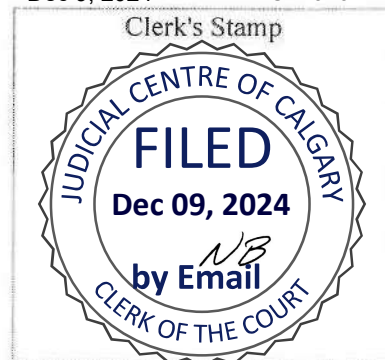


Let the within Affidavit be filed notwithstanding late submission

FORM 49  
[RULE 13.19]

COM  
Dec 9, 2024 C120462

AJ/J.C.K.B.A



COURT FILE NO. 25-3135903  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

PROCEEDING IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, as amended

AND IN THE MATTER OF ERIKSON NATIONAL ENERGY INC.

DOCUMENT **AFFIDAVIT**

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

FIAT  
Let this document be filed notwithstanding the materials are filed past the deadline

Dated this 9<sup>th</sup> day of Dec, 2024

[Signature]  
J.C.K.B.A.  
Carmichael

Attention: Keely Cameron/Luc Rollingson  
Telephone No.: 403-298-3324/7971  
Fax No.: 403-265-7219  
Client File No.: 87754.38

**AFFIDAVIT OF PETER NEELANDS**

**Sworn on December 3, 2024.**

I, **Peter Neelands**, of City of Toronto, Ontario, **SWEAR AND SAY THAT:**

- 1. I have replaced Mark Horrox as the sole director of the applicant, Erikson National Energy Inc. ("**Erikson**" or "**Applicant**") as of November 25, 2024 and also hold the title of Director, Investments for Third Eye Capital Corporation ("**TEC**" or "**Agent**"), the agent for the secured lenders of Erikson. I am not a member of the board of directors of TEC, nor am I a member of any of TEC's governing bodies.

2. I have personal knowledge of the matters deposed to in this affidavit, except when stated to be based upon information and belief, in which case I believe the same to be true.

## **I. RELIEF SOUGHT**

3. This Affidavit is made in support of an Application by Erikson for an order:
  - (a) extending the stay of proceedings and time in which Erikson is required to file a proposal to its creditors, under section 50.4 of the *Bankruptcy and Insolvency Act*, RSA 1985, c. B-3, as amended (the “**BIA**”) to January 18, 2025;
  - (b) approving the further amendment to the Interim Financing Agreement and increase to the Interim Lenders Charge to \$1,500,000;
  - (c) approving the transaction contemplated by the Asset Purchase and Sale Agreement between Erikson and Gryphon Digital Mining, Inc. (“**Gryphon**”); and
  - (d) Such other relief as the Erikson may seek and this Court may allow.

## **II. BACKGROUND**

4. I have read the three affidavits of Marc Horrox, sworn on October 15, 2024 (the “**First Horrox Affidavit**”), October 18, 2024 (the “**Second Horrox Affidavit**”), and November 15, 2024 (the “**Third Horrox Affidavit**”), and with the First Horrox Affidavit and Second Horrox Affidavit, collectively, the “**Horrox Affidavits**”). They provide the background facts regarding Erikson and its financial situation, and expand upon the facts since the commencement of the Notice of Intention to Make a Proposal proceedings (the “**NOI**”). I have also informed myself of relevant matters, including the latest developments in the NOI proceedings and the court approval Sale and Investment Solicitation Process (“**SISP**”).
5. Capitalized terms used but not defined herein have the meaning ascribed to them in the Horrox Affidavits.
6. Erikson is a junior oil and natural gas company, with its head office in Calgary, Alberta.
7. Its assets consist of 414 wells (some of which are sour gas wells), 20 facilities and 346 pipeline sections, which were assumed out of the insolvency of Ranch Energy Corp. Its assets are located in the Fort Nelson and Greater Fort St. John areas of British Columbia.

### III. MAINTENANCE OF ERIKSON'S ASSETS AND PERSONNEL SAFETY

8. As described in the Horrox Affidavits, Erikson's producing assets are currently shut-in and not producing natural gas. Erikson continues to provide significant care and maintenance work to ensure its assets are maintained in safe and working order, for the benefit of its employees, contractors, the public, and SISP participants. Since the date of the Third Horrox Affidavit, Erikson has:

- (a) negotiated an agreement with Tidewater Midstream and Infrastructure Ltd. ("**Tidewater**") to access its pipeline to purchase natural gas to maintain adequate heat and electricity at Erikson's facilities, including at Wildboy Gas Plant which is one of Erikson's most significant assets;
- (b) subject to completing final documentation, agreed in principle to fund the engineering study required by Tidewater and the Canadian Energy Regulator, to a maximum of \$10,000 plus GST, to permit bidirectional gas flow in the applicable Erikson-Tidewater pipeline. The bidirectional gas flow will enable Erikson to purchase natural gas to heat its facilities throughout the winter until such time that its wells are operating. Heating Erikson's facilities are of particular importance given the extremely cold weather affecting Northeastern British Columbia where Erikson's assets are located;
- (c) performed further maintenance of its facilities by purchasing replacement glycol for the Wildboy Gas Plant's processing systems required for safe cold weather operation of the facility;
- (d) engaged with Technical Safety BC with respect to payment of permitting fees on a monthly basis;
- (e) continued to maintain utilities and insurance coverage in respect of Erikson's assets and third parties;
- (f) engaged with DataSafe (a division of The Response Team Inc.) to maintain Erikson's emergency response plans, related safety documentation, and licenses for

the Fireweed, Buick Creek, Laprise, Roseland, Stoddart, Wildboy, and July Lake areas in which Erikson operates or holds assets, to ensure the safety of its employees, contractors, business counterparties, and the general public;

- (g) engaged the services of Gasfield Energy Services to perform the annual inspection of Erikson's fire alarm system, emergency lighting, fire suppression system, and fire extinguishers, along with calibration of Erikson's plant equipment to ensure safe operation of the facilities upon resumption of natural gas production by Erikson or prospective purchaser;
- (h) engaged FC Energy Services Ltd. to provide preventative maintenance on Erikson's four (4) natural gas-powered electrical generators which provide electricity to the Wildboy Gas Plant and camp; and
- (i) continued to staff its work camp with on-site safety personnel through Lynkyn Safety Ltd., a First Nations owned and operated business based out of Fort Nelson, British Columbia.

- 9. Erikson continues to pay its information technology providers, including a provider of satellite-based internet connectivity for Erikson's assets, which allows Erikson's field staff to remotely monitor certain assets between physical site visits.

#### **IV. SISP PROGRESS**

- 10. On October 1, 2024, Erikson, through its Proposal Trustee filed a NOI pursuant to section 50.4 of the BIA.
- 11. On October 21, 2024, the Honorable Justice P. Johnston granted Erikson's Initial Order, providing for a 40-day extension to the proposal filing period and stay of proceedings (up to and including November 30, 2024), approval of the SISP, and appointing the Sales Advisor to carry out the SISP in cooperation with the Proposal Trustee.
- 12. The SISP was developed in collaboration with the British Columbia Energy Regulator ("BCER"), Sayer Energy Advisors and the Proposal Trustee. I understand from reviewing the affidavit of Michael Janzen from the BCER that there was skepticism as to the ability

of Erikson to find a bidder and so a single-phase process was agreed to, in order to test the market.

13. On October 21, 2024, the Honorable Justice P. Johnston also granted the Interim Financing Order approving interim financing provided by TEC to Erikson to fund the SISP (the “**Interim Financing Agreement**”). The terms of the Interim Financing Agreement are set out in the Interim Financing Order.
14. On November 14, 2024, three (3) bids were received through the Court-approved SISP administered by Sayer Energy Advisors. Since then, Erikson has been working diligently to advance these bids to a stage where Court approval could be sought for one or more of them.
15. At Erikson’s application on November 18, 2024 seeking approval of an extension to file a proposal and to increase in the interim financing to adequately fund a stay extension to January 2025, I understand from a review of the hearing transcripts, that certain stakeholders expressed concerns with an extension to January 2025 and that the BCER is considering reinstating its application to appoint Grant Thornton as receiver over Erikson’s assets to pursue its own transaction with Kingscrest Acquisition Corp. (“**Kingscrest**”).
16. Kingscrest did not participate in the SISP. I understand that Kingscrest’s decision not to participate in the SISP was despite Tom Pavic of Sayer Energy Advisors contacting Kingscrest in mid-October 2024 to encourage their participation. Given Kingscrest’s decision to forgo the SISP, Erikson was not aware that Kingscrest remained interested in purchasing any of Erikson’s assets.
17. On November 25, 2024, following the request to examine Mr. Janzen, the BCER provided Erikson with:
  - (a) a redacted copy of an “Acquisition Agreement” as between Kingscrest and the proposed receiver of Erikson. Kingscrest’s proposed agreement only contemplates acquiring a portion of Erikson’s assets, and requires orphaning a substantial portion of its oil and gas sites; and

- (b) a November 14, 2024 cover letter from Kingscrest’s legal counsel, McMillan LLP, directly to the BCER’s Chief Legal Counsel, indicating an interest in purchasing Erikson’s shares on the terms set out in the “Acquisition Agreement” (the “**November 14<sup>th</sup> Kingscrest-McMillan Letter**”). Erikson has requested an unredacted copy of the Acquisition Agreement through Mr. Janzen’s undertakings (which were was given under advisement), and Erikson awaits a response.
- 18. Erikson was, and remains, seriously concerned about the lack of transparency regarding Kingscrest’s continued interest in acquiring Erikson’s assets. The timing of the November 14 Kingscrest-McMillan Letter sent directly to the BCER’s Chief Legal Counsel attaching a form of transaction agreement is troubling, given that:
  - (a) as of that date, neither the BCER, nor the Proposal Trustee or Erikson, were aware of any SISP results; and
  - (b) on November 15, 2024 when the SISP bids were discussed among the BCER, Proposal Trustee, TEC, and Sayer Energy Advisors, Erikson was still reviewing and negotiating the bids that were received, and none were designated “Qualified Bids” under the SISP terms. At that time, the BCER did not disclose they had received the November 14<sup>th</sup> Kingscrest-McMillan Letter (which was only disclosed to Erikson on November 25, 2024, which was after the BCER advocated at the November 21, 2024 stay extension hearing for a shorter stay extension period to December 9, 2024).
- 19. With the consent of the Proposal Trustee, and in consultation with Sayer Energy Advisors, the BCER and TEC, Erikson decided to extend the bid deadline to December 2, 2024 in accordance with the SISP.
- 20. On November 22, 2024, Erikson asked Sayer Energy Advisors to reach out to Kingscrest to invite them to participate in the SISP. Kingscrest declined the invitation to participate in the extended SISP.
- 21. As a result of the SISP extension, Erikson received two (2) forms of asset purchase agreement, and which are subject to further review and discussions with the bidders.

**V. QUESTIONING ON THE BCER'S AFFIDAVIT**

22. In response to discovering during the November 21, 2024 hearing before Justice Burns that the BCER intended to advance its receivership application in furtherance of the BCER-driven transaction with Kingscrest, Erikson sought to question the BCER's affiant, Mr. Michael Janzen, Executive Director, Orphans & Restoration in respect of his October 2, 2024 affidavit in support of the BCER's receivership application.
23. On November 22, 2024, Erikson's legal counsel provided an unfiled copy of the Notice of Appointment for Questioning to counsel for the BCER and asked that the materials set out in the Notice be provided by no later than November 27, 2024.
24. On November 25, 2024, BCER's legal counsel responded to Erikson's November 22, 2024, letter, raising concerns with Erikson using Interim Financing Agreement borrowings to fund legal fees associated with questioning the BCER's affiant. Attached hereto and marked as **Exhibit "A"** to this my Affidavit, is a copy of the November 25, 2024 letter from the BCER.
25. On November 26, 2024, counsel for the Proposal Trustee responded to the BCER's concerns. Attached hereto and marked as **Exhibit "B"** to this my Affidavit, is a copy of the November 26, 2024 letter from counsel to the Proposal Trustee.
26. On November 26, 2024, counsel for Erikson's interim lender and largest secured creditor, TEC, sent a letter to counsel to Erikson confirming that Erikson may borrow funds under the November 21, 2024 Amended and Restated Interim Financing Term Sheet for the purpose of examining Mr. Janzen. Attached hereto and marked as **Exhibit "C"** to this my Affidavit, is a copy of the November 26, 2024 letter from TEC.
27. On November 26 and 27, 2024, counsel for Erikson and the BCER exchanged further correspondence regarding the Notice. A copy of the various email and letter exchanges in that regard are attached hereto as **Exhibit "D"** to this my Affidavit.

28. On November 28, 2024, counsel for the BCER advised that it will produce Mr. Janzen for questioning virtually from 10:00 a.m. to 12:00 p.m. Attached hereto and marked as **Exhibit "E"** to this my Affidavit, is a copy of the November 28, 2024 letter from the BCER.
29. Concerned that this would not provide adequate time, especially given the voluminous materials received from the BCER in response to its Notice, Erikson brought an application and obtained on November 28, 2024 an order from Justice K.D. Yamauchi compelling Mr. Janzen's attendance for a full day of examinations on November 29, 2024. Attached hereto, and marked as **Exhibit "F"** to this my Affidavit, is a copy of the Order.

## **VI. APPROVAL OF THE GRYPHON TRANSACTION**

30. Prior to December 2, 2024, in accordance with the extended bid deadline, Erikson received a Purchase and Sale Agreement from Gryphon Digital Mining, Inc. ("**Gryphon**"). Gryphon had also submitted a letter of intent by the initial bid deadline in the SISP.
31. A copy of the Purchase and Sale Agreement ("**Sale Agreement**") was provided to the BCER on November 30, 2024, and Erikson has been working with Gryphon to finalize the Sale Agreement in time for next weeks application. Attached hereto and marked as **Exhibit "G"** is a copy of the Sale Agreement, which is substantially final.
32. The key terms of the Sale Agreement include:
- (a) sale of all of Erikson's oil and gas assets;
  - (b) assumption of cure costs;
  - (c) the participation of Gryphon in funding these proceedings to closing; and
  - (d) conditions in favour of Gryphon in respect of any necessary approvals from government agencies, including the BCER and the BC Tenure and Resource Stewardship Branch.
33. While there are some conditions to closing, I believe that this transaction is in the best interests of Erikson and its stakeholders, it is the highest and best offer received for the assets.



## VII. AMENDED INTERIM FINANCING

34. TEC is the primary secured creditor of Erikson and was owed as at September 30, 2024, \$31,686,600.64. TEC has provided the necessary funding to enable these proceedings to advance, which has resulted in the identification of bidders and advancement of bids, the continuation of jobs for Erikson's staff and ongoing care and maintenance of its assets.
35. TEC has been granted a charge in respect of its interim financing, which as a result of the November 21, 2024 Order of Justice M.E. Burns, enables Erikson to borrow up to \$550,000 and extended the maturity date of the Interim Financing Agreement from November 30, 2024 to December 10, 2024.
36. The borrowing is subject to a charge over all of Erikson's assets which ranks only behind the administration charge, however under the Interim Financing Agreement, TEC has recognized the priority afforded to super priority liens for unpaid employee source deductions to the extent they are given first priority over other liens by applicable law, perfected and enforceable liens in respect of purchase money security interests, and any validly held liens by Canadian Natural Resources Limited ("CNRL").
37. CNRL is a partner of Erikson in approximately 54 of Erikson's over 400 assets. It is acknowledged that they have registered a security interest in certain joint lands and crown leases (the "**CNRL Joint Interests**") which predates TEC's registrations for these limited properties.
38. The crown leases which are subject to the CNRL Joint Interests have been terminated due to fee arrears.
39. Erikson continues to require additional financing to continue to maintain its personnel, its assets (including but not limited to expenses related to safety and maintenance of the assets for the general benefit of stakeholders), and to fund this NOI process, including, for further clarity the costs of the professionals engaged, during the proposed stay extension period.
40. Gryphon is prepared to provide the necessary incremental interim financing on a *pari passu* basis in accordance with the Second Amended and Restated Interim Financing Agreement

and revised 13-week cash flow statement attached as **Exhibit “H”** to this affidavit. The terms and conditions of the Second Amended and Restated Interim Financing Agreement are substantially similar to the initial Interim Financing Agreement and the Amended Financing Agreement, with material amendments summarized as follows:

- (a) the financing provided is a super-priority, debtor-in-possession interim, nonrevolving credit facility up to a maximum principal amount of \$1,500,000;
- (b) the credit facility continues to bear interest at the original rate of 12.0% per annum, with an up-front amendment fee of \$5,000, to be paid from the first advance;
- (c) interim advances are subject to conditions, including receipt of the agreed budget, satisfactory interim financing security and credit documentation, and the absence of any adverse changes to the interim financing order, the SISP, and the Sale Agreement with the Purchaser;
- (d) a maturity date of February 8, 2025; and
- (e) reinstatement of applicable mineral leases by January 24, 2025.

### **VIII. STAY EXTENSION**

41. Since being granted the initial extension, Erikson has continued to diligently and in good faith pursue activities aimed at preparing and issuing a viable proposal. These activities include:

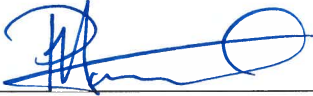
- (a) assisting with the SISP by meeting with and responding to requests from potential bidders;
- (b) making ongoing payments to Erikson’s employees, contractors, and suppliers;
- (c) continuing to maintain the assets of Erikson for the benefit of stakeholders, as more particularly described in paragraphs 8 and 9 of this affidavit;
- (d) preparing revised statements cash flows;

- (e) coordinating a site visit;
  - (f) negotiating the Qualified APA and related documentation;
  - (g) negotiating an amendment and waiver of default in the Interim Financing Agreement with TEC related to the requirement to have the mineral leases reinstated by November 29, 2024, which ensured Erikson's continued access to interim financing and which enables Erikson's NOI and SISP to continue; and
  - (h) negotiating additional interim financing necessary to enable Erikson's NOI and SISP to continue.
42. The current stay of proceedings expires on December 10, 2024 and the SISP has resulted in promising bids, including the Qualified APA tendered by Gryphon. Given the added complexity associated with the mineral lease termination and the regulatory process, Erikson and Gryphon require further time to finalize and close the transaction proposed in the Qualified APA.
43. Erikson requires an extension to, among other things:
- (a) continue to negotiate and finalize terms of the Qualified APA, and ultimately close the proposed transaction; and
  - (b) advance a proposal.
44. In my view, an extension of the NOI filing period and stay is appropriate, because:
- (a) the Applicant has acted and continues to act in good faith and with due diligence;
  - (b) the extension will facilitate the development of a proposal;
  - (c) I understand that the Proposal Trustee supports the extension; and
  - (d) the extension will not materially prejudice any of Erikson's creditors.

