Parties arising out of any dispute between the Agent and the Interim Lenders in connection with the Interim Facility, the Interim Financing Security, or the CCAA Proceedings will not be considered Interim Financing Fees and Expenses payable by the Borrower, and such amounts will not form part of the obligations secured by the Interim Financing Security.

**11. INTERIM LENDER CHARGE**

All Interim Financing Obligations of the Borrower shall be secured by the Interim Lender Charge which shall be granted by the Court on terms and conditions satisfactory to the Secured Parties in their sole discretion. The Borrower shall not permit any Liens to charge or affect any of the Collateral, except for the Permitted Liens.

**12. DOCUMENTATION AND INTERIM FINANCING SECURITY:**

The Interim Financing Obligations shall be secured by:

- (a) the Interim Lender Charge, which shall be granted by the Court on terms and conditions satisfactory to the Secured Parties in their sole discretion;
- (b) such other documents as the Agent (on behalf of the Interim Lenders) may request (which may include a fixed and floating charge debenture granted by the Borrower in favour of the Agent (on behalf of the Secured Parties) and a securities pledge agreement from the Borrower in favour of the Agent (on behalf of the Secured Parties); including those documents required in order to register or otherwise perfect the security interests comprising the Interim Lender Charge.

((a) and (b) collectively, the “**Interim Financing Security**”).

Notwithstanding the foregoing and subject to the concluding sentence of this paragraph, no proceeds of any Interim Advance may be used to (a) investigate, object to or challenge in any way (i) any claims of the Secured

Parties against the Borrower, or (ii) any past or current amounts owing by the Borrower to the Secured Parties, or the Borrower's dealings of any kind with the Secured Parties, or (b) investigate, object to or challenge in any way the validity or enforceability of the Liens in favour of the Secured Parties. Nothing in this paragraph shall restrict the Borrower or the Monitor, including the engagement by the Monitor of independent legal counsel, from conducting a claims process or other investigations as may be directed, if any, in accordance with any Court Order (and receiving their fees, costs and expenses therefor).

### **13. MONITOR**

The Monitor shall be authorized to have direct discussions with the Agent, on behalf of the Interim Lenders, and the Agent shall be entitled to receive information from the Monitor and Sayer Energy Services in respect of the SISF as may be requested by the Agent from time to time.

### **14. TERM AND MATURITY**

All of the Interim Financing Obligations are required to be paid in full, and the Borrower shall repay all of the Interim Financing Obligations in full, on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured; (ii) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a "**Plan**") which has been approved by the requisite majorities of the Borrower's creditors and by an order entered by the Court; (iii) the termination of the CCAA Proceedings for any reason; and (iv) April 30, 2025 (the "**Maturity Date**").

The commitment in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility, including the Interim Financing Obligations, shall be repaid in full no later than the Maturity Date without the Secured Parties being required to make demand upon the Borrower or to give notice that the Interim Facility has expired and such obligations are due and payable.

The Interim Financing Obligations under this Interim Financing Term Sheet and the obligations under any other Interim Financing Credit Documentation shall not be fully and finally discharged, and the Interim Lending Charge shall not be released (by the Court sanctioning any Plan or Court-ordered Sale, or otherwise) until all Interim Financing Obligations are satisfied in full, and only upon

the permanent and indefeasible payment in cash to the Secured Parties of the Interim Financing Obligations.

**15. AGREED BUDGET AND REVISED BUDGETS**

The Borrower has delivered, and the Secured Parties have accepted in their sole discretion, on the date hereof a current weekly line-item budget covering the period until April 30, 2025 (together with all updates thereto approved by the Agent in its sole discretion, including the Revised Budget if approved by the Agent in its sole discretion, the “**Agreed Budget**”). The Agreed Budget sets forth expected receipts and the expected operating and other expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Agreed Budget.

On Wednesday of each week by 6:00 p.m. (Calgary time), commencing on the first Wednesday following the initial Interim Advance under the Interim Facility, the Borrower shall deliver to the Agent: (a) a report showing actual cash receipts and actual expenditures for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line item during such one week period, and (b) a one week roll-forward of the Agreed Budget, which shall reflect the Borrower’s good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Agent in its sole discretion (if so approved by the Agent, the “**Revised Budget**”).

**16. AVAILABILITY UNDER INTERIM FACILITY**

Provided that the Funding Conditions are satisfied to the satisfaction of the Agent, each Interim Advance shall be made separately by the Interim Lenders to the Borrower within two (2) Business Days of delivery by the Borrower to the Agent of a written request for an Interim Advance, substantially in the form attached hereto as **Schedule C**.

Each Interim Advance shall be in a minimum aggregate amount that is no less than \$25,000, and in excess thereof in integral multiples of \$1,000, and no more than the maximum aggregate amount of \$250,000.

All proceeds of Interim Advances shall be deposited into the Deposit Account. The Deposit Account shall be subject to the Interim Lender Charge.

**17. EVIDENCE OF  
INDEBTEDNESS**

The Agent's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Secured Parties under the Interim Facility.

**18. VOLUNTARY  
PREPAYMENTS AND  
MANDATORY  
PREPAYMENTS**

(a) Provided the Monitor is satisfied that there are sufficient cash reserves in the Borrower's bank accounts to satisfy amounts secured by the Permitted Priority Liens and amounts anticipated on the date of the voluntary prepayment under the Agreed Budget in respect of which Interim Advances were made that have not yet been incurred or paid, the Borrower may prepay any amounts outstanding or any portion of any amounts outstanding under the Interim Facility at any time prior to the Maturity Date with at least one (1) Business Day's prior written notice, and provided that any such prepayment is not less than \$10,000 and in excess thereof in integral multiples of \$5,000.