**IX. CONCLUSION**

45. I hereby swear this Affidavit in support of the within Application and for no improper purpose.

SWORN BEFORE ME at  
Toronto, Ontario this  
3<sup>rd</sup> day of December, 2024.



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A Commissioner for Oaths  
in and for Ontario

**Patrick T. Harnett**  
Barrister and Solicitor



---

PETER NEELANDS

This is **Exhibit “A”** referred to in the affidavit of Peter Neelands sworn before me at Toronto, Ontario this 3<sup>rd</sup> day of December, 2024



---

A Commissioner for Oaths in and for Ontario  
Patrick Harnett  
Barrister & Solicitor



MILLER THOMSON LLP  
525 - 8TH AVENUE S.W., 43RD FLOOR  
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MILLERTHOMSON.COM

November 25, 2024

VIA EMAIL

[jcameron@fasken.com](mailto:jcameron@fasken.com)

Fasken Martineau DuMoulin LLP  
350 – 7 Avenue SW, Suite 3400  
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James W. Reid

Partner

Direct Line: 403.298.2418

[jwreid@millertomson.com](mailto:jwreid@millertomson.com)

File No. 0287465.0001

Attention: Jessica Cameron

**Re: *In the Matter of Erikson National Energy Inc., Estate No. 25-3135903 – Request to Extended Bid Deadline to December 2, 2024***

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Dear Madam:

We write in response to the request of the Proposal Trustee and Erikson National Energy Inc. (“**Erikson**”) to retroactively extend the binding bid deadline in the sale and investment solicitation process (the “**SISP**”) in this proceeding from November 14, 2024, to December 2, 2024 (the “**SISP Extension Request**”).

As you know, on November 21, 2024, the British Columbia Energy Regulator (the “**BCER**”) agreed to adjourn its receivership application from November 21, 2024 to December 9, 2024, in order to allow Erikson to extend the stay of proceedings and increase the interim financing to complete a sale in the SISP. Despite the SISP failing to produce any qualified bids, the BCER in good faith agreed to the relief sought by Erikson (in part) based on the representations made in the Court materials of Erikson and the Proposal Trustee which stated that Erikson was using the additional time and increased priority funding to “give Erikson enough funds to continue to operate while it finalizes the purchase terms with one or more bidders”.

Despite these representations made to the Court and to stakeholders at the November 21, 2024 hearing, in conjunction with the SISP Extension Request, Erikson now seeks to question the BCER’s affiant on its receivership application. This questioning request is made in breach of the terms of the Amended and Restated Interim Financing Term Sheet attached to the Affidavit of Mark Horrox sworn November 12, 2024. This breach is made only one-day after getting Court approval of such agreement. Copies of the correspondence in respect of the questioning request of Erikson is enclosed.

The lack of disclosure of Erikson’s intentions for the stay extension and increase to the interim financing at the November 21, 2024 application, its breach of the Amended and Restated Interim Financing Term Sheet, and numerous violations of the SISP as pointed out by me at the November 21, 2024 hearing, make the BCER question whether Erikson is pursuing the SISP Extension Request in good faith.

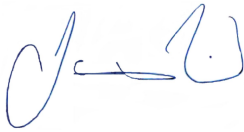
While the BCER is prepared to agree to the SISP Extension Request for binding bids to be submitted by noon on December 2, 2024, it requires confirmation from counsel to Erikson and counsel to the Proposal Trustee that: (i) going forward Erikson will comply with the terms of its Court approved agreements and the Proposal Trustee will monitor such conduct; (ii) Erikson will focus its time, energy and interim financing proceeds on obtaining binding bids as it had represented to the Court; and (iii) Erikson (through Sayer Energy Advisors) and the Proposal Trustee will clearly advise potential bidders that binding bids must “at a minimum” assume all regulatory obligations associated with the purchased property to the BCER, as is required by section 4 of the SISP.

Should we receive confirmation of the above, please proceed as proposed in your November 22, 2024 email. Please note that the BCER will be proceeding with its receivership application on December 9, 2024 should the SISP, as it may be extended per the terms above, not generate any binding bids that are acceptable to the BCER.

Yours truly,

MILLER THOMSON LLP

Per:



James W. Reid  
Enclosures

- c. G. Finlayson (Miller Thomson LLP)
- A. Basi & J. Knight (KSV Advisory)
- T. Pavic (Sayer Energy Advisors)
- K. Cameron & L. Rollingson (Bennett Jones LLP)



**Enclosure**





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November 25, 2024

VIA EMAIL

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

Bennett Jones LLP  
4500, 855 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 4K7

James W. Reid

Partner

Direct Line: 403.298.2418

[jwreid@millertomson.com](mailto:jwreid@millertomson.com)

File No. 0287465.0001

Attention: Keely Cameron

**Re: Notice of Appointment for Questioning**

---

Dear Madam:

We write in response to your letter dated November 22, 2024, and the Notice of Appointment for Questioning *In the Matter of the Receivership of Erikson National Energy Inc.*, copies of which are enclosed.

As you know, on October 1, 2024, Erikson National Inc. (“**Erikson**”) filed a Notice of Intention to make a Proposal pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (Canada) in Estate No. 25-3135903 (the “**NOI Proceeding**”). On November 21, 2024, Erikson obtained an Order (the “**Amended Term Sheet Approval Order**”), among other things, approving the Amended and Restated Interim Financing Term Sheet attached to the Affidavit of Mark Horrox sworn November 12, 2024 (the “**Amended Term Sheet**”).

As stated by you and counsel to the Monitor at the hearing before the Court on November 21, 2024, since all of Erikson’s assets are shut-in and it has no cash flow of its own, all funds that Erikson has for operations or is using to pay legal and other professionals are provided to it pursuant to the “Interim Facility” in accordance with the Amended Term Sheet.

Paragraph 6 of the Amended Term Sheet sets out the approved purposes for which the Interim Facility may be used. This provision provides that the Interim Facility is solely for the purposes of Erikson’s pursuit of a sale and/or restructuring under its NOI Proceeding.

The evidence given by Mr. Horrox in support of the Amended Term Sheet and the increase to the Interim Facility states that Erikson needs the additional financing set out in the Amended Term Sheet to “maintain staff, operations and fund” the NOI Proceeding, and that the amendments “give Erikson enough funds to continue to operate while it finalizes the purchase terms with one or more bidders”.

In the Second Report of the Proposal Trustee that was filed in the NOI Proceeding in support of the Amended Term Sheet Approval Order, the Proposal Trustee advised that the increase to the Interim Facility pursuant to the Amended Term Sheet was needed for Erikson to “continue to maintain the Oil & Gas Assets”.

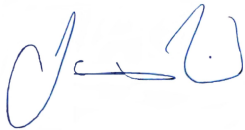
The Notice of Appointment of Questioning is inconsistent with the evidence and representations that were made by Erikson to obtain Court approval of the Amended Term Sheet and the increase to the Interim Facility. Further, the Notice of Appointment of Questioning is made in breach of the Amended Term Sheet.

Should Erikson choose to question Mr. Janzen on his affidavit filed in respect of the British Columbia Energy Regulator's application to appoint a receiver over Erikson, it will need to seek Court approval to further amend the Amended Term Sheet.

Yours truly,

MILLER THOMSON LLP

Per:

A handwritten signature in blue ink, appearing to read 'James W. Reid', is written over a light blue horizontal line.

James W. Reid  
Enclosures

c. Gavin Finlayson (Miller Thomson LLP)



## ENCLOSURES



Bennett Jones

Bennett Jones LLP

4500 Bankers Hall East, 855 - 2nd Street SW

Calgary, Alberta, Canada T2P 4K7

Tel: 403.298.3100 Fax: 403.265.7219

**Keely Cameron**

Partner

Direct Line: 403.298.3324

e-mail: cameronk@bennettjones.com

Our File No.: 87754.38

November 22, 2024

**Via E-Mail (jwreid@millerthomson.com)**

Miller Thomson

525 8<sup>th</sup> Avenue SW, 43<sup>rd</sup> Floor

Calgary, AB T2P 1G1

**Attention: James Reid**

Dear Mr. Reid:

**Re: In the matter of the receivership of Erikson National Energy Inc.**

We write to provide a Notice of Appointment for Questioning. Erikson will question Michael Janzen, Executive Director, Orphans and Restoration, of the British Columbia Energy Regulator (“**BCER**”) on his affidavit evidence filed October 3, 2024. The attached Notice has been sent for filing and we will provide you with a filed copy in due course. The questioning may proceed virtually or at our Calgary office if Mr. Janzen wants to attend in person. We will adjust the conduct money accordingly.

In order to ensure that the questioning is productive, we ask that the materials set out in the enclosed Notice of Appointment for Questioning be provided by no later than November 27, 2024.

We appreciate your prompt attention to this matter and look forward to your response. Please feel free to contact me should you need further clarification or wish to discuss this request in more detail.

Thank you for your cooperation. A cheque for the conduct money is being couriered to your office.

Yours truly,

**BENNETT JONES LLP**

Keely Cameron

Partner

COURT FILE NUMBER      2401-13792

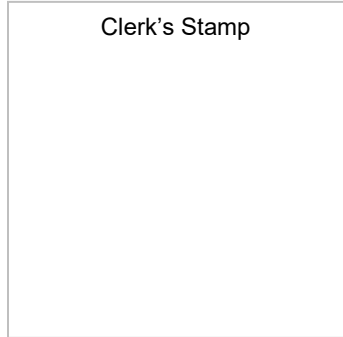
COURT                      COURT OF KING'S BENCH OF ALBERTA

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

JUDICIAL CENTRE        CALGARY

APPLICANT                BRITISH COLUMBIA ENERGY REGULATOR

RESPONDENT              ERIKSON NATIONAL ENERGY INC.



DOCUMENT                **NOTICE OF APPOINTMENT FOR  
QUESTIONING**

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: Grant Stapon K.C./Keely Cameron/Luc Rollingson  
Telephone No.: 403-298-4485  
Fax No.: 403-265-7219  
Client File No.: 87754.38

**NOTICE TO:    MICHAEL JANZEN**

This notice requires you to attend for questioning.

You must attend at the date, time and place and for the period specified below:

DATE:                              Friday, November 29, 2024

TIME:                                9:00 am

PLACE:                              Virtually or 4500 Bankers Hall East, 855, 2<sup>nd</sup> Street SW, Calgary,  
AB

PERIOD OF ATTENDANCE:      8 hours

You must notify the questioning party prior to the date of the appointment regarding any arrangements that are necessary to accommodate your reasonable needs. The questioning party must, to the extent reasonably possible, make arrangements to accommodate those reasonable needs that you identify.

**You must also bring any records described below.**

You are not required to bring any records.

**OR**

You must also bring the following records:

1. Copies of all documentation which shows: when the potential leak at the liquid frac water storage from site d-024-G/094-P-10 was first discovered by the BCER; steps taken by the BCER upon identification; any changes regarding the potential leak since the original identification of the leak; and documentation around any other environmental leaks or releases at or near the frac water storage since its commission;
2. Copies of all communication with Kingscrest Acquisition Corp., any of its affiliates, employees, directors or agents (including but not limited to its legal counsel, financial advisors, scientific or technical advisors, lobbyists, or other advisors) (each and collectively, "**Kingscrest**") relating to any transaction, regulatory relief or funding of an insolvency process in respect of Erikson National Energy Inc ("**Erikson**") or its assets, liabilities, shareholders, or its directors (the "**Proposed Transaction**");
3. Copies of all communication with Canadian Natural Resources Limited or its counsel relating to any transaction, regulatory relief or funding of an insolvency process in respect of Erikson or its assets, liabilities, shareholders, or its directors;
4. Copies of all internal records related to a Proposed Transaction with Kingscrest or any other party, including but not limited to notes, memoranda, minutes, or other records arising out of or relating to the BCER's discussions with Kingscrest regarding a Proposed Transaction;
5. Copies of all records related to the decision to appoint a receiver over Erikson;
6. A copy of the agreement with Kingscrest to fund the proposed receivership;
7. Copies of most recent site inspections conducted by the BCER, its contractors or its agents;
8. Copies of any plans by the BCER to provide care and custody of Erikson's assets;
9. A list of what shut-in assets require protection, preservation and winterization beyond what is being provided for by Erikson's employees and contractors and the timeline for when the BCER would commence the work and complete it;
10. Any correspondence or documents that the BCER has related to the termination and reinstatement of Erikson's surface or mineral leases, or any other governmental permissions required by Erikson;
11. Any correspondence or documents that the BCER has related to any other outstanding payables due to any other governmental authority, including but not limited to municipal authorities; and
12. Copies of the BCER's assessments of the bids received in the sale and investment solicitation process undertaken in Erikson's insolvency proceedings;

13. Copies of all records related to the BCER's assessment and determination that \$12 million in security would be required by a prospective purchaser of Erikson's assets.

**An allowance that is required to be paid to you for attending as a witness accompanies this notice.**

**The allowance is calculated as follows:**

Allowance payable for each day or part of a day necessarily spent by you as a witness:	\$50.00
Meals	\$
Accommodation	\$
Transportation	\$
<b>TOTAL</b>	<b>\$50.00</b>

**WARNING**

The Court may order a person to attend for questioning, at a date, time and place specified by the Court, if the person

- (a) is required to be questioned under the *Alberta Rules of Court*,
- (b) was served with a notice of appointment for questioning under the *Alberta Rules of Court*,
- (c) was provided with an allowance, determined in accordance with Schedule B [Court Fees and Witness and Other Allowances] of the *Alberta Rules of Court*, if so required by the *Alberta Rules of Court*, and
- (d) did not attend the appointment.

The Court may order the person to be questioned to bring records to the questioning that the person could be required to produce at trial.

This is **Exhibit “B”** referred to in the affidavit of Peter Neelands sworn before me at Toronto, Ontario this 3<sup>rd</sup> day of December, 2024



---

A Commissioner for Oaths in and for Ontario

Patrick Harnett

Barrister & Solicitor



# FASKEN

Fasken Martineau DuMoulin LLP  
Barristers and Solicitors  
Patent and Trade-mark Agents

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Canada

T +1 403 261 5350  
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fasken.com

November 26, 2024  
File No.: 267908.00025/23362

**Jessica Cameron**  
Direct Line / Fax +1 403 261 9468  
jcameron@fasken.com

**Via Email ([jwreid@millerthomson.com](mailto:jwreid@millerthomson.com))**

**Miller Thomson LLP**  
525 – 8<sup>th</sup> Ave SW, 43<sup>rd</sup> Floor  
Eighth Ave Place East  
Calgary, AB T2P 1G1

**Attention: James W. Reid**

Dear Mr. Reid:

**Re: In the Matter of Erikson National Energy Inc., Estate No. 25-3135903 – Request to Extended Bid Deadline to December 2, 2024**

We write in response to the above noted matter and your letter dated November 25, 2024. All capitalized terms used but not otherwise defined herein have the meaning given to them in your letter.

Firstly, we take exception with the insinuations made in your letter that the Proposal Trustee has somehow misled the Court with respect to the purposes of Erikson's requested stay extension. As you are no doubt aware, the Proposal Trustee, and its counsel, are both officers of the Court and take those professional obligations seriously. Both the undersigned and the Proposal Trustee strongly deny any suggestion that we have participated in misleading the Court and stakeholders in Erikson's proposal proceedings in the manner you've suggested. The purpose of Erikson's stay extension and increased interim financing was, and remains, to the best of our knowledge, to pursue the Company's ongoing restructuring efforts through the continuation of the within proposal proceedings, including by advancing the bids received in the Court-approved SISP in order to maximize value for stakeholders in these proceedings.

Secondly, we are unaware of any breach of Erikson's Amended and Restated Interim Financing Term Sheet as referenced in your letter. Pursuant to Article 6(a) of that agreement, Erikson is permitted to utilize interim financing funds to pay professional fees incurred by its legal counsel. As we have previously advised, the Second Cash Flow Forecast contemplates that the Company would incur \$50,000 in professional fees during the current stay period. In the midst of an ongoing restructuring proceeding, where a stakeholder has indicated an intention to proceed with a receivership application that could potential derail said restructuring, it is not unreasonable for a debtor company to utilize funds to pay professional fees to cross-examine on the affidavit evidence



# FASKEN

filed in support of such receivership application. As a result, in the Proposal Trustee's view there has been no breach of any Court approved agreements by Erikson.

The Proposal Trustee will continue to adhere to its professional duties of supervising Erikson's ongoing restructuring efforts and reporting on same to the Court and interested stakeholders. This includes assisting the Company with the advancement of bids received in the ongoing Court-approved SISP. To that end, we can confirm that the Proposal Trustee is aware of the requirements provided by paragraph 4 of the SISP, which state that:

*Solicitation of interest will be on an unpriced basis whereby no set asking price will be stipulated but any such purchase shall, at a minimum, assume all regulatory obligations associated with the purchased property to the British Columbia Energy Regulator ("BCER").*

We note that there is no positive obligation on the Proposal Trustee to provide further advice to bidders with respect to this condition.

Notwithstanding the foregoing, the template purchase and sale agreements that were placed in the data room with respect to the SISP contemplate that purchasers would assume the regulatory obligations associated with purchased assets. Additionally, the prospective bidders have also been advised of the security deposit requirements that would be associated with their respective bids, based upon the advice provided by the BCER.

The Proposal Trustee has concerns that any further delay in officially extending the bid deadline will prejudice that process, as parties need to have sufficient time to respond in a meaningful manner to an official extension. Especially in light of the fact that we are attempting to bring a party that is presently outside of the SISP, into the process, given the representations made by the BCER at the hearing last week regarding its preference for this bidder. We understand that this party has provided the BCER with a draft agreement to transact for Erikson's business and/or assets. To the extent any discussions remain ongoing between the BCER and this potential bidder, we would once again ask for the BCER's assistance in encouraging this party to submit its bid in the ongoing Court-approved SISP.

The Proposal Trustee remains committed to assisting Erikson pursue its restructuring in order to maximize value for all stakeholders, including pursuing a transaction that addresses substantially all of its regulatory obligations owed to your client.



# FASKEN

Yours truly,

**FASKEN MARTINEAU DuMOULIN LLP**



Jessica Cameron

JC/kp

cc: *G. Finlayson (Miller Thomson LLP)*  
*A. Basi & J. Knight (KSV Advisory)*  
*T. Pavic (Sayer Energy Advisors)*  
*K. Cameron & L. Rollingson (Bennett Jones LLP)*



This is **Exhibit “C”** referred to in the affidavit of Peter Neelands sworn before me at Toronto, Ontario this 3<sup>rd</sup> day of December, 2024



---

A Commissioner for Oaths in and for Ontario

Patrick Harnett

Barrister & Solicitor



**THIRD EYE**  
C A P I T A L

Brookfield Place, Bay Wellington Tower  
181 Bay Street, Suite 2830  
Toronto, ON M5J 2T3

T: 416.601.2270  
F: 416.981.3EYE

**Via Email (cameronk@bennettjones.com)**

November 26, 2024

Bennett Jones LLP  
4500 Bankers Hall East, 855 – 2<sup>nd</sup> Street SW  
Calgary AB T2P 4K7

Attention: Ms. Keely Cameron

Dear Ms. Cameron:

**RE: In the Matter of Erikson National Energy Inc., Estate No. 25-3135903 (the “NOI Proceedings”); Interim Financing Approval for Examination Costs**

We are in receipt of the November 25, 2024 correspondence from counsel to the British Columbia Energy Regulator (the “**BCER**”) to counsel for KSV Restructuring.

Third Eye Capital understands that the BCER asserts that the interim financing made available to Erikson under the November 21, 2024 Amended and Restated Interim Financing Term Sheet (the “**A&R Term Sheet**”) cannot be used to fund the proposed questioning of the BCER’s affiant on his affidavit in support of a receivership order against Erikson (the “**Jantzen Questioning**”).

The A&R Term Sheet is an agreement between Third Eye Capital and Erikson, and the BCER has no standing or authority to interfere with or prescribe the purposes for which the funds are used. Further, Section 6 of the A&R Term Sheet permits Erikson to use borrowed funds:

- (a) for the purpose of pursuing “a sale and/or restructuring under its NOI Proceedings”;
- (b) to pay Erikson’s legal fees in furtherance of that purpose; and
- (c) for such other costs and expenses agreed to by Third Eye Capital (as agent), in writing.

The BCER’s pending receivership application, and the BCER’s recent disclosure during the November 21, 2024 hearing before Madam Justice Burns of its private sale arrangements with Kingscrest Acquisition Corp., are blatantly interfering with the integrity of Erikson’s NOI proceedings and jeopardizing the prospects of a successful SISP outcome for Erikson’s stakeholders.

Bennett Jones LLP  
In the Matter of Erikson National Energy Inc., Estate No. 25-3135903

In keeping with the purpose of the A&R Term Sheet, and consistent with Erikson's ability to protect the integrity of its NOI Proceedings, Third Eye Capital confirms that Erikson may borrow funds under the A&R Term Sheet to pay its legal fees and disbursements, including costs related to the Jantzen Questioning and Erikson's opposition to the BCER's receivership application.

Yours very truly,

THIRD EYE CAPITAL CORPORATION



Patrick Harnett  
VP, Legal & Restructuring

This is **Exhibit “D”** referred to in the affidavit of Peter Neelands sworn before me at Toronto, Ontario this 3<sup>rd</sup> day of December, 2024



---

A Commissioner for Oaths in and for Ontario  
Patrick Harnett  
Barrister & Solicitor

**From:** [Keely Cameron](#)  
**To:** [Reid, James](#)  
**Cc:** [Grant Stapon](#); [Luc Rollingson](#)  
**Subject:** ITMO Erikson National Energy Inc.  
**Date:** Tuesday, November 26, 2024 5:43:23 PM  
**Attachments:** [Letter to James Reid from Keely Cameron - 2024\\_11\\_26\(39632031.2\).pdf](#)

---

James,

Further to our call, please see attached.

**Keely Cameron (She/Her),** *Partner\**, Bennett Jones LLP

\*Denotes Professional Corporation

T. [403 298 3324](#) | F. [403 265 7219](#) | M. [403 921 7783](#)





**Bennett Jones**

Bennett Jones LLP

4500 Bankers Hall East, 855 - 2nd Street SW

Calgary, Alberta, Canada T2P 4K7

Tel: 403.298.3100 Fax: 403.265.7219

**Keely Cameron**

**Partner**

Direct Line: 403.298.3324

e-mail: cameronk@bennettjones.com

Our File No.: 877574.38

November 26, 2024

**Via E-Mail (jwreid@millerthomson.com)**

Miller Thomson LLP

525-8th Avenue S.W, East, 43<sup>rd</sup> floor

Calgary, AB T2P 1G1

**Attention: James Reid**

Dear Mr. Reid:

**Re: Erikson National Energy Inc. (“Erikson”) Follow Up from Call**

Further to the call between us and Mr. Stapon earlier today we write to ask you to confirm Mr. Janzen’s attendance at questioning on Friday, November 29, 2024.

We reiterate our position that we do not believe the examination of Mr. Janzen to be in contravention of the interim financing agreement, as the funds fall under an authorized use and further, the Lender has explicitly authorized use of funds for this purpose. Contrary to your position, there is no way that we could have explicitly noted this expense at the application as it was only at the application through your submissions that we learned your client was seeking the appointment of a receiver and the advancement of a transaction that to date has not fully been disclosed to our client. This lack of transparency further underscores the importance of examination of Mr. Janzen.

Given your client’s concern regarding how Erikson is utilizing its limited resources, we do not think the proposal that we go to court to seek advance approval to incur costs is reasonable or necessary. Further, we note that the Proposal Trustee has also advised that it is not unreasonable for Erikson to proceed as it proposed and has advised that a legal budget was included in the cash flows.

If you choose, you may advance this issue at the application scheduled on November 9, 2024. To the extent you are successful, there is no prejudice in proceeding with the examinations as proposed, as the risk would be borne by our office and/or the Lender, should certain of our fees be denied and/or found not to be covered by the court ordered charge.

November 26, 2024

Page 2

Yours truly,

**BENNETT JONES LLP**

*Keely Cameron*

Keely Cameron  
Partner

KC

**From:** [Reid, James](#)  
**To:** [Keely Cameron](#)  
**Cc:** [Grant Stapon](#); [Luc Rollingson](#); [Finlayson, Gavin](#)  
**Subject:** RE: ITMO Erikson National Energy Inc.  
**Date:** Wednesday, November 27, 2024 11:57:48 AM  
**Attachments:** [imagecab72.PNG](#)  
[LT to Bennett Jones - November 27, 2024.pdf](#)

---

Please see attached.

## **JAMES W. REID**

**Partner**

### **MILLER THOMSON LLP**

525-8th Avenue S.W., 43rd Floor

Eighth Avenue Place East

Calgary, Alberta | T2P 1G1

**T** +1 403.298.2418

**C** +1 403.669.1930

[jwreid@millერთhompson.com](mailto:jwreid@millერთhompson.com)

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---

**From:** Keely Cameron <CameronK@bennettjones.com>  
**Sent:** Tuesday, November 26, 2024 5:43 PM  
**To:** Reid, James <jwreid@millერთhompson.com>  
**Cc:** Grant Stapon <StaponG@bennettjones.com>; Luc Rollingson <rollingsonl@bennettjones.com>  
**Subject:** [**\*\*EXT\*\***] ITMO Erikson National Energy Inc.

James,

Further to our call, please see attached.

**Keely Cameron (She/Her), Partner\***, Bennett Jones LLP

\*Denotes Professional Corporation

T. [403 298 3324](tel:4032983324) | F. [403 265 7219](tel:4032657219) | M. [403 921 7783](tel:4039217783)

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F 403.262.0007

MILLERTHOMSON.COM

November 27, 2024

**VIA EMAIL**

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

Bennett Jones LLP  
4500, 855 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 4K7

**James W. Reid**

**Partner**

Direct Line: 403.298.2418

[jwreid@millertomson.com](mailto:jwreid@millertomson.com)

File No. 0287465.0001

Attention: Keely Cameron

**Re: Erikson National Energy Inc. (“Erikson”) Follow Up from Call**

---

Dear Madam:

We write in response to your letter dated November 26, 2024. Your letter does not reflect the conversation between Mr. Stapon KC and I yesterday afternoon. In order to ensure there is no miscommunications going forward, any further correspondences between our offices needs to be in writing.

In our discussion, Mr. Stapon and I agreed that Third Eye Capital Corp. and Bennett Jones LLP would be incurring the costs for that examination without relying on interim financing proceeds. Third Eye Capital Corp. and Erikson will then subsequently seek Court approval of such costs under the interim financing, on notice to stakeholders, at a subsequent Court appearance. On this agreed basis, the British Columbia Energy Regulator will produce Mr. Janzen for questioning virtually on November 29, 2024 from 10:00 am to 12:00 pm (Calgary time) on Friday, November 29, 2024. This is the only period our office and Mr. Janzen are available on the questioning date requested, and two hours is all we are willing to produce Mr. Janzen for without Erikson obtaining a Court order in its insolvency proceeding, on notice to the service list.

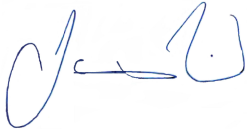
The statement in your letter claiming that you were unaware that the British Columbia Regulator could be seeking the appointment of a receiver and the advancement of a transaction with Kingscrest Acquisition Corp. if Erikson’s sales process is unsuccessful is disingenuous. It is referenced in our receivership materials and our numerous correspondences between our offices, which are on the Court record. You have had these materials since the beginning of October, which materials were re-served on you in advance of the November 21, 2024 hearing.

It is incumbent on Erikson, as a debtor in an insolvency protection proceeding, to communicate with its stakeholders. The onus is not on the respondent parties.

Yours truly,

MILLER THOMSON LLP

Per:



James W. Reid

cc. Gavin Finlayson (Miller Thomson LLP)  
Grant Stapon, K.C (Bennett Jones LLP)



**From:** [Amara Depalme](#)  
**To:** [jwreid@millerthomson.com](mailto:jwreid@millerthomson.com)  
**Cc:** [Grant Stapon](#); [Keely Cameron](#); [Luc Rollingson](#); [gfinlayson@millerthomson.com](mailto:gfinlayson@millerthomson.com)  
**Subject:** In The Matter of Erikson National Energy Inc., Estate No. 25-3135903  
**Date:** Wednesday, November 27, 2024 2:13:31 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[2024-11-27 Letter to Reid.pdf](#)

---

Good Afternoon:

Please find enclosed correspondence from Mr. Grant N. Stapon, K.C.

Best Regards,

**Amara Depalme**

*Assistant, Litigation*, Bennett Jones LLP  
4500 Bankers Hall East, 855 - 2nd Street SW, Calgary, AB, T2P 4K7

T. [403 298 3192](tel:4032983192) | F. [403 265 7219](tel:4032657219)

[BennettJones.com](http://BennettJones.com)





Bennett Jones

Bennett Jones LLP

4500 Bankers Hall East, 855 - 2nd Street SW

Calgary, Alberta, Canada T2P 4K7

Tel: 403.298.3100 Fax: 403.265.7219

**Grant N. Stapon, K.C.**

Partner

Direct Line: 403.298.3204

e-mail: [stapong@bennettjones.com](mailto:stapong@bennettjones.com)

November 27, 2024

**Via E-Mail** [jwreid@millerthomson.com](mailto:jwreid@millerthomson.com)

Miller Thomson LLP  
525 – 8th Avenue SW, 43rd Floor  
Eighth Avenue Place East  
Calgary, AB T2P 1G1

Dear Mr. Reid:

**Re: In The Matter of Erikson National Energy Inc., Estate No. 25-3135903**

Thank you for your November 27, 2024, correspondence.

We appear to have a disconnect. We were *very* clear that we would be seeking by the Court costs for the examination but that you were entitled to resist, and we could have the matter addressed on December 9<sup>th</sup>. We said we would take the risk of non-payment.

We will require the examination. In addition, we will require the full day of examination – 2 hours is simply not enough given the complexity of this case.

With respect to your suggestion that our clients knew about the receivership and sale, we knew about the receivership application, but Kingscrest did not participate in the process so that we did not know that they were seeking to proceed with any purchase, it should have participated.

Please confirm that your witness will be attending and that the requested documents will be produced.

Yours truly,

**BENNETT JONES LLP**

Grant N. Stapon, K.C.

GNS:ad

cc. Keely Cameron  
Luc Rollingson



This is **Exhibit “E”** referred to in the affidavit of Peter Neelands sworn before me at Toronto, Ontario this 3<sup>rd</sup> day of December, 2024



---

A Commissioner for Oaths in and for Ontario  
Patrick Harnett  
Barrister & Solicitor



MILLER THOMSON LLP  
525 - 8TH AVENUE S.W., 43RD FLOOR  
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T 403.298.2400  
F 403.262.0007

MILLERTHOMSON.COM

November 28, 2024

VIA EMAIL

[stapong@bennettjones.com](mailto:stapong@bennettjones.com)

Bennett Jones LLP  
4500, 855 – 2<sup>nd</sup> Street SW  
Calgary, AB T2P 4K7

James W. Reid

Partner

Direct Line: 403.298.2418

[jwreid@millerthomson.com](mailto:jwreid@millerthomson.com)

File No. 0287465.0001

Attention: Grant Stapon, K.C.

**Re: *In The Matter of Erikson National Energy Inc., Estate No. 25-3135903***

---

Dear Sir:

We write in response to your letter dated November 27, 2024. Thank you for confirming that you will seek Court approval of the costs of the examination under the interim financing, on proper notice to stakeholders, at a subsequent Court appearance.

Your request to examine Mr. Janzen for 8 hours is not proportionate or reasonable. This is not an examination for discovery. It is not an overly complex matter. The British Columbia Energy Regulator will produce Mr. Janzen for questioning virtually on November 29, 2024 from 10:00 am to 12:00 pm (Calgary time).

We are working with the British Columbia Energy Regulator to gather the responses and documents requested and will provide those this afternoon.

Yours truly,

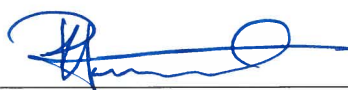
MILLER THOMSON LLP

Per:

James W. Reid

cc. Gavin Finlayson & Stephen Mulrain (Miller Thomson LLP)  
Keely Cameron (Bennett Jones LLP)

This is **Exhibit “F”** referred to in the affidavit of Peter Neelands sworn before me at Toronto, Ontario this 3<sup>rd</sup> day of December, 2024



---

A Commissioner for Oaths in and for Ontario  
Patrick Harnett  
Barrister & Solicitor

Clerk's Stamp

COURT FILE NO. 2401-13792

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

PLAINTIFF BRITISH COLUMBIA ENERGY REGULATOR

DEFENDANT 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<sup>nd</sup> Street SW  
Calgary, AB T2P 4K7

Attention: Keely Cameron/Luc Rollingson  
Telephone No.: 403 298 3324/7971  
Fax No.: 403 265 7219  
Client File No.: 87754.38

**DATE ON WHICH ORDER WAS PRONOUNCED:** November 28, 2024

**LOCATION OF HEARING OR TRIAL:** Calgary, Alberta

**NAME OF APPLICATIONS JUDGE WHO MADE THIS ORDER:** **JUSTICE K.D. YAMAUCHI**

UPON THE APPLICATION of Erikson National Energy Inc. (“**Erikson**”); AND UPON reading the Affidavit of ; AND UPON hearing counsel for Erikson and counsel for the British Columbia Energy Regulator (“**BCER**”);

IT IS ORDERED AND DECLARED THAT:

1. The time for service of this Application is abridged to the time provided.

2. Michael Janzen is directed to attend in person or virtually for examination on his affidavit on Friday, November 29, 2024.
3. The cross examination on Affidavit shall commence at the hour of 9:00 a.m. and continue until 4:30 p.m. unless earlier adjourned by counsel for Erikson.

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

This is **Exhibit “G”** referred to in the affidavit of Peter Neelands sworn before me at Toronto, Ontario this 3<sup>rd</sup> day of December, 2024



---

A Commissioner for Oaths in and for Ontario  
Patrick Harnett  
Barrister & Solicitor

**ERIKSON NATIONAL ENERGY INC.**

**- and -**

**GRYPHON DIGITAL MINING, INC.**

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**ASSET PURCHASE AND SALE AGREEMENT**

**December 3, 2024**

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## PURCHASE AND SALE AGREEMENT

**THIS PURCHASE AND SALE AGREEMENT** is dated as of December 3, 2024,

**BETWEEN:**

**ERIKSON NATIONAL ENERGY INC.**, a corporation existing under the laws of the Province of Alberta (herein referred to as the "**Vendor**")

- and -

**GRYPHON DIGITAL MINING, INC.**, a corporation existing under the laws of the State of Delaware (herein referred to as the "**Purchaser**")

**WHEREAS:**

- A. on October 1, 2024, the Vendor filed a Notice of Intention to Make a Proposal (the "**NOI**"), pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, with KSV Restructuring Inc. ("**KSV**") named as proposal trustee (the "**NOI Proceedings**");
- B. on October 21, 2024, the Vendor received an order of the Court (the "**Initial Order**") approving a sale and investment solicitation process in respect of the sale of its assets and properties (the "**SISP**");
- C. on October 21, 2024, the Vendor received an order of the Court (the "**Interim Financing Order**") approving certain debtor in possession financing by Third Eye Capital Corporation, as agent for one or more investment vehicles managed, advised, or operated by Third Eye Asset Management Inc. or its Affiliates ("**Third Eye Capital**");
- D. on November 21, 2024, the Vendor received an order of the Court (the "**Second Interim Financing Order**") approving certain amendments to the debtor in possession financing by Third Eye Capital;
- E. the Vendor has retained the services of Sayer Energy Advisors (the "**Sales Advisor**") to act as the sale advisor for the purposes of its sale and investment solicitation process;
- F. certain of the Vendor's mineral leases have been cancelled or suspended and the Vendor is in discussions with the Governmental Authorities regarding the reinstatement of such mineral leases;
- G. subject to receipt of Court Approval, the Purchaser has agreed to purchase and acquire and the Vendor has agreed to sell, transfer and assign to the Purchaser, all of the Vendor's Interest in and to the Assets, on the terms and conditions set forth herein.