(b) Unless otherwise consented to in writing by the Agent, and provided the Monitor is satisfied that the Borrower have sufficient cash reserves to satisfy amounts secured by the Permitted Priority Liens, the Interim Facility Obligations shall be promptly repaid upon (i) a sale of any of the Collateral out of the ordinary course of business and consented to in writing by the Agent, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of reasonable transaction fees and expenses and applicable taxes in respect thereof), or (ii) the issuance of any shares, warrants or other equity interests or rights to acquire equity interests of the Borrower, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of reasonable transaction fees and applicable taxes in respect thereof).

Any amounts prepaid may be not re-borrowed.

**19. INTEREST RATE**

The Interim Advances shall bear interest at a rate per annum equal to 12.0% (twelve percent). Such interest shall be calculated daily on the daily closing principal balance owing hereunder in respect of the Interim Facility, and shall be payable monthly in arrears on each Interest Payment Date for each Interim Advance for the period

from and including the date upon which the Interim Lenders advance such Interim Advance to the Borrower to and including the day such Interim Advance is repaid or paid, as the case may be, to the Interim Lenders. All interest shall be computed on the basis of a 365-day year, provided that, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act (Canada)* is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis for such determination. The principle of deemed reinvestment of interest does not apply to any interest calculation in any documents relating to the Interim Facility, and the rates of interest stipulated therein are intended to be nominal rates and not effective rates or yields.

Any amounts which are not paid when due and payable by the Borrower or in respect of any other documents related hereto shall accrue interest (after as well as before Maturity and judgment) on a daily basis up to and including the date of actual payment from the due date, at a rate equal to 22% per annum, payable on demand by the Agent.

If any provision of this Interim Financing Term Sheet or any of the Interim Financing Credit Documentation would obligate the Borrower to make any payment to the Secured Parties of an amount that constitutes "interest", as such term is defined in the *Criminal Code (Canada)* and referred to in this section as "**Criminal Code interest**", during any one-year period after the date of the first Interim Advance in an amount or calculated at a rate which would result in the receipt by the Secured Parties of Criminal Code interest at a criminal rate (as defined in the *Criminal Code (Canada)* and referred to in this section as a "criminal rate"), then, notwithstanding such provision, that amount or rate during such one-year period shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not result in the receipt by the Secured Party during such one-year period of Criminal Code interest at a criminal rate, and the adjustment shall be effected, to the extent necessary, by reducing any fees and other amounts (if any) required to be paid to the Secured Party during

such one-year period which would constitute Criminal Code interest.

**20. FEES**

An up-front closing fee in the amount of \$5,000, which is deemed immediately earned by the Secured Parties, and is due and payable by the Borrower to the Agent for the ratable benefit of the Interim Lenders upon the making of the first Interim Advance.

**21. REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants to the Secured Parties, which representations and warranties shall be deemed to be repeated at each request for an Interim Advance, and upon which the Secured Parties rely on entering into this Interim Financing Term Sheet, that:

- (a) Subject to the granting of the Interim Financing Increase Order, the execution and delivery of, and transactions contemplated by, this Term Sheet and the other Interim Financing Credit Documentation:
  - (i) are within the powers of the Borrower;
  - (ii) have been duly authorized by all necessary corporate and, if required, shareholder approval of the Borrower;
  - (iii) have been duly executed and delivered by or on behalf of the Borrower;
  - (iv) constitute legal, valid and binding obligations of the Borrower; and
  - (v) do not require the consent or approval of, registration or filing with, or any other action by, any Governmental Authority.
- (b) The Collateral is free and clear of all Liens other than Permitted Liens and, upon the granting of the First Interim Financing Order, Second Interim Financing Order, Third Interim Financing Order, Fourth Interim Financing Order, Fifth Interim

Financing Order, Initial Order, ARIO, and the Interim Financing Increase Order, the Collateral is subject to the Interim Lender Charge.

- (c) None of the reports, financial statements, certificates or other written information furnished by or on behalf of the Borrower to the Interim Lenders or their advisors in connection with the negotiation of this Term Sheet or delivered with respect thereto (as modified or supplemented by other information so furnished), contains any misstatement of material fact or omits to state any material fact necessary to make the statements therein, taken as a whole, in the light of the circumstances under which it was made, not materially misleading; *provided that* to the extent any such reports, financial statements, certificates or other written information therein was based upon or constitutes a forecast or projection, the Borrower represent only that they have acted in good faith and utilized assumptions believed by them to be reasonable at the time made.
- (d) The Borrower has, in respect of all prior fiscal periods (i) filed all tax returns, except in respect of any prior fiscal period for which the due date for filing the applicable tax return has not yet occurred;
- (e) The activities of the Borrower have been conducted in material compliance with all Applicable Law unless otherwise disclosed to the Agent, subject to the provisions of the CCAA Proceedings and any Court Order, unless: (i) otherwise ordered by the Court, or (ii) the sanctions for non-compliance are stayed by a Court Order.
- (f) The Borrower has maintained its obligations for payroll, source deductions, goods and services tax and harmonized sales tax, as applicable, and is not in



arrears in respect of payment of these obligations.