**NOW THEREFORE**, this Agreement witnesses that in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which are acknowledged by each Party to the other, the Parties covenant and agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement:

- (a) **"Abandonment and Reclamation Obligations"** means all past, present and future obligations to:
- (i) abandon, shut-down, close, decommission, dismantle or remove any and all Wells and Tangibles, including all structures, foundations, buildings, pipelines, equipment and other facilities forming part of the Wells and Tangibles or otherwise located on the Lands or used or previously used in respect of Petroleum Substances produced or previously produced from the Lands; and
  - (ii) restore, remediate and reclaim the surface and subsurface locations of the Wells and the Tangibles and any lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities which were abandoned or decommissioned prior to the Closing Date that were located on the Lands or that were located on other lands and used in respect of Petroleum Substances produced or previously produced from the Lands, and including the remediation, restoration and reclamation of any other surface and sub-surface lands affected by any environmental damage, contamination or other environmental issues emanating from or relating to the sites for the Wells or the Tangibles;
- all in accordance with generally accepted oil and gas industry practices and in compliance with all Applicable Laws;
- (b) **"Affiliate"** means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with that specified Person. For the purposes of this definition, "control" (including with correlative meanings, controlling, controlled by and under common control with) means the power to direct or cause the direction of the management and policies of that Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and, it being understood and agreed that with respect to a corporation or partnership, control shall mean direct or indirect ownership of more than 50% of the voting shares in any such corporation or of the general partnership interest or voting interest in any such partnership;
- (c) **"Agency Agreement"** means the agency agreement dated as of December [•], 2024, between the Purchaser and Third Eye Capital;
- (d) **"Agreement"** means this agreement of purchase and sale and any schedules attached hereto which are referred to in this agreement, together with any amendment or supplement thereto;
- (e) **"Applicable Law"** means, in respect of any Person, asset, transaction, event or circumstance: (i) statutes (including regulations enacted thereunder); (ii) judgments, decrees and orders of courts of competent jurisdiction (including the common law); (iii) regulations, orders, ordinances and directives issued by Governmental Authorities; and (iv)

the terms and conditions of all permits, licenses, approvals and authorizations, in each case which are applicable to such Person, asset, transaction, event or circumstance;

- (f) "**Approval and Vesting Order**" means an order of the Court approving the Transaction in accordance with the provisions of this Agreement, and, subject to Closing, vesting all of the Vendor's Interest in and to the Assets in the Purchaser free and clear of all Claims (other than Permitted Encumbrances) and interests, such order to be based on the template sale approval and vesting order of the Court together with such modifications and amendments to such form as may be approved by both the Vendor and the Purchaser, acting reasonably;
- (g) "**Assets**" means the Tangibles, and the Miscellaneous Interests and specifically excludes: any employees or contractors and their respective contracts;
- (h) "**Assumed Contracts**" means the contracts referenced in subsection (i) of the definition of Miscellaneous Interests as set forth in Schedule D, which contracts shall be assigned by the Vendor and assumed by the Purchaser in accordance with the terms of this Agreement, the relevant contracts and/or the Approval and Vesting Order, and/or other order of the Court in form and substance satisfactory to the Parties;
- (i) "**Assumed Liabilities**" means, collectively, all liabilities and obligations arising from the possession, ownership and/or use of the Assets following Closing (including for greater certainty any municipal or property taxes that accrue commencing on the Closing Date), along with Environmental Liabilities, Abandonment and Reclamation Obligations and Cure Costs;
- (j) "**BCER**" means the British Columbia Energy Regulator, or any successor thereto having jurisdiction over the Assets or certain of them or the operation thereof;
- (k) "**BC Minister of Finance**" means the British Columbia Minister of Finance, or any successor thereto having jurisdiction over the Assets or certain of them or the operation thereof;
- (l) "**BC Ministry**" means the British Columbia Ministry of Energy, Mines and Low Carbon Innovation, or any successor thereto having jurisdiction over the Assets or certain of them or the operation thereof;
- (m) "**Business Day**" means any day other than a Saturday, Sunday or a statutory holiday in the City of Calgary in the Province of Alberta or City of New York in the State of New York;
- (n) "**Claim**" means any caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgments, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing:
  - (i) any encumbrances or charges created by the Initial Order or any other order of the Court in the NOI Proceedings;

- (ii) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act (British Columbia)* or any other personal property registry system;
  - (iii) any liens or claims of lien under the *Builders' Lien Act* (British Columbia);
  - (iv) any linear or non-linear municipal property tax claims under the *Local Government Act* (British Columbia), the *Community Charter* (British Columbia), or otherwise;
  - (v) any outstanding amounts owing to the BCER; and
  - (vi) those claims which may be specifically identified in Schedule "C" to the Approval and Vesting Order, as applicable;
- (o) "**Closing**" means the completion of the purchase by the Purchaser, and sale by the Vendor, of the Vendor's Interest in and to the Assets and the completion of all other transactions contemplated by this Agreement that are to occur contemporaneously with such purchase and sale, all subject to and in accordance with the terms and conditions of this Agreement;
- (p) "**Closing Date**" means the date on which Closing occurs, being the date which is five Business Days following the date upon which all conditions in Sections 11.1, 11.2 and 11.3 have been satisfied or waived (other than such conditions which are to be satisfied on the Closing Date), or such other date as the Parties may agree in writing; provided, however, that the Closing Date shall not be later than the Outside Date;
- (q) "**Closing Payment**" has the meaning ascribed to that term in Section 3.3;
- (r) "**Conditions Certificates**" has the meaning ascribed to that term in Section 11.5;
- (s) "**Confidentiality Agreement**" means the confidentiality agreement between the Vendor and the Purchaser and executed prior to the date hereof in respect of the evaluation by the Purchaser of potential transactions involving the assets of the Vendor;
- (t) "**Consequential Damages**" has the meaning ascribed to that term in Section 14.6;
- (u) "**Court**" means the Court of King's Bench of Alberta, Judicial Centre of Calgary;
- (v) "**Court Approval**" means both the issuance of the Approval and Vesting Order by the Court approving the sale of the Assets, and such Approval and Vesting Order having become a Final Order;
- (w) "**Cure Costs**" means, in respect of any Assumed Contract, all amounts, required to be paid to remedy all of the Vendor's monetary defaults under such Assumed Contract or required to secure a counterparty's or any other necessary Person's consent to the assignment of such Assumed Contract pursuant to its terms (including any deposits or other forms of security required by any Governmental Authority) or as may be required pursuant to the Approval and Vesting Order, and includes any other fees and expenses required to be paid to a counterparty or any other Person in connection with the assignment of an Assumed Contract pursuant to its terms or Applicable Laws;

- (x) **"Due Diligence Information"** means all information made available (by the Vendor, the Sales Advisor or otherwise) for the Purchaser's review in paper or electronic form in relation to the Vendor, its Affiliates and/or the Assets;
- (y) **"Environment"** means the components of the earth and includes the air, the surface and subsurface of the earth, bodies of water (including rivers, streams, lakes and aquifers) and plant and animal life (including humans);
- (z) **"Environmental Laws"** means all Applicable Laws relating to pollution or protection of human health or the Environment (including ambient air, water, surface water, groundwater, land surface, soil, or subsurface) or natural resources, including Applicable Laws relating to the storage, transfer, transportation, investigation, cleanup, treatment, or use of, or release or threatened release into the Environment of, any Hazardous Substances;
- (aa) **"Environmental Liabilities"** means all past, present and future Losses and Liabilities, Legal Proceedings and other duties and obligations, whether arising under contract, Applicable Laws or otherwise, arising from, relating to or associated with:
  - (i) any damage, pollution, contamination or other adverse situations pertaining to the Environment howsoever and by whomsoever caused and regardless of whether such damage, pollution, contamination or other adverse situations occur or arise in whole or in part prior to, at or subsequent to the date of this Agreement;
  - (ii) the presence, storage, use, holding, collection, accumulation, assessment, generation, manufacture, processing, treatment, stabilization, disposition, handling, transportation, release, emission or discharge of Petroleum Substances, oilfield wastes, water, Hazardous Substances, environmental contaminants and all other substances and materials regulated under any Applicable Law, including any forms of energy, or any corrosion to or deterioration of any structures or other property;
  - (iii) compliance with or the consequences of any non-compliance with, or violation or breach of, any Environmental Law;
  - (iv) sampling, monitoring or assessing the Environment or any potential impacts thereon from any past, present or future activities or operations; or
  - (v) the protection, reclamation, remediation or restoration of the Environment;that relate to or arise by virtue of the Assets or the ownership thereof or any past, present or future operations and activities conducted in connection with the Assets or on or in respect of the Lands or any lands pooled or unitized therewith;
- (bb) **"Facilities"** means the Vendor's Interest in and to all field facilities whether or not solely located on or under the surface of the Lands (or lands with which the Lands are pooled) and that are, or have been, used for production, gathering, treatment, compression, transportation, injection, water disposal, measurement, processing, storage or other operations respecting the Leased Substances, including any applicable battery, separator, compressor station, gathering system, pipeline, production storage facility or warehouse, including those facilities and pipelines identified in Schedule A under the headings entitled "Facilities" and "Pipelines", respectively, and as applicable;

- (cc) "**Final Order**" means an order of the Court that has not been vacated, stayed, set aside, amended, reversed, annulled or modified, as to which no appeal or application for leave to appeal therefrom has been filed and the applicable appeal period with respect thereto shall have expired without the filing of any appeal or application for leave to appeal, or if any appeal(s) or application(s) for leave to appeal therefrom have been filed, any (and all) such appeal(s) or application(s) have been dismissed, quashed, determined, withdrawn or disposed of with no further right of appeal and all opportunities for rehearing, reargument, petition for certiorari and appeal being exhausted or having expired without any appeal, motion or petition having been filed and remaining pending, any requests for rehearing have been denied, and no order having been entered and remaining pending staying, enjoining, setting aside, annulling, reversing, remanding, or superseding the same, and all conditions to effectiveness prescribed therein or otherwise by Applicable Law or order having been satisfied;
- (dd) "**General Conveyance, Assignment and Assumption Agreement**" means an agreement providing for the assignment by the Vendor of the Vendor's Interest in and to the Assets, free and clear of all Claims (other than Permitted Encumbrances), substantially in the form attached hereto as Schedule B, and the assumption by the Purchaser of the Assumed Liabilities, substantially in the form attached hereto as Schedule B;
- (ee) "**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, tribunal, commission, bureau, board, court (including the Court) or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government, having jurisdiction over a Party, the Assets or this Transaction, including for greater certainty the BCER, the BC Ministry, and the BC Minister of Finance;
- (ff) "**GST**" means taxes, interest, penalties and other additions thereto imposed under Part IX of the *Excise Tax Act* (Canada) and the regulations made thereunder; and "**GST Legislation**" means such act and regulations collectively;
- (gg) "**Hazardous Substances**" means any substance, material or waste defined, regulated, listed or prohibited by Environmental Laws, including pollutants, contaminants, chemicals, deleterious substances, dangerous goods, hazardous or industrial toxic wastes or substances, radioactive materials, flammable substances, explosives, Petroleum Substances and products of Petroleum Substances, polychlorinated biphenyls, chlorinated solvents and asbestos;
- (hh) "**Initial Order**" has the meaning ascribed to that term in the recitals hereto;
- (ii) "**Interim Advances**" means, the Vendor's operating expenses and legal and professional fees as set out and described in the Thirteen Week Cash Flow Schedule;
- (jj) "**Interim Financing Order**" has the meaning ascribed to that term in the recitals hereto;
- (kk) "**Interim Financing Participation**" means the Purchaser's obligation to participate in the funding of the NOI Proceedings pursuant to the Agency Agreement and the Second A&R Financing Term Sheet;

- (ll) "**Interim Financing Participation Period**" means the period from December 9, 2024 to January 31, 2025, subject to an option exercisable by the Purchaser in writing at any time prior to January 31, 2025, to extend such period to March 31, 2025;
- (mm) "**KSV**" has the meaning ascribed to that term in the recitals hereto;
- (nn) "**Lands**" means the lands set out and described in Schedule A under the heading entitled "Lands Schedule/Mineral Property Report", and the Petroleum Substances within, upon or under such lands (subject to the restrictions and exclusions identified in the Title Documents as to Petroleum Substances and geological formations);
- (oo) "**Leased Substances**" means all Petroleum Substances, rights to or in respect of which are granted, reserved or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands);
- (pp) "**Legal Proceeding**" means any litigation, action, suit, investigation, hearing, claim, complaint, grievance, arbitration proceeding or other proceeding and includes any appeal or review or retrial of any of the foregoing and any application for same;
- (qq) "**Licence Transfers**" means the transfer from the Vendor to the Purchaser of any permits, approvals, licences and authorizations granted by the BCER or any other Governmental Authority in relation to the construction, installation, ownership, use or operation of the Wells or the Facilities, as applicable;
- (rr) "**Losses and Liabilities**" means any and all assessments, charges, costs, damages, debts, expenses, fines, liabilities, losses, obligations and penalties, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including those arising under any Applicable Law, claim, Legal Proceeding by any Governmental Authority or any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority, and those arising under any contract, agreement, arrangement, commitment or undertaking and costs and expenses of any Legal Proceeding, assessment, judgment, settlement or compromise relating thereto, and all interest, fines and penalties and reasonable legal fees and expenses incurred in connection therewith (on a full indemnity basis);
- (ss) "**LTAs**" has the meaning set forth in Section 2.3(a);
- (tt) "**Miscellaneous Interests**" means, subject to any and all limitations and exclusions provided for in this definition, the Vendor's Interest in and to all property, assets, interests and rights pertaining to the Petroleum and Natural Gas Rights and the Tangibles (other than the Petroleum and Natural Gas Rights and the Tangibles), or either of them, but only to the extent that such property, assets, interests and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including any and all of the following:
  - (i) all contracts relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them (including the Title Documents);
  - (ii) all warranties, guarantees and similar rights relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including warranties and guarantees made by suppliers, manufacturers and contractors under the Assets, and



claims against other Third Parties in connection with the contracts relating to the Petroleum and Natural Gas Rights and the Tangibles;

- (iii) all subsisting rights to carry out operations relating to the Lands, the Tangibles or the Wells, and without limitation, all easements and other permits, licenses and authorizations pertaining to the Tangibles or the Wells;
- (iv) rights to enter upon, use, occupy and enjoy the surface of any lands which are used or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them;
- (v) all records, books, documents, licences, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles, or either of them including any of the foregoing that pertain to geological or geophysical matters and, including plats, surveys, maps, cross-sections, production records, electric logs, cuttings, cores, core data, pressure data, decline and production curves, well files, and related matters, division of interest records, lease files, title opinions, abstracts of title, title curative documents, lease operating statements and all other accounting information, marketing reports, statements, gas balancing information, and all other documents relating to customers, sales information, supplier lists, records, literature and correspondence, physical maps, geologic or geophysical interpretation, electronic and physical project files; and
- (vi) the Wells, including the wellbores and any and all casing and down-hole monitoring and pumping equipment;

provided that unless otherwise agreed in writing by the Parties, the Miscellaneous Interests shall not include any documents or data to the extent that they are owned or licensed by Third Parties with restrictions on their deliverability or disclosure by the Vendor to an assignee;

- (uu) "**NOI**" has the meaning ascribed to that term in the recitals hereto;
- (vv) "**NOI Proceedings**" has the meaning ascribed to that term in the recitals hereto;
- (ww) "**Notice Period**" has the meaning ascribed to that term in Section 8.2(b);
- (xx) "**Order**" means any order, writ, judgment, injunction, decree, stipulation, determination, decision, verdict, ruling, subpoena, or award entered by or with any Governmental Authority (whether temporary, preliminary, or permanent);
- (yy) "**Outside Date**" means, subject to Section 2.8, January 31, 2025, or such other date as the Parties may agree;
- (zz) "**Outstanding ROFR Assets**" has the meaning set forth in Section 10.2(e)(ii);
- (aaa) "**Outstanding ROFRs**" has the meaning set forth in Section 10.2(e);
- (bbb) "**Parties**" means, collectively, the Purchaser and the Vendor, and "**Party**" means any one of them;

(ccc) **"Permitted Encumbrances"** means:

- (i) any overriding royalties, net profits interests and other burdens, which are provided for under the Title Documents;
- (ii) the terms and conditions of the Assumed Contracts and the Title Documents, including ROFRs, the requirement to pay any rentals or royalties to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor's interest in any of the Title Documents;
- (iii) the right reserved to or vested in any grantor, Governmental Authority or other public authority by the terms of any Title Document or by Applicable Laws to terminate any Title Document;
- (iv) easements, rights of way, servitudes or other similar rights in land, including rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
- (v) taxes on Petroleum Substances or the income or revenue therefrom, unless specifically excluded and governmental restrictions on production rates from the Wells or on operations being conducted on the Lands or otherwise affecting the value of any of the Assets;
- (vi) agreements for the sale, processing, transmission or transportation of Petroleum Substances entered into by the Vendor subsequent to the date of this Agreement;
- (vii) any obligation of the Vendor to hold any portion of their interest in and to any of the Assets in trust for Third Parties;
- (viii) any rights reserved to or vested in any Governmental Authority to control or regulate the ownership, use or operation of any of the Assets in any manner, including governmental requirements imposed by statute or Governmental Authorities as to rates of production from operations or otherwise affecting recoverability of Petroleum Substances;
- (ix) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards the Vendor's share of the costs and expenses thereof which are not due or delinquent as of the date hereof;
- (x) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (xi) provisions for penalties and forfeitures under Title Documents as a consequence of non-participation in operations;
- (xii) any requirement to post or maintain any deposits or other form of security required by any Governmental Authority; and

- (xiii) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets as regards the Vendor's share of amounts owing to such public utility, municipality or Governmental Authority which are not due or delinquent as of the date hereof;
- (ddd) "**Person**" means any individual, corporation, limited or unlimited liability company, joint venture, partnership (limited or general), trust, trustee, executory, Governmental Authority, or other entity however designated or instituted;
- (eee) "**Petroleum and Natural Gas Rights**" means the Vendor's former interest, immediately prior to such rights being cancelled or suspended by the BC Ministry on or about July 24, 2024, in and to all rights to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands), including the interests set out and described in Schedule "A-1";
- (fff) "**Petroleum Substances**" means any of crude oil, petroleum, natural gas, natural gas liquids, coal bed methane and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur;
- (ggg) "**Proposal Trustee**" means KSV, in its capacity as the proposal trustee of the Vendor and not in its personal or corporate capacity;
- (hhh) "**Proposal Trustee's Certificate**" means the certificate, substantially in the form attached as Schedule "A" to the Approval and Vesting Order, to be delivered by the Proposal Trustee to the Vendor and the Purchaser on Closing and thereafter filed by the Proposal Trustee with the Court certifying that it has received the Conditions Certificates;
- (iii) "**Proposal Trustee's Solicitors**" means the law firm of Fasken, Martineau Dumoulin LLP, or such other firm or firms of solicitors as are retained or engaged by the Proposal Trustee from time to time and notice of which is provided to the Purchaser;
- (jjj) "**Purchase Price**" has the meaning ascribed to that term in Section 3.1;
- (kkk) "**Purchaser**" has the meaning ascribed to that term in the preamble hereto;
- (lll) "**Purchaser's Solicitors**" means Cassels Brock & Blackwell LLP, or such other firm or firms of solicitors as are retained or engaged by the Purchaser from time to time and notice of which is provided to the Vendor;
- (mmm) "**Representative**" means, in respect of a Person, each director, officer, employee, agent, legal counsel, accountant, consultant, contractor, professional advisor and other representative of such Person and its Affiliates and, with respect to the Vendor, includes the Sales Advisor and the Proposal Trustee;
- (nnn) "**ROFR**" means a right of first refusal, right of first offer or other pre-emptive or preferential right of purchase or similar right to acquire the Assets or certain of them that may become operative by virtue of this Agreement or the completion of the Transaction;
- (ooo) "**Sales Advisor**" has the meaning ascribed to that term in the recitals hereto;

- (ppp) "**Second A&R Financing Term Sheet**" means the second amended and restated interim financing term sheet dated as of December [•], 2024, between the Corporation and Third Eye Capital;
- (qqq) "**Second Interim Financing Order**" has the meaning ascribed to that term in the recitals hereto;
- (rrr) "**Second Amended Interim Financing Order**" means, an amendment to the Second Interim Financing Order, whereby the Purchaser will fund the Vendor's Interim Advances during the Interim Financing Participation Period, in accordance with the terms and conditions of the Agency Agreement and the Second A&R Financing Term Sheet;
- (sss) "**SISP**" has the meaning ascribed to that term in the recitals hereto;
- (ttt) "**Specific Conveyances**" means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable to convey, assign and transfer the Vendor's Interest in and to the Assets to the Purchaser and to novate the Purchaser in the place and stead of the Vendor, as applicable, with respect to the Assets (excluding the Licence Transfers);
- (uuu) "**Tangibles**" means the Vendor's Interest in and to the Facilities and any and all other tangible depreciable property and assets, if any, which are located within, upon or in the vicinity of the Lands and which are used or are intended to be used to produce, process, gather, treat, measure, store, transport, make marketable or inject the Leased Substances or any of them;
- (vvv) "**Third Eye Capital**" has the meaning ascribed to that term in the recitals hereto;
- (www) "**Third Party**" means any Person who is not a Party or an Affiliate of a Party;
- (xxx) "**Third Party Claim**" means any Legal Proceeding by a Third Party asserted against the Vendor for which the Purchaser has indemnified the Vendor or is otherwise responsible pursuant to this Agreement;
- (yyy) "**Thirteen Week Cash Flow Schedule**" means, the thirteen week cash flow schedule prepared by Third Eye Capital detailing the Vendor's operating expenses as set out and described in Schedule E;
- (zzz) "**Title Documents**" means, collectively, any and all certificates of title, leases, reservations, permits, licences, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements, acreage contribution agreements, joint venture agreements and any other documents and agreements granting, reserving or otherwise conferring rights to (i) explore for, drill for, produce, take, use or market Petroleum Substances, (ii) share in the production of Petroleum Substances, (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances which are produced, and (iv) rights to acquire any of the rights described in items (i) to (iii) of this definition; but only if the foregoing pertain in whole or in part to Petroleum Substances within, upon or under the Lands;

- (aaaa) "**Transaction**" means the transaction for the purchase and sale of the Vendor's Interest in and to the Assets, together with all other transactions contemplated in this Agreement, all as contemplated in this Agreement;
- (bbbb) "**Transfer Taxes**" means all transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Assets, including GST and any applicable provincial sales tax; and which, for certainty, shall not include freehold mineral taxes;
- (cccc) "**Unscheduled Assets**" has the meaning ascribed to that term in Section 2.4(a);
- (dddd) "**Vendor**" has the meaning ascribed to that term in the preamble hereto;
- (eeee) "**Vendor's Interest**" means, when used in relation to any asset, undertaking or property, the entire right, title and interest, if any, of the Vendor, as applicable, in, to and/or under such asset, undertaking or property;
- (ffff) "**Vendor's Solicitors**" means the law firm of Bennett Jones LLP, or such other firm or firms of solicitors as are retained or engaged by the Vendor from time to time and notice of which is provided to the Purchaser;
- (gggg) "**Wells**" means the Vendor's Interest in and to the wells listed in Schedule A under the heading entitled "Wells", as applicable;
- (hhhh) "**Whitemap Area**" means the entire area on the map attached as Schedule A-2; and
- (iiii) "**Wildboy Area**" means the area shown on the map attached as Schedule A-[•].

## 1.2 Interpretation

The following rules of construction shall apply to this Agreement unless the context otherwise requires:

- (a) All references to monetary amounts are to the lawful currency of Canada.
- (b) Words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine and neuter genders.
- (c) The word "include" and "including" and derivatives thereof shall be read as if followed by the phrase "without limitation".
- (d) The words "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to this Agreement and not to any particular provision of this Agreement.
- (e) The headings contained in this Agreement are for convenience of reference only, and shall not affect the meaning or interpretation hereof.
- (f) Reference to any Article, Section or Schedule means an Article, Section or Schedule of this Agreement unless otherwise specified.

- (g) If any provision of a Schedule hereto conflicts with or is at variance with any provision in the body of this Agreement, the provisions in the body of this Agreement shall prevail to the extent of the conflict.
- (h) All documents executed and delivered pursuant to the provisions of this Agreement are subordinate to the provisions hereof and the provisions hereof shall govern and prevail in the event of a conflict.
- (i) This Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party does not apply to the construction or interpretation of this Agreement.
- (j) Reference to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof.
- (k) References to an Applicable Law means such Applicable Law as amended from time to time and includes any successor Applicable Law thereto any regulations promulgated thereunder.

### **1.3 Schedules**

The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

Schedule A	A-1 - Assets Listing A-2 - Whitemap Area
Schedule B	Form of General Conveyance, Assignment and Assumption Agreement
Schedule C	Forms of Conditions Certificates
Schedule D	Assumed Contracts
Schedule E	Thirteen Week Cash Flow Schedule

### **1.4 Interpretation if Closing Does Not Occur**

If Closing does not occur, each provision of this Agreement which presumes that the Purchaser has acquired the Assets shall be construed as having been contingent upon Closing having occurred.

## **ARTICLE 2 PURCHASE AND SALE**

### **2.1 Agreement of Purchase and Sale**

Subject to the terms and conditions of this Agreement, and in consideration of the Purchase Price, the Vendor hereby agrees to sell, assign and transfer to the Purchaser, and the Purchaser agrees to purchase, accept and receive from the Vendor, the Vendor's Interest in and to the Assets.

### **2.2 Transfer of Property and Assumption of Liabilities**

Provided that Closing occurs and subject to the terms and conditions of this Agreement, possession, risk, and legal and beneficial ownership of the Assets shall transfer from the Vendor to the Purchaser on

the Closing Date, and the Purchaser agrees to assume, discharge, perform and fulfil all Assumed Liabilities. Without limiting the provisions of this Agreement relating to the General Conveyance, Assignment and Assumption Agreement (and such agreement itself), or any other provisions of this Agreement relating to sale, transfer, assignment, conveyance or delivery, the Assets shall be sold, assigned, transferred, conveyed, and delivered by the Vendor to the Purchaser by way of the Licence Transfers, the Specific Conveyances and other appropriate instruments of transfer, bills of sale, endorsements, assignments, and deeds, in recordable form, or by way of an Order of the Court, as appropriate, and free and clear of any and all Claims other than Permitted Encumbrances, as applicable.

### **2.3 Licence Transfers**

- (a) Within forty (40) days of the date hereof, the Vendor shall electronically submit applications to the BCER for the Licence Transfers, in a form and content acceptable to Purchaser, acting reasonably, with instructions that such Licence Transfers shall not take effect until the BCER is in receipt of written confirmation from the Parties that Closing has occurred ("LTAs"), and confirm that such submission has been made to the Purchaser, and in addition the Vendor shall cause to be provided any information and documentation along with such LTAs to the BCER which are required to be provided by the transferor in connection with the foregoing. The Purchaser shall accept or ratify such LTAs without delay, provided that, if the Purchaser in good faith determines or believes that any of the LTAs are not complete and accurate, or the BCER refuses to process any such LTAs because of some defect therein, the Parties shall cooperate to duly complete or to correct such incomplete or inaccurate LTAs as soon as practicable and, thereafter, the Vendor shall promptly re-submit such LTAs and the Purchaser shall accept or ratify such re-submitted LTAs without delay. Each Party shall be responsible for its own costs relating to LTAs hereunder. The Purchaser shall provide any information and documentation in respect of such LTAs to the BCER which are required to be provided by the transferee in connection with the foregoing. Following submission of the LTAs, the Purchaser shall use reasonable commercial efforts to obtain the approval from the BCER of the LTAs and registration of the Licence Transfers, subject to the specific requirements of this Section 2.3.
- (b) If the BCER denies any of the LTAs because of misdescription or other minor deficiencies contained therein, the Vendor shall, within two Business Days of such denial, correct the LTA(s) and amend and re-submit the LTA(s), and the Purchaser shall accept or ratify such re-submitted LTAs without delay.
- (c) In the event that the Purchaser has applied, or prior to the Closing Date applies, to the BCER for a discretionary waiver from the BCER's security requirements in respect of the Transaction, then Vendor shall provide such information and documentation to the BCER regarding the Assets as may reasonably be required in connection with the BCER's review of such discretionary waiver application made by the Purchaser (but only to the extent such information and documentation has not already been made available by the Vendor or its Representatives to the Purchaser or its Representatives); provided that the Purchaser agrees it shall have primary carriage of, and be solely responsible at its own cost for submitting and liaising with the BCER in respect of, such application.
- (d) Each Party shall on a timely and continuing basis keep the other Party fully apprised and informed regarding all communications the Purchaser may have with the BCER in connection with the Transaction, including all communications respecting LTAs, and without limiting the generality of the foregoing the Purchaser shall provide copies to the Vendor of all related correspondence from the Purchaser to the BCER, and the Purchaser

shall request that the BCER provide copies to the Vendor of all related correspondence from the BCER to the Purchaser.

- (e) If Closing does not occur by the Outside Date, Vendor shall forthwith terminate any pending LTAs.
- (f) Within three (3) Business Days of Closing, the Parties shall provide a joint written notification to the BCER that Closing has occurred and direct the BCER to complete the LTAs.

## 2.4 Whitemap Area

- (a) The Parties acknowledge that although Vendor has prepared, and Purchaser has reviewed, the Schedules attached hereto, they recognize that there may be unintended omissions or misdescriptions. As such, the Parties acknowledge and agree that it is their intention that, in addition to those Assets included and specified in the Schedules hereto, the Assets shall include Vendor's entire interest in and to all Tangibles and Miscellaneous Interests (as those terms are defined herein) which fall within the Whitemap Area, any of such additional unscheduled Assets, being the "**Unscheduled Assets**", and that the Purchase Price includes consideration for such Unscheduled Assets.
- (b) To the extent that any Unscheduled Assets are identified by either Party after the Closing Date or to the extent that any Assets are undeliverable by the Vendor or were erroneously included on the Schedules, the Parties shall use all reasonable efforts to replace the affected Schedules attached hereto with corrected Schedules, which corrected Schedules shall be deemed to be the applicable Schedule as of the date hereof, and to take such additional steps as are necessary to specifically convey Vendor's interest in such Unscheduled Assets to Purchaser.
- (c) The Parties further acknowledge that all liabilities and obligations associated with the Unscheduled Assets shall likewise be assumed by Purchaser in accordance with the terms hereof applicable to the Assets.

## 2.5 Specific Conveyances

- (a) Within a reasonable time following its receipt of the Title Documents from Vendor, Purchaser shall prepare and provide for the Vendor's review all Specific Conveyances. None of the Specific Conveyances shall confer or impose upon either Party any greater right or obligation than as contemplated in this Agreement. Promptly after Closing, the Purchaser shall register and/or distribute (as applicable), all such Specific Conveyances and shall bear all costs incurred therewith and in preparing and registering any further assurances required to convey the Assets to the Purchaser.
- (b) As soon as practicable, and in any event within ten (10) days following Closing, the Vendor shall deliver or cause to be delivered to the Purchaser such original copies of the Title Documents and any other agreements and documents to which the Assets are subject and such original copies of contracts, agreements, records, books, documents, licenses, reports and data comprising Miscellaneous Interests which are now in the possession or control of the Vendor or of which the Vendor gains possession or control prior to Closing.



- (c) Notwithstanding Sections 2.5(a) and 2.5(b), requests for the transfers from the Vendor to the Purchaser of registered Crown leases or licences, related surface rights and any other Title Documents which are administered by a Governmental Authority shall be submitted by the Vendor and accepted by the Purchaser as soon as is practicable after receipt of acceptable LTA terms and conditions from the BCER. with instructions that such transfers shall take effect upon receipt of written confirmation from the Parties that Closing has occurred.

## **2.6 Post-Closing Maintenance of Assets**

- (a) Following Closing, if and to the extent that Purchaser must be novated into, recognized as a party to, or otherwise accepted as assignee or transferee of Vendor's interest in the Assets or certain of them, including any Title Documents and Assumed Contracts, the following provisions shall apply with respect to the applicable Assets until such novation, recognition or acceptance has occurred:
  - (i) the Purchaser shall use reasonable commercial efforts to obtain, as may be required by the terms of any Assumed Contracts, consents or approvals to the assignment of such Assumed Contracts; provided that to the extent that any Cure Costs are payable with respect to any Assumed Contract, the Purchaser shall be responsible for and shall pay all such Cure Costs, which shall be paid directly to the counterparty as and when required in conjunction with the assignment of the Assumed Contracts, and which Cure Costs shall form part of the Purchase Price for the Assets;
  - (ii) to the extent permitted by any applicable Assumed Contract:
    - (A) the Purchaser will pay, perform and discharge the duties and obligations accruing after Closing under such Assumed Contract, on behalf of the Vendor, until such time as the effective transfer or assignment of the relevant Assumed Contract to the Purchaser; and
    - (B) the Vendor shall use reasonable commercial efforts to exercise the rights, entitlements, benefits and remedies under such Assumed Contract, on behalf of the Purchaser until such time as the effective transfer or assignment of the relevant Assumed Contract to the Purchaser, or such Assumed Contract expires or otherwise terminates; and
  - (iii) the Vendor shall not have any liability as a consequence of the Vendor taking any action or causing anything to be done under this Section 2.6(a), and the Purchaser shall be responsible and liable for, and, as a separate covenant, shall hereby indemnify and save harmless the Vendor and its Representatives against, all costs and expenses reasonably incurred by the Vendor, its Affiliates or their respective Representatives as a consequence of or in connection with this Section 2.6(a); and
  - (iv) nothing in this Agreement shall constitute an agreement to assign, and shall not be construed as an assignment of, or an attempt to assign to the Purchaser, any Assumed Contract until such time as the necessary consents or approvals with respect to the assignment are obtained.

- (b) Both before and after Closing, the Purchaser shall use all commercially reasonable efforts to obtain any and all approvals required under Applicable Law and any and all material consents of Third Parties required to permit this Transaction to be completed. The Parties acknowledge that the acquisition of such consents shall not be a condition precedent to Closing. It shall be the sole obligation of the Purchaser, at the Purchaser's sole cost and expense, to provide any and all financial assurances, deposits or security that may be required by Governmental Authorities or any Third Parties under the Assumed Contracts or Applicable Laws to permit the transfer of the Assets, including the Assumed Contracts, to the Purchaser.
- (c) Where Vendor is the operator, the Vendor shall transfer operatorship of the Assets to the Purchaser pursuant to the terms and conditions of such transfer under the Title Documents. Nothing in this Agreement shall transfer or be deemed to transfer operatorship, or shall be interpreted as any assurance by the Vendor that the Purchaser will be able to serve as operator with respect to any of the Assets in which interests are held by Third Parties.

## **2.7 Assumed Liabilities**

Following Closing, the Purchaser shall assume, perform, discharge and pay when due all of the Assumed Liabilities. For greater certainty, the Purchaser acknowledges and agrees that the Environmental Liabilities and Abandonment and Reclamation Obligations in respect of the Assets are future costs and obligations associated with the ownership of the Assets that are tied and connected to the ownership of the Assets such that they are inextricably linked and embedded with the Assets.

## **2.8 Outside Date Extension**

The Parties agree that if the period during which the Purchaser has agreed to provide financing under the Agency Agreement or the Second A&R Term Sheet, each as amended from time to time, is extended, then the Parties shall agree to extend the Outside Date to align with such extended financing period.

# **ARTICLE 3 PURCHASE PRICE**

## **3.1 Purchase Price**

The consideration payable by the Purchaser for the Assets shall be the sum of \$2,000,000 (the "**Purchase Price**"). The Purchase Price shall be satisfied in accordance with Section 3.3 and shall not be subject to any adjustment (and for greater certainty, Cure Costs shall be satisfied in accordance with Section 2.6(a)(i)). The Purchaser and the Vendor acknowledge and agree that the Purchase Price reflects the fair market value of the Assets as of the Closing Date, having due regard to the Environmental Liabilities connected to and embedded in the Assets that depress the value of the Assets. The Vendor shall be responsible for paying any applicable provincial sales taxes in respect of the assets from sale proceeds received from the Purchaser under this Agreement. The effective date of the Transaction shall be the Closing Date and subject to Section 10.2, there shall be no adjustments to the Purchase Price.