- (g) All representations and warranties made by the Borrower in all other documentation are materially true and correct in all respects.
- (h) The Agreed Budget is reasonable and prepared in good faith. All material payments to shareholders, directors and senior executives of the Borrower and any related party, whether under contract or otherwise, including bonus payments, transaction payments, change of control payments, management fees, consulting or advisory fees or amounts payable in respect of reimbursement, to the extent known and contemplated for future payments, have been included in the Agreed Budget (which, for certainty, do not include payments to any senior executive of the Borrower related to salary deferral arrangements).
- (i) No Default or Event of Default has occurred and is continuing.
- (j) The Borrower has made full and complete disclosure in writing to the Agent of (i) all litigation or other proceedings involving the Borrower (or any one or more of them) and (ii) all claims and/or threatened claims, litigation or proceedings against the Borrower;
- (k) All material contracts to which the Borrower are a party are in full force and effect and are valid, binding and enforceable in accordance with their terms and no Borrower has any knowledge of any default that has occurred and is continuing thereunder (other than those defaults arising as a result of the commencement of the NOI Proceedings or

CCAA Proceedings), unless otherwise disclosed to the Agent in writing.

- (l) Other than as previously disclosed in writing to the Agent, the Borrower has any defined benefit pension plans or similar plans.
- (m) The Borrower is and remains in compliance with the CCAA, the First Interim Financing Order, Second Interim Financing Order, Third Interim Financing Order, Fourth Interim Financing Order, Fifth Interim Financing Order, Initial Order, ARIO, the Interim Financing Increase Order, and all other Court Orders.
- (n) The Borrower is not liable for any indebtedness for borrowed money, except as disclosed in the NOI Proceedings or CCAA Proceedings.

## **22. AFFIRMATIVE COVENANTS**

The Borrower covenants and agrees to perform and do each of the following until the Interim Financing Obligations are permanently and indefeasibly repaid in full and the Interim Facility is terminated:

- (a) (i) Allow the Secured Parties or their advisors, on reasonable written notice during regular business hours, and at any time after and during the continuance of an Event of Default, to enter on and inspect each of the Borrower's assets and properties; (ii) provide the Secured Parties or its advisors, on reasonable written notice and during normal business hours, full access to the books and records of the Borrower; and (iii) cause management of the Borrower to fully co-operate with the Secured Parties and the Monitor or their respective agents and advisors, as applicable.
- (b) Deliver to the Agent the following reporting packages: (i) documents referred to in Section 14 above, on the dates and times specified in Section 14; (ii) copies of

all pleadings, motions, applications, judicial or financial information and other documents to be filed by or on behalf of the Borrower with the Court, in each case in a reasonable period of time prior to filing such documents with the Court to the extent practicable in the circumstances; all such court filings by the Borrower shall be in form and substance satisfactory to the Secured Parties and their counsel to the extent that any such filings affect or can reasonably be expected to affect the rights and interests of the Secured Parties; (iii) prompt notice of material events, including, without limitation, defaults, new material litigation or changes in status of ongoing material litigation, regulatory and other filings; (iv) other reasonable information requested by the Secured Parties from time to time, (v) prompt notice of any event that could reasonably be expected to result in a Material Adverse Change; (vi) Court-ordered Sale information, with such information to include a detailed list identifying prospective purchasers and, copies of unredacted documents of any kind relating to any Court-ordered Sale; and (vii) without limiting the foregoing, in a timely manner and prior to effecting or incurring such transaction or expense, the Borrower shall deliver to the Monitor and the Interim Lenders copies of any financial reporting which shows a material transaction or material expense, or a materially adverse financial position of the Borrower, which is not reflected in the Agreed Budget, and shall forthwith provide any reports or commentary received from the Monitor in respect of same.

- (c) Use the proceeds of the Interim Facility only for the purposes described in Section 6, and in a manner consistent with the restrictions set out herein.
- (d) Comply with the provisions of the Court orders made in the CCAA Proceedings

(collectively, the “**Court Orders**” and each a “**Court Order**”).

- (e) Operate within the Agreed Budget, except as may be otherwise agreed by the Agent in its sole discretion, in writing, in advance, from time to time.
- (f) Ensure that all Deposit Accounts require at least two authorizing signatories for transfers and withdrawals in excess of \$50,000.
- (g) Forthwith notify the Agent and the Monitor of the occurrence of any Default or Event of Default.
- (h) Comply with all Applicable Laws except to the extent not required to do so pursuant to the NOI Proceedings or any other Court Order.
- (i) Take all actions necessary or available to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating not expressly consented to in writing in advance by the Agent, (x) in its sole discretion in respect of any appeal, reversal, modification, amendment stay or vacating relating to the Interim Facility or any other matter that adversely affects the Secured Parties and (y) acting reasonably in respect of any other appeal, reversal, modification, amendment, stay or vacating.
- (j) Promptly upon becoming aware thereof, provide details of the following to the Agent: any pending, or threatened claims, potential claims, litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against the Borrower, by or before any court, tribunal, Governmental Authority or regulatory body, which would be reasonably likely to result in, individually or in the aggregate, in a judgment in excess of \$50,000 or the

equivalent amount thereof in any other currency.