## **3.2 Allocation of Purchase Price**

The Purchase Price shall be allocated among the Assets as follows:

- (a) to the Tangibles located in the Wildboy Area, 90%;

- (b) to the Tangibles located outside of the Wildboy Area, 10%, less \$10.00; and
- (c) to the Miscellaneous Interests, \$10.00.

### **3.3 Satisfaction of Purchase Price**

At Closing, the Purchaser shall pay the Purchase Price (other than Cure Costs, which are payable in accordance with Section 2.6(a)(i)) along with any additional amounts owing in respect of applicable GST (the “**Closing Payment**”) to the Vendor by electronic wire transfer. During the Interim Period, the Parties shall work collaboratively to determine whether a joint election under section 167 of the *Excise Tax Act* (Canada) is available with respect to the purchase and sale of the Assets and, if such election is available, the Parties shall make such election and the Purchaser shall file such election in the manner and within the time prescribed by the *Excise Tax Act* (Canada).

## **ARTICLE 4 TRANSFER TAXES**

### **4.1 Transfer Taxes**

The Parties agree that:

- (a) the Purchase Price does not include Transfer Taxes and the Purchaser shall be liable for and shall pay, and be solely responsible for, any and all Transfer Taxes pertaining to the Purchaser's acquisition of the Assets; and
- (b) the Purchaser shall indemnify the Vendor and its Affiliates for, from and against any Transfer Taxes (including any interest or penalties imposed by a Governmental Authority) that any of them are required to pay or for which any of them may become liable as a result of any failure by the Purchaser to self-assess, pay or remit such Transfer Taxes, other than as a result of a failure by the Vendor or its Affiliates to timely remit any amounts on account of Transfer Taxes paid by the Purchaser hereunder.

## **ARTICLE 5 REPRESENTATIONS AND WARRANTIES**

### **5.1 Vendor's Representations**

The Vendor hereby represents and warrants to the Purchaser that:

- (a) it is a corporation duly continued and validly subsisting under the laws of the Province of Alberta and has the requisite power and authority to enter into this Agreement and to complete the Transaction;
- (b) except for: (i) Court Approval; and (ii) the Licence Transfers and any consents, approvals or waivers that are required in connection with the assignment of an Assumed Contract; the execution, delivery and performance of this Agreement by it does not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority, except where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not prevent or materially delay the consummation by the Vendor of the Transaction;

- (c) it is not a non-resident of Canada within the meaning of such term under the *Income Tax Act* (Canada) and is not an agent or trustee for anyone with an interest in the Assets who is a non-resident of Canada within the meaning of such term under the *Income Tax Act* (Canada) (or a partnership that is not a "Canadian partnership" within the meaning of such term under the *Income Tax Act* (Canada));
- (d) subject to Court Approval being obtained, this Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding obligation of it and is enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Applicable Laws relating to creditors' rights generally and subject to general principles of equity;
- (e) the Purchaser will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the Transaction because of any action taken by, or agreement or understanding reached by the Vendor; and
- (f) with respect to the GST imposed under the GST Legislation, the Vendor is registered under the GST Legislation and will continue to be registered at the Closing Date in accordance with the provisions of the GST Legislation and its GST registration number is 726368681RT0001.

## **5.2 Purchaser's Representations**

The Purchaser hereby represents and warrants to the Vendor that:

- (a) it is a corporation duly formed and validly subsisting under the laws of the jurisdiction of its incorporation or formation and has the requisite power and authority to enter into this Agreement and to complete the Transaction;
- (b) it has taken all necessary corporate or other acts to authorize the execution, delivery and performance by it of this Agreement;
- (c) neither the execution of this Agreement nor its performance by the Purchaser will result in a breach of any term or provision or constitute a default under any indenture, mortgage, deed of trust or any other agreement to which the Purchaser is a party or by which it is bound which breach could materially affect the ability of the Purchaser to perform its obligations hereunder;
- (d) to the knowledge of Purchaser, except for: (i) Court Approval; and (ii) the Licence Transfers and any consents, approvals or waivers that are required in connection with the assignment of an Assumed Contract; the execution, delivery and performance of this Agreement by it does not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority, except where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not prevent or materially delay the consummation by the Purchaser of this Transaction;
- (e) subject to Court Approval being obtained, this Agreement has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of the Purchaser and is enforceable against the Purchaser in accordance with its terms, except as enforceability

may be limited by applicable bankruptcy, insolvency, reorganization or similar Applicable Laws relating to creditors' rights generally and subject to general principles of equity;

- (f) on Closing, the Purchaser shall not be a non-resident of Canada for the purposes of the *Income Tax Act* (Canada);
- (g) the Vendor will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the Transaction because of any action taken by, or agreement or understanding reached by, the Purchaser;
- (h) to the knowledge of the Purchaser, the Purchaser meets all or, by Closing will meet all, eligibility requirements of Governmental Authorities to purchase and accept a transfer of the Assets, including without limiting the generality of the foregoing, the eligibility requirements of the BCER;
- (i) with respect to the GST imposed under the GST Legislation, by Closing the Purchaser shall be registered under the GST Legislation and will continue to be registered at the Closing Date in accordance with the provisions of the GST Legislation and, upon registration under the GST Legislation, the Purchaser shall provide its GST registration number to the Vendor;
- (j) the Purchaser is a WTO investor within the meaning of the *Investment Canada Act* (Canada);
- (k) the Purchaser will have the financial resources necessary to pay, as and when due from the Purchaser, the Purchase Price, the Cure Costs, the Transfer Taxes, the Interim Financing Participation, its legal fees and expenses, registration costs and any other amounts payable by the Purchaser pursuant hereto; and
- (l) the Purchaser has the financial resources necessary to post or satisfy all necessary security, deposits, letters of credit, guarantees or other financial assurances necessary to take possession of the Assets and to satisfy the security required by the Assumed Contracts.

### **5.3 Enforcement of Representations and Warranties**

- (a) The representations and warranties of each Party contained in this Agreement shall survive until Closing and shall thereafter be of no further force and effect. Effective upon the occurrence of Closing, each Party hereby releases and forever discharges each other Party from any breach of any representations and warranties set forth in this Agreement. For greater certainty, none of the representations and warranties contained in this Article 5 shall survive Closing and, the Purchaser's sole recourse for any material breach of representation or warranty by the Vendor shall be for the Purchaser to not complete the Transaction in accordance with this Agreement.
- (b) The representations and warranties of the Vendor made herein or pursuant hereto are made for the exclusive benefit of the Purchaser, and the representations and warranties of the Purchaser made herein or pursuant hereto are made for the exclusive benefit of the Vendor, as the case may be, and are not transferable and may not be made the subject of any right of subrogation in favour of any other Person.

- (c) The Parties expressly acknowledge and agree that the provisions of this Section 5.3 and the limit on each Party's liability set out in this Section 5.3 are intended by the Parties as a limitation of liability that represents a fair and equitable allocation of the risks and liabilities that each Party has agreed to assume in connection with the subject matter hereof and is not an agreement within the provision of subsection 7(2) of the *Limitations Act* (Alberta).

**ARTICLE 6**  
**"AS IS, WHERE IS" AND NO ADDITIONAL**  
**REPRESENTATIONS AND WARRANTIES**

**6.1 Due Diligence Acknowledgement**

The Purchaser acknowledges and agrees that:

- (a) it was solely responsible to perform any inspections it deemed pertinent to the purchase of the Assets and to be satisfied as to the condition of the Assets prior to entering into this Agreement with the Vendor;
- (b) notwithstanding the fact that it was permitted to review any diligence materials and disclosures provided by the Vendor, including the Due Diligence Information, the Vendor assumes no liability for errors or omissions in such diligence materials and disclosure or any other property listings or advertising, promotional or publicity statements and materials, and makes no representations or warranties in respect thereof;
- (c) by entering into this Agreement with the Vendor, the Purchaser shall be deemed to represent, warrant and agree with respect to the Assets that:
  - (i) the Purchaser has inspected the Assets and is familiar and satisfied with the physical condition thereof and has conducted such investigation of the Assets as the Purchaser has determined appropriate;
  - (ii) neither the Vendor nor its Affiliates or their respective Representatives have made any oral or written representation, warranty, promise or guarantee whatsoever to the Purchaser, expressed or implied, and in particular, that no such representations, warranties, guarantees, or promises have been made with respect to the physical condition, operation, or any other matter or thing affecting or related to the Assets and/or the offering or sale of the Assets;
  - (iii) the Purchaser has not relied upon any representation, warranty, guarantee or promise or upon any statement made or any information provided concerning the Assets, including the Due Diligence Information made available to the Purchaser by the Vendor, its respective Affiliates or their respective Representatives;
  - (iv) the Purchaser has entered into this Agreement after having relied solely on its own independent investigation, inspection, analysis, appraisal and evaluation of the Assets and the facts and circumstances related thereto;
  - (v) any information provided or to be provided by or on behalf of the Vendor with respect to the Assets, including all Due Diligence Information, was obtained from information provided to the Vendor and the Vendor has not made any independent

investigation or verification of such information, and makes no representations as to the accuracy or completeness of such information;

- (vi) without limiting the generality of the foregoing, the Vendor is not under any obligation to disclose to the Purchaser, and shall have no liability for its failure to disclose to the Purchaser, any information known to it relating to the Assets except as may be required by any Applicable Law; and
- (vii) neither the Vendor, its Affiliates or their respective Representatives are liable or bound in any manner by any oral or written statements, representations or information pertaining to the Assets, or the operation thereof, made or furnished by any real estate broker, agent, employee, or other Person.

## **6.2 "As Is, Where Is", No Additional Representations**

- (a) Without limiting any other provision of this Agreement, the Purchaser acknowledges and agrees that it is acquiring the Assets on an "as is, where is" and "without recourse" basis with all defects, both patent and latent, and with all faults, whether known or unknown, presently existing or that may hereafter arise. The Purchaser acknowledges and agrees that, except as expressly set forth in this Agreement, the Vendor, its Affiliates and their respective Representatives have not made, do not make and specifically negate and disclaim any representation, warranty, promise, covenant, agreement or guaranty of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to the Assets. For greater certainty, but without limitation, except as expressly set forth in this Agreement, none of the Vendor, its Affiliates or their respective Representatives make any condition, representation or warranty whatsoever, express or implied, with respect to:
  - (i) the title and interest of the Vendor in and to the Assets;
  - (ii) whether any ROFRs are exercisable by a Third Party in connection with the completion of the Transactions;
  - (iii) the quality, quantity or recoverability of Petroleum Substances within or under the Lands or any lands pooled or unitized therewith;
  - (iv) the income to be derived from the Assets, if any;
  - (v) any estimates of the value of the Assets or the revenues or cash flows from future production from the Lands;
  - (vi) the rates of production of Petroleum Substances from the Lands;
  - (vii) the quality, condition, marketability, profitability, fitness for a particular purpose or merchantability of any tangible depreciable equipment or property interests which comprise the Assets (including the Tangibles or any personal property);
  - (viii) the suitability of the Assets for any and all purposes, activities and uses which the Purchaser may desire to conduct thereon;

- (ix) the compliance of or by the Assets or its operation with any Applicable Law (including Environmental Laws);
  - (x) the validity or enforceability of the Assumed Contracts or the ability to assign any of the Assumed Contracts;
  - (xi) any regulatory approvals, permits and licenses, consents or authorizations that may be needed to complete the purchase of the Assets contemplated by this Agreement or to operate the Assets or any portion thereof;
  - (xii) the manner or quality of the construction or materials, if any, incorporated into the Assets;
  - (xiii) the manner, quality, state of repair or lack of repair of the Assets;
  - (xiv) the existence of soil instability, past soil repairs, susceptibility to landslides, sufficiency of under-shoring, sufficiency of drainage, or any other matter affecting the stability or integrity of the Assets or any structures or improvements situated thereon;
  - (xv) whether the Assets are located in a seismic hazards zone or a flood hazard zone;
  - (xvi) the presence of pests and any damage to the Assets and/or its improvements that may have occurred as a result;
  - (xvii) the nature and quantum of the Assumed Liabilities; or
  - (xviii) any other matter with respect to the Assets.
- (b) The Purchaser acknowledges that the release and disclaimer described in this Article 6 is intended to be very broad and, except for its express rights under this Agreement, the Purchaser expressly waives and relinquishes any rights or benefits it may have under any Applicable Law designed to invalidate releases of unknown or unsuspected claims.
- (c) Except for its express rights under this Agreement, the Purchaser hereby waives all rights and remedies (whether now existing or hereinafter arising and including all common law, tort, contractual and statutory rights and remedies) against the Vendor, its Affiliates and their respective Representatives in respect of the Assets and any representations or statements made or information or data furnished to the Purchaser or its Representatives in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means). Such waiver is absolute, unlimited, and includes, but is not limited to, waiver of express warranties, implied warranties, any warranties contained in the *Sale of Goods Act* (Alberta), the *Sale of Goods Act* (British Columbia) (or similar applicable statutes, all as may be amended, repealed or replaced), warranties of fitness for a particular use, warranties of merchantability, warranties of occupancy, strict liability and claims of every kind and type, including claims regarding defects, whether or not discoverable or latent, product liability claims, or similar claims, and all other claims that may be later created or conceived in strict liability or as strict liability type claims and rights.



**ARTICLE 7  
RISK AND COSTS AND INSURANCE**

**7.1 Risk and Costs**

Except as otherwise provided for in this Agreement, the Assets will be at the sole risk and responsibility of the Vendor until the Closing Date, and thereafter at the sole risk and responsibility of the Purchaser.

**7.2 Insurance**

Any property, liability and other insurance maintained by the Vendor in relation to the Assets, to the extent applicable, shall not be transferred at Closing, but shall remain the responsibility of the Vendor until the Closing Date. The Purchaser shall be responsible for placing its own property, liability and other insurance coverage with respect to the Assets in respect of the period from and after 12:01 a.m. on the Closing Date.

**ARTICLE 8  
INDEMNIFICATION**

**8.1 Indemnification Given by Purchaser**

If Closing occurs, the Purchaser shall:

- (a) be liable to the Vendor, its Affiliates and their respective Representatives for; and
- (b) as a separate covenant, indemnify and save harmless the Vendor, its Affiliates and their respective Representatives from and against;

all Losses and Liabilities suffered, sustained, paid or incurred by the Vendor, its Affiliates and/or their respective Representatives related to or in connection with the Assets and the Assumed Liabilities, including: (i) all Losses and Liabilities attributable to the ownership, operation, use, construction or maintenance of the Assets during the period following the Closing Date; (ii) all Losses and Liabilities arising or accruing on or after the Closing Date under any Assumed Contract, including any and all Cure Costs; and (iii) any other Losses and Liabilities for which the Purchaser has otherwise agreed to indemnify the Vendor pursuant to this Agreement, including pursuant to Section 9.2. The Purchaser's indemnity obligations set forth in this Section 8.1 shall survive the Closing Date indefinitely pursuant to Section 14.4.

**8.2 Third Party Claims**

- (a) If the Vendor, its Affiliates or any of their respective Representatives receives written notice of the commencement or assertion of any Third Party Claim for which the Purchaser is liable pursuant to this Agreement (or has otherwise agreed to indemnify the Vendor, its Affiliates or their respective Representatives against), the Vendor shall give the Purchaser reasonably prompt notice thereof, but in any event no later than ten (10) days after receipt of such notice of such Third Party Claim. Such notice to the Purchaser shall describe the Third Party Claim in reasonable detail and shall indicate, if reasonably practicable, the estimated amount (or the method of computation of the amount) of the Losses and Liabilities that has been or may be sustained by the Vendor, its Affiliates or their respective Representatives, respectively, and a reference to the provisions of this Agreement, or other applicable document, upon which such claim is based.

- (b) The Purchaser may assume the carriage and control of the defence of any Third Party Claim by giving notice to that effect to the Vendor, not later than ten (10) days after receiving notice of that Third Party Claim (the "**Notice Period**") so long as: (i) the Purchaser first acknowledges to the Vendor, in writing, liability to the Vendor, its Affiliates and/or their respective Representatives, under this Agreement with respect to such Third Party Claim and that the outcome of such Third Party Claim does not alter or diminish the Purchaser's obligation to indemnify the Vendor, its Affiliates and/or their respective Representatives, pursuant to this Agreement, subject to the Purchaser's right to contest in good faith the Third Party Claim; (ii) the Purchaser has the financial resources to defend against the Third Party Claim and fulfill any indemnification obligations and has provided the Vendor, its Affiliates and/or their respective Representatives, with evidence thereof; (iii) the Third Party Claim involves monetary damages; and (iv) the Purchaser thereafter pursues the defence or settlement of the Third Party Claim actively and diligently. The Purchaser's right to do so shall be subject to the rights of any insurer or other third party who has potential liability in respect of that Third Party Claim. The Purchaser shall pay all of its own expenses of participating in or assuming such defence. In the event that the Purchaser elects to assume the carriage and control of the defence of a Third Party Claim pursuant to this Section 8.2(b), then the Vendor shall, or shall cause its Affiliates and/or their respective Representatives to, cooperate in good faith in the defence of each Third Party Claim and may participate in such defence assisted by counsel of its own choice at its own expense.
- (c) If the Vendor has not received notice within the Notice Period that the Purchaser has elected to assume the carriage and control of the defence of such Third Party Claim in accordance with Section 8.2(b), or if the Purchaser has given such notice but thereafter fails or is unable to pursue the defence or settlement of such Third Party Claim actively and diligently, the Vendor, its Affiliates and/or their respective Representatives, may, at their option, elect to settle or compromise the Third Party Claim on terms of its choosing, or assume such defence assisted by counsel of its own choosing, and the Purchaser shall be liable for all reasonable costs and expenses paid or incurred in connection therewith and any Losses and Liabilities suffered or incurred by the Vendor, its Affiliates and/or their Representatives with respect to such Third Party Claim.

### **8.3 Failure to Give Timely Notice**

Notwithstanding that time is of the essence, a failure to give timely notice as provided in this Article 8 shall not affect the rights or obligations of any Party except and only to the extent that, as a result of such failure, any Party which was entitled to receive such notice was deprived of its right to recover any payment under any applicable insurance coverage or was otherwise prejudiced as a result of such failure.

### **8.4 No Merger**

There shall not be any merger of any liability or indemnity hereunder in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived.

### **8.5 Third Party Beneficiary**

The Vendor's Representatives and the Vendor's Affiliates, and their respective Affiliates and all of their respective Representatives are intended third party beneficiaries of this Article 8 and shall have the right, power and authority to enforce the provisions hereof as though they were each a party hereto. The Purchaser further agrees to execute such agreements as may be reasonably requested by such Persons in

connection with these provisions that are consistent with this Article 8 or that are reasonably necessary to give further effect thereto.

## **ARTICLE 9 ENVIRONMENTAL MATTERS**

### **9.1 Acknowledgements Regarding Environmental Condition**

The Purchaser acknowledges that, insofar as the environmental condition of the Assets is concerned, it will acquire the Assets pursuant hereto on an "as is, where is" basis. The Purchaser acknowledges that it is familiar with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that the Vendor has provided the Purchaser with a reasonable opportunity to inspect the Assets at the sole cost, risk and expense of the Purchaser (insofar as the Vendor could reasonably provide such access) and that the Purchaser is not relying upon any representation or warranty of the Vendor, its Affiliates or any of their respective Representatives as to the environmental condition of the Assets, or any Environmental Liabilities or Abandonment and Reclamation Obligations in respect thereof.

### **9.2 Assumption of Environmental Liabilities**

If Closing occurs, the Purchaser shall:

- (a) be liable to the Vendor, its Affiliates and their respective Representatives for; and
- (b) as a separate covenant, indemnify and save harmless the Vendor, its Affiliates and their respective Representatives from and against;

all Losses and Liabilities suffered, sustained, paid or incurred by the Vendor, its Affiliates or their respective Representatives as a result of any matter or thing arising out of, attributable to or connected with any Environmental Liabilities or any Abandonment and Reclamation Obligations. Once Closing has occurred, the Purchaser shall be solely responsible for all Environmental Liabilities and all Abandonment and Reclamation Obligations as between the Vendor (on one hand) and the Purchaser (on the other hand) including whether occurring or accruing prior to, on or after the Closing Date, and hereby releases the Vendor, its Affiliates and their respective Representatives from any claims the Purchaser may have against the Vendor with respect to all such Environmental Liabilities and Abandonment and Reclamation Obligations. Without restricting the generality of the foregoing, the Purchaser shall be responsible for all Environmental Liabilities and Abandonment and Reclamation Obligations (including whether occurring or accruing prior to, on or after the Closing Date) in respect of all Wells and Tangibles.

## **ARTICLE 10 COVENANTS**

### **10.1 Conduct of Business Until Closing**

- (a) Until the Closing Date, the Vendor shall provide the Purchaser with all access to the Assets as reasonably required by the Purchaser in order to allow for and assist the Purchaser with an orderly passing of the Assets to the Purchaser following Closing in accordance herewith.
- (b) The access to the Assets to be afforded to the Purchaser and its Representatives pursuant to this Section 10.1 will be subject to the Assumed Contracts and all of the Vendor's site entry protocols, health, safety and environmental rules, policies and procedures. Further, the Purchaser acknowledges and agrees that it shall:

- (i) be solely liable and responsible for any and all Losses and Liabilities which the Vendor, its Affiliates or their respective Representatives may suffer, sustain, pay or incur; and
- (ii) as a separate covenant, indemnify and save harmless the Vendor, its Affiliates and their respective Representatives harmless from any and all Claims or Losses and Liabilities whatsoever which may be brought against, suffered by or incurred by the Vendor, its Affiliates or their respective Representatives;

arising out of, resulting from, attributable to or in any way connected with any access provided to the Purchaser or its Representatives pursuant to this Section 10.1.

## 10.2 ROFRs

- (a) The Purchaser acknowledges that it shall be responsible for conducting such separate investigation of the Assets as the Purchaser has determined is appropriate with respect to the identification of ROFRs applicable to the Assets as soon as is reasonably practicable after the date hereof. The Purchaser shall indemnify Losses and Liabilities suffered, sustained, paid or incurred by the Vendor, its Affiliates or their respective Representatives as a result of any failure by the Purchaser to identify ROFRs applicable to the Assets or any Third Party Claim relating to the allocation of the value of a ROFR to be determined by the Purchaser in accordance with Section 10.2(b)(i), as applicable.
- (b) If the Purchaser has identified any ROFRs pursuant to Section 10.2(a):
  - (i) promptly following the identification of Assets which are the subject of ROFRs, the Purchaser shall prepare and provide the Vendor with ROFR notices to be issued in respect of such ROFRs, which shall include the Purchaser's bona fide allocation of the amount of the Purchase Price attributable to each of such Assets which are subject to a ROFR;
  - (ii) the Vendor shall courier ROFR notices to the Third Parties holding such ROFRs promptly following the receipt of the same from the Purchaser; and
  - (iii) to the extent the Purchaser is not copied directly on a response from a Third Party ROFR holder, the Vendor shall notify the Purchaser in writing forthwith upon each Third Party exercising or waiving such a ROFR.
- (c) If any such Third Party elects to exercise such a ROFR, then:
  - (i) the definition of Assets shall be deemed to be amended to exclude those Assets in respect of which the ROFR has been exercised;
  - (ii) such Assets shall not be conveyed to the Purchaser;
  - (iii) any proceeds received by the Vendor from a Third Party in respect of the sale and conveyance of any Assets which are subject to such a ROFR shall be deemed to not constitute Assets for the purposes of this Agreement; and

- (iv) the Purchase Price shall be subject to reduction in the event of the exercise of any such ROFR by a Third Party, such reduction to be the amount received by the Vendor in connection with the exercise of such ROFR by such Third Party.
- (d) In the event that a Third Party exercises a ROFR and is then unable or unwilling to enter into a conveyance agreement with the Vendor for the relevant Assets, the Purchaser agrees to accept a conveyance of such Assets under the same terms and conditions as this Agreement to whatever extent possible.
- (e) Closing shall not be delayed even though certain of the ROFRs are outstanding and capable of exercise by the holders thereof as of the Closing Date (such ROFRs being referred to as "**Outstanding ROFRs**"). In such case, the following procedures shall apply:
  - (i) the Parties shall proceed with Closing (for greater certainty without any reduction in the Purchase Price for the Outstanding ROFRs, and without variation of any other terms or conditions of this Agreement);
  - (ii) the Purchaser shall have (as of the Closing Date) prepared all Specific Conveyances and other closing documentation required for the sale of the Assets subject to the Outstanding ROFRs (the "**Outstanding ROFR Assets**");
  - (iii) if an Outstanding ROFR is exercised by a Third Party, the Vendor will promptly notify the Purchaser thereof in writing, the Specific Conveyances and other closing documentation related to such Outstanding ROFR Assets will be of no force or effect and shall be destroyed by the Purchaser, and the provisions of Section 10.2(c) shall apply to the Assets which are the subject of the Outstanding ROFR being exercised by the Third Party, *mutatis mutandis*; and
  - (iv) if after Closing an Outstanding ROFR is extinguished by lapse of time, waiver or otherwise (other than as a result of being exercised), the Vendor will promptly notify the Purchaser thereof in writing and promptly deliver copies of the Specific Conveyances and closing documentation previously prepared to the Purchaser, and such documentation shall be effective and the sale of such Outstanding ROFR Assets to Purchaser pursuant hereto shall be deemed to have closed on the Closing Date.

### **10.3 Document Review**

Prior to Closing, the Vendor shall provide Purchaser with reasonable access to the Title Documents and other Miscellaneous Interests in the possession or under the control of Vendor for the purpose of verifying the continued validity and effect of the Title Documents, the identification of Assets the subject of ROFRs, the preparation of Specific Conveyances and other matters related to this Agreement and the Transaction.

### **10.4 Due Diligence**

Following execution of this Agreement, the Purchaser shall use commercially reasonable efforts to complete due diligence investigation provided for in in Section 11.2(d)(iv).

## ARTICLE 11 CONDITIONS

### 11.1 Mutual Conditions

The respective obligations of the Parties to complete the purchase and sale of the Assets are subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

- (a) the Court shall have granted the Approval and Vesting Order and the Approval and Vesting Order shall be a Final Order;
- (b) the Court shall have granted the Second Amended Interim Financing Order, in form and substance satisfactory to the Purchaser, acting reasonably;
- (c) no Governmental Authority shall have enacted, issued or promulgated any final or non-appealable order or Applicable Law subsequent to the date hereof which has the effect of: (i) making any of the transactions contemplated by this Agreement illegal; or (ii) otherwise prohibiting, preventing or restraining the Vendor from the sale of the Assets; and
- (d) the Closing is not otherwise prohibited by Applicable Law;

The foregoing conditions are for the mutual benefit of the Vendor and the Purchaser and may be asserted by the Vendor or the Purchaser regardless of the circumstances and may be waived only with the agreement of the Vendor and the Purchaser.

### 11.2 Conditions for the Benefit of the Purchaser

The obligation of the Purchaser to complete the purchase of the Assets is subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

- (a) all representations and warranties of the Vendor contained in Section 5.1 of this Agreement shall be true and correct in all material respects as at the Closing Date with the same force and effect as if made at and as of such time;
- (b) the Vendor shall have complied with and performed, in all material respects, all of its covenants and obligations contained in this Agreement;
- (c) the Vendor shall have executed and delivered or caused to have been executed and delivered to the Purchaser at or before the Closing all the documents contemplated in Section 12.2;
- (d) the following shall have been obtained to the satisfaction of the Purchaser, in the Purchaser's sole and absolute discretion:
  - (i) the Petroleum and Natural Gas Rights shall have been transferred by the BC Ministry pursuant to section 117.1 of the *Petroleum and Natural Gas Act* (British Columbia) to the Purchaser without any adjustment to the Purchase Price;
  - (ii) the LTAs have been approved by the BCER with any conditions satisfactory to the Purchaser, and subject to receiving notification from the Parties that Closing has occurred in accordance with Section 2.3;

- (iii) the transfer of the Crown permits and related surface rights to the Purchaser, subject to receiving notification from the Parties that Closing has occurred in accordance with Section 2.5(c); and
- (iv) completion by the Purchaser of all due diligence typical for a transaction of this scope and nature, including a site visit and all environmental, title and regulatory due diligence by January 31, 2025, and, following such date, this shall no longer be a condition to Closing.

The foregoing conditions are for the exclusive benefit of the Purchaser and may be waived by it in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Purchaser may have.

### **11.3 Conditions for the Benefit of the Vendor**

The obligation of the Vendor to complete the sale of the Assets is subject to the following conditions being fulfilled or performed as at or prior to the Closing Date:

- (a) all representations and warranties of the Purchaser contained in Section 5.2 of this Agreement shall be true and correct in all material respects as at the Closing Date with the same force and effect as if made at and as of such time;
- (b) the Purchaser shall have complied with and performed in all material respects all of its covenants and obligations contained in this Agreement;
- (c) the Purchaser shall have executed and delivered or caused to have been executed and delivered to the Vendor at or before the Closing all the documents contemplated in Section 12.3; and
- (d) the Vendor has not lost its ability to convey the Assets due to the appointment of a receiver or a receiver-manager, an order of the Court or otherwise pursuant to the NOI Proceedings, provided such order or other action is pursuant to the NOI Proceedings or is not at the voluntary initiative of the Vendor.

The foregoing conditions are for the exclusive benefit of the Vendor and may be waived by it in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Vendor may have.

### **11.4 Satisfaction of Conditions**

Each of the Parties shall proceed diligently and in good faith and use all commercially reasonable efforts to fulfill and assist in the fulfillment of the conditions set forth in Sections 11.1, 11.2 and 11.3. In addition, each of the Parties agrees not to take any action that could reasonably be expected to preclude, delay or have an adverse effect on the Transaction or would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect.

### **11.5 Proposal Trustee's Certificate**

When the conditions to Closing set out in Sections 11.1, 11.2 and 11.3 have been satisfied and/or waived by the each of the Vendor and the Purchaser, as applicable, the Vendor and the Purchaser will each deliver to the Proposal Trustee written confirmation: (a) that such conditions of Closing, as applicable, have

been satisfied and/or waived; and (b) of the amount of the Transfer Taxes to be paid on Closing (in each case, to the extent applicable), in substantially the form of Schedule C (the "**Conditions Certificates**"). Upon receipt by the Proposal Trustee of: (i) confirmation that payment of the balance of the Purchase Price to be paid on Closing has been received by the Vendor; (ii) confirmation of payment of applicable Transfer Taxes to be paid on Closing (or evidence of an agreement to pay all Transfer Taxes by the Purchaser to any relevant Governmental Authorities or counterparty); and (iii) each of the Conditions Certificates, the Proposal Trustee shall: (A) issue forthwith its Proposal Trustee's Certificate concurrently to the Vendor and the Purchaser, at which time the Closing will be deemed to have occurred; and (B) file as soon as practicable a copy of the Proposal Trustee's Certificate with the Court (and shall provide a true copy of such filed certificate to the Vendor and the Purchaser). In the case of (A) and (B), above, the Proposal Trustee will be relying exclusively on the basis of the Conditions Certificates and without any obligation whatsoever to verify the satisfaction or waiver of the applicable conditions.

## **ARTICLE 12 CLOSING**

### **12.1 Closing Date and Place of Closing**

Subject to the conditions set out in this Agreement, the Transaction shall close and be completed on the Closing Date, or at such other time as the Parties may agree in writing.

### **12.2 Deliveries on Closing by the Vendor**

The Vendor shall deliver (or cause to be delivered) to the Purchaser on or before the Closing Date:

- (a) a Court certified copy of the Approval and Vesting Order;
- (b) a certificate of the Vendor confirming the accuracy of the matters provided for in Sections 11.2(a) and 11.2(b);
- (c) the General Conveyance, Assignment and Assumption Agreement duly executed by the Vendor; and
- (d) any other deeds, conveyances, assurances, transfers, assignments, instruments, documents, resolutions and certificates as are referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement.

### **12.3 Deliveries on Closing by the Purchaser**

The Purchaser shall deliver (or cause to be delivered) to the Vendor's Solicitor on or before the Closing Date:

- (a) payment of the Closing Payment in accordance with Section 3.3;
- (b) payment of all Transfer Taxes payable on Closing to the Vendor or the Vendor's Solicitors (or evidence of self-assessment and payment by the Purchaser thereof to the relevant Governmental Authorities);
- (c) a certificate of the Purchaser confirming the accuracy of the matters provided for in Sections 11.3(a) and 11.3(b);



- (d) the General Conveyance, Assignment and Assumption Agreement duly executed by the Purchaser; and
- (e) any other deeds, conveyances, assurances, transfers, assignments, instruments, documents, resolutions and certificates as are referred to in this Agreement or as the Vendor may reasonably require to give effect to this Agreement.

## **ARTICLE 13 TERMINATION**

### **13.1 Grounds for Termination**

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

- (a) by the mutual written agreement of the Vendor and the Purchaser, provided however that if this Agreement has been approved by the Court, any such termination shall require either the consent of the Proposal Trustee or the approval of the Court;
- (b) by the Purchaser, upon written notice to the Vendor, if there has been a material breach by the Vendor of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Purchaser, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 11.2 impossible by the Outside Date; or (ii) if such breach is curable, the Purchaser has provided prior written notice of such breach to the Vendor, and such breach has not been cured within ten (10) days (or, if not curable within ten (10) days, such longer period as is reasonable under the circumstances, not to exceed thirty (30) days) following the date upon which the Vendor received such notice;
- (c) by the Purchaser, upon written notice to the Vendor (A) any time after the Outside Date, if the Court Approval has not been obtained, or (B) any time after the Outside Date, if the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the Purchaser's breach of this Agreement;
- (d) by the Vendor, upon written notice to the Purchaser, if there has been a material breach by the Purchaser of any material representation, warranty or covenant contained in this Agreement, which breach has not been waived by the Vendor, and: (i) such breach is not curable and has rendered the satisfaction of any condition in Section 11.3 impossible by the Outside Date; or (ii) if such breach is curable, the Vendor has provided prior written notice of such breach to the Purchaser, and such breach has not been cured within ten (10) days (or, if not curable within ten (10) days, such longer period as is reasonable under the circumstances, not to exceed thirty (30) days) following the date upon which the Purchaser received such notice;
- (e) by the Vendor, upon written notice to the Purchaser, any time after the Outside Date, if (A) the Court Approval has not been obtained, or (B) the Closing has not occurred by the Outside Date and such failure to close was not caused by or as a result of the breach of this Agreement by the Vendor; or
- (f) by either Party if the condition set forth in Section 11.1(b) has not been satisfied by December 9, 2024, or such other date as the Parties may agree in writing.

### **13.2 Effect of Termination**

Upon termination of this Agreement, each Party shall be released from all obligations and liabilities under or in connection with this Agreement. Notwithstanding any termination of this Agreement as permitted under Section 13.1, or as otherwise provided for in this Agreement, the provisions of Sections 14.1 (Public Announcements), 14.5 (Governing Law), 14.6 (Consequential Damages), 14.13 (Costs and Expenses) and 14.17 (Third Party Beneficiaries) shall remain in full force and effect following any such permitted termination.

## **ARTICLE 14 GENERAL**

### **14.1 Public Announcements**

- (a) Subject to Section 14.1(b), if a Party intends to issue a press release or other public disclosure of this Agreement, the terms hereof or the Transaction, including filing a copy of this Agreement in any public registry, filing system or depository, including, in order to comply, the disclosing Party shall provide the other Parties with an advance copy of any such press release, redacted document or public disclosure with sufficient time to enable the other Parties to review such press release or other public disclosure and provide any comments. The disclosing Party shall not issue such press release or file such other public disclosure without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed. Notwithstanding the foregoing, the disclosing Party shall be permitted to proceed with such press release or file such other public disclosure without the prior written consent of the other Party, if the other Party has not responded within forty-eight (48) hours of the initial consent request.
- (b) Notwithstanding Section 14.1(a): (i) this Agreement may be filed by the Vendor with the Court; and (ii) the Transaction may be disclosed by the Vendor to the Court, subject to redacting confidential or sensitive information as permitted by Applicable Law. The Parties further agree that:
  - (i) the Vendor may prepare and file reports and other documents with the Court containing references to the Transaction and the terms of the Transaction;
  - (ii) the Vendor and its professional advisors may prepare and file such reports and other documents with the Court containing references to the Transaction contemplated by this Agreement and the terms of such Transaction as may reasonably be necessary to obtain the Court Approval and to complete the Transaction contemplated by this Agreement or to comply with their obligations to the Court.