- (k) Provide to the Agent regular and timely updates regarding the status of the CCAA Proceedings including, without limitation, reports on the progress of any Plan or Restructuring Option and any information which may otherwise be confidential, subject to same being maintained as confidential by the Secured Parties; provided however, in no event shall any information subject to privilege be required to be provided to the Secured Parties.
- (l) Preserve, renew and keep in full force its respective corporate existence and its respective existing material licenses, permits, approvals, etc. required in respect of its business, properties, assets or any activities or operations carried out therein, unless otherwise agreed by the Agent in its sole discretion.
- (m) Take all reasonable steps to continue to maintain and preserve the value of the Collateral, and provide the Agent with regular and timely updates regarding any material changes to same.

### **23. NEGATIVE COVENANTS**

The Borrower covenants and agrees not to do the following, other than with the prior written consent of the Interim Lender:

- (a) Transfer, lease, or otherwise dispose of all or any part of its Property, except for Permitted Dispositions.
- (b) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.
- (c) Make any payments or distributions of any kind other than as may be permitted by a

Court Order and that does not result in an Event of Default and is provided for in the Agreed Budget.

- (d) With respect to the Borrower, create or permit to exist indebtedness, liabilities or obligations (including guarantees thereof or indemnities or other financial assistance in respect thereof) other than (i) existing (pre-filing) debt and disclosed to the Agent in writing, (ii) debt contemplated by this Interim Financing Term Sheet, (iii) post-filing trade payables or other post-filing unsecured obligations incurred in the ordinary course of business in accordance with the Agreed Budget and any Court Order, and (iv) indebtedness, liabilities or obligations expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.
- (e) Make or give any additional financial assurances, in the form of bonds, letters of credit, guarantees or otherwise, to any person including without limitation any Governmental Authority.
- (f) Support or not oppose a motion by another Person to provide to any third party a Lien on the Collateral, other than the Permitted Liens.
- (g) Change its name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity.
- (h) Cease (or threaten to cease) to carry on their business or activities as currently being conducted or modify or alter in any material manner the nature and type of their operations, business or the manner in which such business is conducted, including but not limited to terminating or otherwise acting in a manner that may

terminate the CCAA Proceedings, in the Agent's opinion acting reasonably.

- (i) Amend, replace or modify the Agreed Budget other than in accordance with the terms of this Term Sheet.
- (j) Apply for, or consent to, any Court Orders or any change or amendment to any Court Order which affects the Secured Parties, without the prior consent of the Agent.
- (k) Enter into any contract or other agreement which involves potential expenditures in excess of \$50,000 or the equivalent amount thereof in any other currency without the prior written consent of the Agent, provided that the payment of such amount must be permitted by and will not constitute a default under the Agreed Budget or any Court Order.
- (l) Other than as provided for under the Agreed Budget, distributions between the Borrower or otherwise agreed to by the Agent, make (i) any distribution, dividend, return of capital or other distribution in respect of equity securities (in cash, securities or other property or otherwise); or (ii) a retirement, redemption, purchase or repayment or other acquisition of equity securities or indebtedness (including any payment of principal, interest, fees or any other payments thereon).
- (m) (i) Enter into, renew, amend or modify any transaction or contractual relationship with any related party; or (ii) make any payment with respect to, or perform any obligation under, an agreement with a related party other than in accordance with the Agreed Budget.
- (n) Enter into, renew, amend, modify or assume any employment, consulting or analogous agreement or arrangement with any director, senior or executive officer or

senior management of the Borrower or any related party, or make any payment to any such Person in respect of any bonus, change of control payment or severance package of any kind whatsoever other than (i) as consented to by the Monitor and approved by the Court on prior notice to the Agent or (ii) as consented to by the Agent, acting reasonably.

- (o) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as reflected in the Agreed Budget.
- (p) Other than the Monitor, its legal counsel and legal counsel to the Borrower, and the Agent engaged as of the date hereof, pay, incur any obligation to pay, or establish any retainer with respect to, the fees, expenses or disbursements of a legal, financial or other advisor of any party, unless such fees, expenses or disbursements, as applicable, are reviewed and approved in advance by the Monitor and the Agent.
- (q) Create or permit to exist any Liens on any of its properties or assets other than the Permitted Liens.
- (r) Make any payments or expenditures (including capital expenditures) other than in accordance with the Agreed Budget.
- (s) Seek, obtain, not oppose, or support (i) any Court Order or any amendment to a Court Order except with the prior written consent of the Agent, (x) in their sole discretion in respect of any Court Order or amendment thereto relating to the Interim Facility, or any other matter that adversely affects the Secured Parties and (y) acting reasonably in respect of any other Court Order or amendment thereto.



- (t) Amalgamate, consolidate with or merge into or sell all or substantially all of their assets to another entity, or change its corporate or capital structure (including its organizational documents) or enter into any agreement committing to such actions except in connection with a Plan which will result in the repayment in full of all of the Interim Facility Obligations, or for which the Agent otherwise consents.
- (u) Enter into any hedging agreement;
- (v) Enter into any material settlement agreement or agree to any material settlement arrangements with any Governmental Entity or regulatory authority or in connection with any litigation, arbitration, other investigations, proceedings or disputes or other similar proceedings which are threatened or pending against any one of them without the prior written consent of the Agent, or make any payments or repayments to customers, outside the ordinary course of business, other than those set out in the Agreed Budget.

#### 24. EVENTS OF DEFAULT

The occurrence of any one or more of the following events without the Agent's written consent shall constitute an event of default ("**Event of Default**") under this Term Sheet:

- (a) the issuance of an order of the Court (including any Court Order) or any other court of competent jurisdiction:
  - (i) dismissing the CCAA Proceedings, or lifting the stay in the CCAA Proceedings to permit (A) the enforcement of any Lien against the Borrower, or a material portion of their respective property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver,

interim receiver or similar official, or substituting the Monitor, or the making of a bankruptcy order against the Borrower or the appointment of a trustee in bankruptcy in respect of the Borrower; granting any Lien which is senior to or *pari passu* with the Interim Financing Security, other than the Permitted Priority Liens; or

- (ii) staying, reversing, vacating or otherwise modifying any Court Order without the prior consent of the Agent in the sole discretion of the Agent in respect of any Court Order or amendment thereto relating to the Interim Facility or any other matter that affects the Secured Parties;
- (b) the filing of any application or pleading by or against the Borrower, or any action by the Borrower, seeking or resulting in any of the matters set forth in paragraph (a) above, or failure of the Borrower to diligently oppose any Person that brings an application or motion for the relief set out in paragraph (a) above;
- (c) failure of any of the Borrower to comply with (i) any of the negative covenants in this Interim Financing Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of three (3) Business Days or (ii) any of the affirmative covenants in this Interim Financing Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of three (3) Business Days;
- (d) any Revised Budget is not delivered to the Agent when due;

- (e) (i) any Revised Budget (A) contemplates or forecasts an adverse change from the then-existing Agreed Budget, and such change(s) constitute a Material Adverse Change or (B) contemplates or forecasts a cash flow deficit in excess of 10% (or \$5,000 if 10% would equal an amount less than \$5,000 or equivalent amount thereof in any other currency) on a weekly basis and on a cumulative basis since the beginning of the period covered by the then-existing Agreed Budget (each, an “**Updated Budget Default**”);
- (f) The Lease Reinstatement has not been obtained by March 31, 2025;
- (g) the occurrence of a Material Adverse Change;
- (h) any representation or warranty by the Borrower in this Interim Financing Term Sheet is incorrect or misleading in any material respect;
- (i) the aggregate amount of the outstanding Interim Advances under the Interim Facility exceeds the Maximum Amount;
- (j) any material violation or breach of any Court Order;
- (k) The SISP commenced in the NOI Proceedings and continued under the CCAA Proceedings is terminated, or there is no reasonable possibility of one or more bids being received for the purchase of some or all of the Borrower’s assets, and which bids are capable of receiving all necessary approvals, as determined by the Agent, acting reasonably;
- (l) any of the Borrower’s assets or liabilities are designated as “orphans”, or otherwise sent to, or become managed by, or become the responsibility of any Governmental Authority or its delegates;

- (m) any proceeding, motion or application is commenced or filed by the Borrower, or if commenced by another party, supported, not opposed, or otherwise consented to by the Borrower, (i) seeking the invalidation, subordination or other challenging of or is otherwise inconsistent with the terms of the Interim Facility, including without limitation the Interim Financing Security, this Term Sheet; (ii) challenging the validity, priority, perfection or enforceability of the Liens created pursuant to the Interim Lender Charge; (iii) unless the Plan, Restructuring Option or Court-ordered Sale provides for repayment in full of the Interim Facility Obligations, seeking the approval of any Plan, Restructuring Option or Court-ordered Sale which does not have the prior consent of the Agent; (iv) that could otherwise reasonably be expected to adversely affect the interests of the Secured Parties; or (v) in which the priority of the Liens created pursuant to the Interim Lender Charge is varied without the consent of the Agent, or any Plan is sanctioned or any Court-ordered Sale is consummated by any of the Borrower that is not consistent with or contravenes any provision of this Interim Financing Term Sheet, in a manner that is materially adverse to the interests of the Secured Parties, as determined by the Agent, or would reasonably be expected to materially adversely affect the interests of the Secured Parties, including but not limited to any person seeking the appointment of a receiver, receiver-manager, monitor, or trustee in bankruptcy over the Borrower, each as determined by the Agent;
- (n) failure of the Borrower to pay any principal amount owing under this Interim Financing Term Sheet when due;

- (o) failure of the Borrower to pay (i) interest or any portion thereof owing under this Interim Financing Term Sheet when due;
- (p) the Borrower commences an action or takes any other proceeding to obtain any form of relief against the Secured Parties for any amount owed to them of any kind;
- (q) the expiry without further extension of the stay of proceedings provided for by the CCAA Proceedings;
- (r) the Borrower ceases (or threatens to cease) to carry on business in the ordinary course, except where such cessation occurs in connection with a Plan or Court-ordered Sale which otherwise satisfies the terms and conditions contained herein;
- (s) the denial or repudiation by the Borrower of the legality, validity, binding nature or enforceability of any portion of this Interim Financing Term Sheet.

## 25. REMEDIES

Upon the occurrence of an Event of Default that is continuing, and subject to the Court Orders, the Interim Lenders may, in their sole and absolute discretion, elect to terminate their respective commitments to make Interim Advances to the Borrower hereunder and declare all Interim Financing Obligations in respect of this Interim Financing Term Sheet to be immediately due and payable and cease making any further Interim Advances.

In addition, upon the occurrence of an Event of Default that is continuing, the Agent may, in its sole discretion, and subject to any Court Order:

- (a) apply to a court for the appointment of a monitor, receiver, an interim receiver or a receiver and manager over the Borrower or the Collateral, to substitute the Monitor and/or enhance any powers of the Monitor, or for the appointment of a trustee in bankruptcy of the Borrower. The Borrower hereby consents and agrees to appointment of a monitor, receiver, interim receiver,

receiver and manager, substitute Monitor, and/or trustee in bankruptcy over their business and Collateral, and covenant with the Secured Parties that the Borrower shall consent to, or alternatively shall not oppose, the granting of any orders for the appointment of such Court officers;

- (b) set-off or combine any amounts then owing by the Secured Parties (or any one or more of them) to the Borrower against the obligations of any of the Borrower to the Secured Parties hereunder;
- (c) apply to the Court for an order or orders, on terms satisfactory to the Monitor (or monitor or receiver) and the Agent, providing the Monitor (or monitor or receiver) with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceedings or other Agent-approved Court proceedings;
- (d) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *Personal Property Security Act* (British Columbia or Alberta) or any other Applicable Law relating to the enforcement of Liens by Secured Parties against any types of property and for certainty including the Collateral; and
- (e) subject to obtaining prior approval from the Court, exercise all such other rights and remedies under the, the Court Orders and Applicable Law.

The rights and remedies of the Secured Parties under this Interim Financing Term Sheet are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, including under the BIA or CCAA.

**26. AMENDMENTS,  
WAIVERS, ETC.**

No amendment or waiver of any provisions of this Term Sheet or consent to any departure by the Borrower from any provision thereof is effective unless it is in writing and

signed by the Agent (and in the case of amendments, the Borrower). Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

**27. COUNTERPARTS AND  
FACSIMILE  
SIGNATURES**

This Interim Financing Term Sheet may be executed in any number of counterparts, each of which when taken together shall constitute one and the same instrument. Any counterpart of this Interim Financing Term Sheet can be executed and delivered by any manner of direct electronic transmission including without limitation “pdf email” or “DocuSign”, each of which shall be deemed to be an original hereof.

**28. CONFIDENTIALITY**

This Interim Financing Term Sheet is delivered on the condition that the Borrower and their affiliates shall not disclose such documents or the substance of the financing arrangements proposed therein to any person or entity outside of their respective organizations, except to those professional advisors who are in a confidential relationship with them and as required (i) in connection with any court filing in the CCAA Proceedings, and (ii) under applicable securities laws, including all applicable TSX policies and regulations.

**29. FURTHER  
ASSURANCES**

Each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated hereby and thereby.

**30. TIME IS OF THE  
ESSENCE**

Time is of the essence in this Interim Financing Term Sheet and the Interim Facility and all transactions contemplated thereby.

**31. ENTIRE AGREEMENT**

This Term Sheet constitutes the entire agreement between the parties hereto pertaining to the matters therein set forth and supersede and replace any prior understandings or arrangements pertaining to the Interim Facility. There are no warranties, representations or agreements between the parties in connection with such matters except as specifically set forth herein or in the Interim Financing Loan Documentation.

**32. SEVERABILITY**

Each of the provisions contained in this Interim Financing Term Sheet is distinct and severable and a declaration of

invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

**33. GOVERNING LAW**

This Term Sheet shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Without prejudice to the ability of the Secured Parties to enforce this Term Sheet in any other proper jurisdiction, the Borrower irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta.

**34. NOTICES**

Any notice, request, consent, waiver or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or direct electronic transmission, including email, pdf email or “DocuSign” to such Person at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel. Any such notice shall be deemed to be given and received when received, unless received after 4:00 P.M. Mountain Time or on a day other than a Business Day, in which case such notice, request, consent, waiver or other communication shall be deemed to be received on the next following Business Day.

*[Signature page follows]*



**IN WITNESS WHEREOF** the parties hereto have executed this Interim Financing Term Sheet.

**BORROWER:**

Address:

**ERIKSON NATIONAL ENERGY INC.**

**c/o Bennett Jones LLP**

4500 Bankers Hall East

855 2nd Street SW

Calgary, Alberta T2P 4K7

Attention: Keely Cameron

Email: [cameronk@bennettjones.com](mailto:cameronk@bennettjones.com)

By: \_\_\_\_\_  
Authorized Signatory

Address: 2830 – 181 Bay Street  
Toronto, Ontario M5J 2T3

Attention: Operations  
Email: ops@thirdeyecapital.com

**AGENT:**

**THIRD EYE CAPITAL CORPORATION**

By: \_\_\_\_\_  
Name: Arif N. Bhalwani  
Title: Managing Director

**SCHEDULE A**  
**DEFINED TERMS**

“**Administration Charge**” means the administration charge on the Borrower’s Collateral in an aggregate amount not to exceed **\$200,000**.

“**Agent**” has the meaning given thereto in Section 3.

“**Agreed Budget**” has the meaning given thereto in Section 14.

“**Applicable Law**” means, (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, determination, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any Authorization or other written approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the Assets of such Person, in each case whether or not having the force of law

“**ARIO**” means the Amended and Restated Initial Order granted in the CCAA Proceedings, in a form approved by the Agent;

“**Business Day**” means a day, excluding Saturday and Sunday, on which banks are generally open for business in the Province of Alberta.

“**Canadian Dollars**” means the lawful currency of Canada.

“**CCAA**” means Companies' Creditors Arrangement Act, RSC 1985, c C-36, as may be amended.

“**CNRL Liens**” means any validly held Lien over, or valid interest in, any Collateral in favour of Canadian Natural Resources Limited;

“**Collateral**” means all present and future assets and property of the Borrower, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired;

“**Court**” has the meaning given thereto in the preamble.

“**Court Order**” and “**Court Orders**” have the meanings given thereto in Section 21(d).

“**Court-ordered Sale**” means the sale of all or substantially all of the assets of the Borrower pursuant to a sale approved by the Court.

“**Criminal Code interest**” has the meaning given thereto in Section 18.

“**Default**” means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

**“Deposit Account”** means the account(s) maintained by the Borrower to which payments and transfers under the Interim Financing Term Sheet are to be deposited, which are specified in writing by the Borrower to the Agent or such other account or accounts as the Borrower may from time to time designate by written notice to the Agent.

**“Environmental Liabilities”** means all liabilities, obligations, responses, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs and other costs and expenses, including fines, penalties, sanctions and interest incurred as a result of or related to any claim, investigation, proceeding or demand of any Governmental Authority against any of the Borrower including, without limitation, arising under or related to any law relating to the environment or in connection with any substance which is or is deemed under any applicable law to be, alone or in combination, hazardous, hazardous waste, toxic, a pollutant, a contaminant or source of pollution or contamination whether on, at, in, under, from or about or in the vicinity of any real or personal property owned by any of the Borrower, or any real or personal property that was previously owned, leased or occupied by any of the Borrower.

**“Event of Default”** has the meaning given thereto in Section 23.

**“Fifth Interim Financing Order”** has the meaning given thereto in the preamble;

**“First Interim Financing Order”** has the meaning given thereto in the preamble;

**“First A&R Interim Financing Term Sheet”** has the meaning given thereto in the preamble;

**“Fourth Interim Financing Order”** has the meaning given thereto in the preamble;

**“Funding Conditions”** has the meaning given there in Section 8.

**“Governmental Authority”** means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political subdivision thereof and any entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof, including but not limited to the British Columbia Energy Regulator and/or its delegates.

**“Initial Order”** means the initial order in the CCAA Proceedings in respect of the Borrower, in a form approved by the Agent;

**“Interest Payment Date”** means the first day of each month in respect of the immediately preceding month; provided that, in any case, on the Maturity Date or, if applicable, any earlier date on which the Interim Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Interim Advances then outstanding under the Interim Facility.

**“Interim Advance”** and **“Interim Advances”** have the meanings given thereto in Section 8.

**“Interim Facility”** has the meaning given thereto in Section 8.

**“Interim Financing Credit Documentation”** means this Term Sheet, any other documentation in respect of the Interim Facility that is requested by the Agent (on behalf of the Secured Parties,

which shall be in form and substance satisfactory to the Agent), including the Interim Financing Security.

“**Interim Financing Fees and Expenses**” has the meaning given thereto in Section 9.

“**Interim Financing Increase Order**” has the meaning given thereto in Section 8.

“**Interim Financing Obligations**” has the meaning given thereto in Section 8.

“**Interim Lenders**” has the meaning given thereto in Section 2.

“**Interim Lender Charge**” has the meaning given thereto in Section 10.

“**Liens**” means all mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation;

“**Material Adverse Change**” means any event, circumstance, occurrence or change which, individually or in the aggregate, results, or could reasonably be expected to result, in a material adverse change (and for certainty including a series of adverse effects, none of which is material in and of itself but which, cumulatively, result in a material adverse change) in:

- (a) the ability of the Borrower to timely and fully perform any obligation under this Interim Financing Term Sheet or any Court Order, or the ability of the Borrower to carry out a Plan, Court-ordered Sale in the CCAA Proceedings, or Restructuring Option;
- (b) the validity or enforceability of any of the Interim Financing Security or the ranking of any of the Liens granted thereby or the material rights or remedies intended or purported to be granted to the Agent under or pursuant to such Interim Financing Security;
- (c) the rights and remedies of the Secured Parties under this Term Sheet;
- (d) the business, prospects, operations, assets, condition (financial or otherwise) or results of operations of the Borrower, on a consolidated basis, including without limitation a material adverse qualification (other than a “going concern” qualification resulting from the CCAA Proceedings);
- (e) the appointment or pending appointment a receiver and manager, receiver, interim receiver or similar official, or substituting the Monitor, or the making of a bankruptcy order against the Borrower;
- (f) the ability of the Borrower to carry on its business as conducted as of the date of this Term Sheet; or
- (g) the Collateral.

“**Maturity Date**” has the meaning given thereto in Section 13.

“**Maximum Amount**” has the meaning attributed thereto in Section 7.

“**NOI Proceedings**” has the meaning given thereto in the preamble.

“**Original Interim Financing Term Sheet**” has the meaning given thereto in the preamble;

“**Lease Reinstatement**” means the reinstatement of the crown mineral leases which were held by the Borrower prior to their termination by the Government of British Columbia in a manner that provides for their ability to be transferred to the successful bidders in the SISP.

“**Permitted Disposition**” means (i) assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding \$5,000 (or the equivalent amount thereof in any other currency) for such fiscal year, and (ii) any other sale, lease or disposition expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.

“**Permitted Liens**” means (i) the Interim Financing Security; (ii) any charges created under the Interim Financing Order, Interim Financing Increase Order, or other order of the Court in the CCAA Proceedings subsequent in priority to the Interim Lender Charge, the limit and priority of each of which shall be acceptable to the Secured Parties as confirmed in writing by the Agent; (iii) valid and perfected Liens existing prior to the date hereof; (iv) inchoate statutory Liens arising in the ordinary course of business, provided to pay all such amounts are paid as and when due; (v) the CNRL Liens; and (vi) the Permitted Priority Liens.

“**Permitted Priority Liens**” means: (a) the Administration Charge; (b) statutory super-priority Liens for unpaid employee source deductions to the extent they are given first priority over other Liens by Applicable Law; (c) duly perfected and enforceable Liens in respect of purchase-money security interests in the Borrower’s equipment (“equipment” being as defined under the provincial *Personal Property Security Act* as may be applicable to such equipment); (d) the CNRL Liens; and (e) such other Liens as may be agreed to in writing by the Agent. For greater certainty, except as expressly set forth herein, Liens arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be “**Permitted Priority Liens**”.

“**Person**” means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“**Plan**” has the meaning given thereto in Section 13.

“**Restructuring Option**” means any transaction involving the refinancing of the Borrower, a transaction involving the recapitalization of the Borrower, the sale of all or substantially all of the assets of the Borrower, or shares in the Borrower by its shareholders, or any other restructuring of the Borrower’s businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of the Borrower.

“**Revised Budget**” has the meaning given thereto in Section 14.

“**Second Interim Financing Order**” has the meaning given thereto in the preamble;

“**Second A&R Interim Financing Term Sheet**” has the meaning given thereto in the preamble;

“**SISP**” means the Sale and Investment Solicitation Process commenced by the Borrower, and approved by the Monitor, with the assistance of Sayer Energy Services engaged as the Borrower’s sales agent

“**SISP Order**” means the SISP Approval Order granted by the Court in the NOI Proceedings on October 21, 2024 and filed October 29, 2024;

“**Third A&R Interim Financing Term Sheet**” has the meaning given thereto in the preamble;

“**Third Interim Financing Order**” has the meaning given thereto in the preamble;

“**Transaction**” means a transaction approved by the Agent and the Court, as between Erikson as vendor, and a proposed purchaser; and

“**Updated Budget Default**” has the meaning given thereto in Section 23(e).

**SCHEDULE B**  
**FORM OF INTERIM FINANCING ORDER**

**(see attached)**



**SCHEDULE C**  
**REQUEST FOR ADVANCE**

**REQUEST FOR ADVANCE**

TO: The Agent

AND TO: The Monitor

DATE: \_\_\_\_\_, 20\_\_

Dear Sirs:

The undersigned refers to the interim financing term sheet dated as of March 11, 2025 (the “**Term Sheet**”) made among Erikson National Energy and (together the “**Borrower**”) and the Secured Parties.

Capitalized terms used in this Request for Advance have the same meanings herein as are ascribed thereto in the Term Sheet.

2. The Borrower hereby gives you notice pursuant to the Term Sheet that the undersigned requests an Interim Advance under the Interim Facility (the “**Interim Facility Advance**”) in the Term Sheet be deposited into the Deposit Account as follows:
  - (a) Amount of Interim Advance requested: \$ \_\_\_\_\_
  - (b) Requested funding date: \_\_\_\_\_
  - (c) Total principal amount currently outstanding (excluding this Interim Facility Advance): \$ \_\_\_\_\_
  - (d) Availability remaining under the Interim Facility (excluding this Interim Facility Advance): \$ \_\_\_\_\_
  
3. The undersigned, being \_\_\_\_\_ an officer of the Borrower, hereby certify to you for and on behalf of the Borrower (and not in his or her personal capacity) as follows:
  - (a) all of the representations and warranties contained in the Term Sheet and other Interim Financing Documentation are true and correct in all material respects in each case on and as of the date hereof and will be true and correct as of the date of the requested Interim Facility Advance as though made on and as of such date (unless expressly stated to be made as of a specified date);
  - (b) no Default or Event of Default has occurred and is continuing or shall result from the requested Interim Facility Advance;

- (c) the Interim Facility Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Facility Advance;
- (d) the Interim Facility Advance is consistent with the Agreed Budget; and
- (e) the Borrower is in compliance with the Term Sheet and the Court Orders.

The undersigned certifies that **[he/she]** is \_\_\_\_\_, of the Borrower, and that as such **[he/she]** is authorized to execute this certificate on behalf of the Borrower. The undersigned further certifies, represents and warrants on behalf of the Borrower (and not in his or her personal capacity) that the Borrower are entitled to receive the requested Interim Advance under the terms and conditions of the Term Sheet.

**BORROWER:**

**ERIKSON NATIONAL ENERGY INC.**

By: \_\_\_\_\_  
Authorized Signatory

**APPENDIX G**  
**[ATTACHED]**

COURT FILE NUMBER

Clerk's stamp

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 ERIKSON NATIONAL ENERGY  
INC.

DOCUMENT

**CONSENT TO ACT AS MONITOR**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**BENNETT JONES LLP**  
Suite 4500, Bankers Hall East  
855 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 4K7

Attention: Keely Cameron / Luc Rollingson

Tel: 403-298-3324

Fax: 403-265-7219

Email: cameronk@bennettjones.com / rollingsonl@bennettjones.com

Client File No.: 87754.38

**CONSENT TO ACT AS MONITOR**

KSV Restructuring Inc. hereby consents to act as the court-appointed Monitor in respect of *Companies' Creditors Arrangement Act* proceedings in relation to the Applicant, Erikson National Energy Inc. if so appointed by this Honourable Court.

**DATED** at Calgary, Alberta this 3rd day of March, 2025.

**KSV RESTRUCTURING INC.**

**Per:**



Name: Andrew Basi

Title: Managing Director