### **14.2 Liability of the Proposal Trustee**

The Purchaser acknowledges that KSV is acting solely in its capacity as the proposal trustee of the Vendor and not in its personal or corporate capacity. Under no circumstances shall the Proposal Trustee or any of their Representatives have any liability pursuant to this Agreement, or in relation to the Transaction whether such liability be in contract, tort or otherwise.

### 14.3 Dissolution of Vendor

The Purchaser acknowledges and agrees that nothing in this Agreement shall operate to prohibit or diminish in any way the right of the Vendor or any of its Affiliates to cause the dissolution or wind-up of the Vendor subsequent to the Closing Date, or otherwise cause or allow the Vendor to cease operations in any manner or at any time subsequent to the Closing Date as the Vendor may determine in its sole discretion, which may be exercised without regard to the impact any such action may have on the Vendor's ability to fulfil its obligations under this Agreement that survive Closing.

### 14.4 Survival

Upon Closing, the obligations, covenants, representations and warranties of the Parties set out in this Agreement shall expire, be terminated and extinguished and of no further force or effect, provided that notwithstanding the Closing contemplated hereunder or the delivery of documents pursuant to this Agreement, the obligations and covenants of the Parties set out in Section 2.3 (Licence Transfers), Section 2.5 (Specific Conveyances), Section 2.6 (Post-Closing Maintenance of Assets), Section 5.3 (Enforcement of Representations and Warranties), Section 10.2 (ROFRs) and Article 4 (Transfer Taxes), Article 6 ("As Is, Where Is" and No Additional Representations and Warranties), Article 8 (Indemnification), Article 9 (Environmental Matters) and Article 14 (General), shall survive Closing, shall remain in full force and effect, shall not merge as a result of Closing and shall be binding on the Parties indefinitely thereafter except as expressly stated to the contrary therein or otherwise in accordance with Applicable Laws.

### 14.5 Governing Law

- (a) This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta, and the federal laws of Canada applicable therein (excluding any conflict of law rule or principle of such laws that might refer such interpretation or enforcement to the laws of another jurisdiction). The Parties consent to the jurisdiction and venue of the courts of Alberta for the resolution of any such dispute arising under this Agreement.
- (b) Notwithstanding Section 14.5(a), any and all documents or orders that may be filed, made or entered in the NOI Proceedings, and the rights and obligations of the Parties thereunder, including all matters of construction, validity and performance thereunder, shall in all respects be governed by, and interpreted, construed and determined in accordance with the laws of the Province of Alberta. The Parties consent to the jurisdiction and venue of the Court, as applicable, for the resolution of any such disputes, regardless of whether such disputes arose under this Agreement. Each Party agrees that service of process on such Party as provided in Section 14.15 shall be deemed effective service of process on such Party.

### 14.6 Consequential Damages

Under no circumstance shall any of the Parties, their Representatives or their respective directors, officers, employees or agents be liable for any punitive, exemplary, consequential or indirect damages (including for greater certainty, any loss of profits) (collectively, "**Consequential Damages**") that may be alleged to result, in connection with, arise out of, or relate to this Agreement or the Transaction, other than Consequential Damages for which the Purchaser is liable as a result of a Third Party Claim (which liability shall be subject to and recoverable under Article 8 (Indemnification)). For greater certainty, the Parties agree that none of the Parties, their respective Affiliates or their respective Representatives shall be liable for any lost profits whatsoever, whether such lost profits are considered to be direct, consequential or

indirect losses, and regardless of whether such lost profits were foreseeable by the Parties at any time or whether such lost profits were the direct and natural result of a Party's breach of its obligations under this Agreement.

#### **14.7 Right to Contact Governmental Authorities and Stakeholders**

Notwithstanding any provision to the contrary in the Confidentiality Agreement, the Purchaser shall be entitled to disclose the Transaction and take any further steps it reasonably requires to advance the Transaction or satisfy any conditions set forth in Section 11.2 with any applicable Governmental Authorities, First Nation or other Third Party stakeholders in its discretion, acting reasonably. The Vendor shall provide such assistance as is reasonably required by Purchaser.

#### **14.8 Further Assurances**

Each of the Parties from and after the date hereof shall, from time to time, and at the request and expense of the Party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested to complete the Transaction and for more effectually carrying out the true intent and meaning of this Agreement.

#### **14.9 Assignment**

The Purchaser shall not, without the Vendor's prior written consent, assign any right or interest in this Agreement, which consent may be withheld in the Vendor's sole and absolute discretion, except that the Purchaser shall have the right to assign any or all of its rights, interests or obligations hereunder to one or more Affiliates of the Purchaser, provided that: (a) such Affiliate agrees to be bound by the terms of this Agreement; (b) the Purchaser shall remain liable hereunder for any breach of the terms of this Agreement by such Affiliate; (c) such assignment shall not release the Purchaser from any obligation or liability hereunder in favour of the Vendor; and (d) the Purchaser shall acknowledge and confirm its continuing obligations in favour of the Vendor in an assignment and assumption agreement in form and substance satisfactory to the Vendor.

#### **14.10 Waiver**

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver by any Party of any breach (whether actual or anticipated) of any of the terms, conditions, representations or warranties contained herein shall take effect or be binding upon that Party unless the waiver is expressed in writing under the authority of that Party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

#### **14.11 Amendment**

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

#### **14.12 Time of the Essence**

Time is of the essence in this Agreement.

### 14.13 Costs and Expenses

Unless otherwise provided for in this Agreement, each Party shall be responsible for all costs and expenses (including the fees and disbursements of legal counsel, bankers, investment bankers, accountants, brokers and other advisors) incurred by it in connection with this Agreement and the Transaction. Notwithstanding any other provision of this Agreement, the Purchaser shall pay the cost of all surveys, title insurance policies and title reports ordered by the Purchaser.

### 14.14 Entire Agreement

This Agreement and the Confidentiality Agreement (the terms and conditions of which are incorporated by reference into this Agreement, and binding upon the Parties, as if such agreement were signed directly by the Parties) constitute the entire agreement between the Parties with respect to the subject matter hereof and cancel and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or other provisions, whether oral or written, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof other than those contained in this Agreement or in the Confidentiality Agreement.

### 14.15 Notices

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

- (a) in the case of the Vendor:

Erikson National Energy Inc.  
1900, 717 – 7th Avenue SW  
Calgary, Alberta T2P 0Z3

Attention: Peter Neelands  
Email: peter@thirdeycapital.com

With a copy, which shall not constitute notice, to the Vendor's Solicitors:

Bennett Jones LLP  
4500, 855 - 2<sup>nd</sup> Avenue S.W.  
Calgary, AB T2P 4K7

Attention: Keely Cameron; Kristos Iatridis  
Email: cameronk@bennettjones.com; iatridisk@bennettjones.com

- (b) In the case of the Purchaser:

Gryphon Digital Mining, Inc.  
Attention: Steve Gutterman  
Email: steve@gryphonmining.com

With a copy, which shall not constitute notice, to the Purchaser's Solicitors:

Cassels Brock & Blackwell LLP

Suite 3200, Bay Adelaide Centre – North Tower  
40 Temperance St.  
Toronto, ON M5H 0B4 Canada

Attention: Alex Pizale, Chris McLelland  
Email: [apizale@cassels.com](mailto:apizale@cassels.com), [cmcllland@cassels.com](mailto:cmcllland@cassels.com)

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

#### **14.16 Enurement**

This Agreement shall be binding upon, and enure to the benefit of, the Parties and their respective successors and permitted assigns.

#### **14.17 Third Party Beneficiaries**

Except as otherwise provided for in this Agreement, each Party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties and their successors and permitted assigns and, except as otherwise provided for in this Agreement, no Person, other than the Parties and their successors and permitted assigns shall be entitled to rely on the provisions hereof in any action, suit, proceeding, hearing or other forum. The Purchaser acknowledges to the Vendor, its Affiliates and their respective Representatives their direct rights against the Purchaser under this Agreement. To the extent required by Applicable Law to give full effect to these direct rights, the Purchaser agrees and acknowledges that the Vendor is acting as agent and/or as trustee of its Representatives, its Affiliates and their respective Representatives.

#### **14.18 Severability**

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision validity or enforceability in any other jurisdiction.

#### **14.19 Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by electronic

means of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

**[THE BALANCE OF THIS PAGE INTENTIONALLY BLANK]**

**IN WITNESS WHEREOF** this Agreement has been properly executed by the Parties as of the date first above written.

**ERIKSON NATIONAL ENERGY INC.**

Per: \_\_\_\_\_  
Name: Peter Neelands  
Title: Director

**GRYPHON DIGITAL MINING, INC.**

Per: \_\_\_\_\_  
Name:  
Title:



## **SCHEDULE A**

### **Schedule A-1 - Assets Listing**

Lands Schedule/Mineral Property Report:

[•]

Wells:

[•]

Facilities:

[•]

Pipelines:

[•]

## Schedule A-2 – Whitemap Area

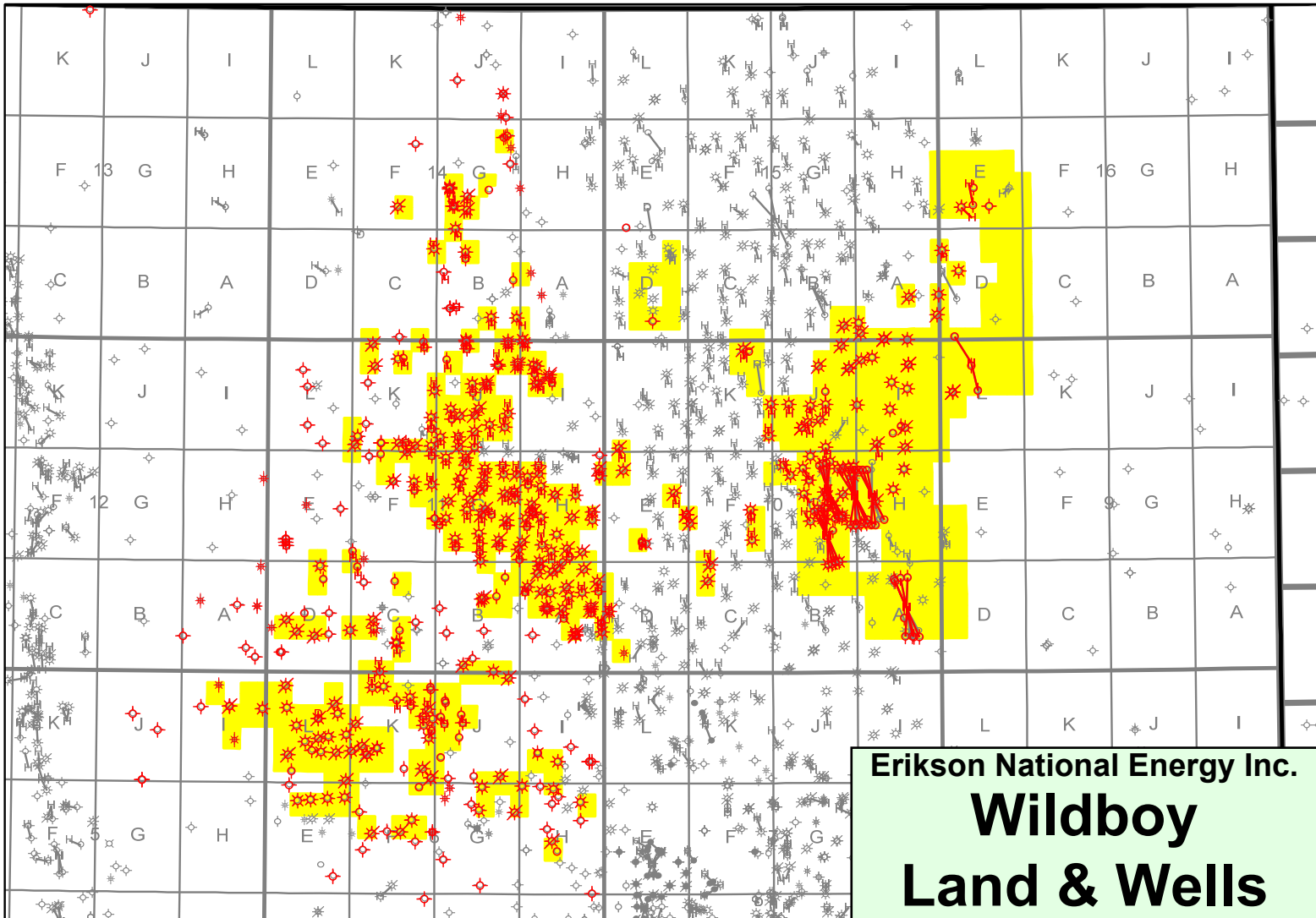
W122:00

W121:30

W121:00

W120:30

W120:00



T125

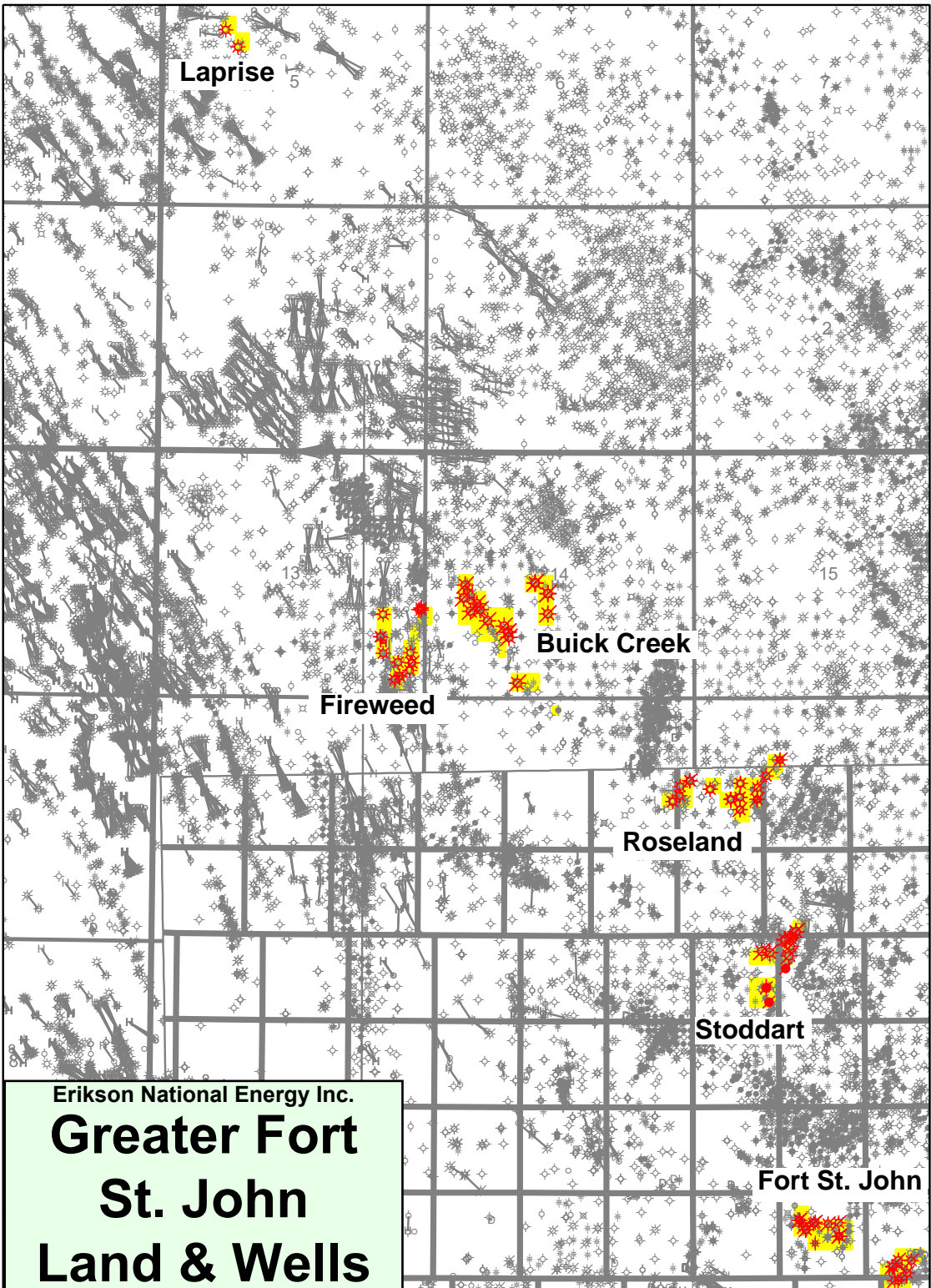
T123

T121

T119

Erikson National Energy Inc.  
**Wildboy**  
**Land & Wells**

R12W6



Laprise

Buick Creek

Fireweed

Roseland

Stoddart

Fort St. John

T87

T85

T83

R25

R23

R21

R19

R17W6

Erikson National Energy Inc.  
**Greater Fort  
St. John  
Land & Wells**

## SCHEDULE C<sup>1</sup>

### Form of General Conveyance, Assignment and Assumption Agreement

#### GENERAL CONVEYANCE, ASSIGNMENT, AND ASSUMPTION AGREEMENT

THIS General Conveyance, Assignment, and Assumption Agreement (this "**Agreement**") is made as of the [•] day of [•], [•].

**AMONG:**

**ERIKSON NATIONAL ENERGY INC.**, a corporation existing under the laws of the Province of Alberta (herein referred to as the "**Vendor**")

- and -

**[BUYER]**, a corporation existing under the laws of **Alberta** (herein referred to as the "**Purchaser**")

**RECITALS:**

- A. In accordance with the terms of that certain Asset Purchase and Sale Agreement dated as of [•], by and between the Vendor and the Purchaser (the "**Purchase Agreement**"), the Vendor has agreed to sell, assign, and transfer the Assets to the Purchaser and the Purchaser has agreed to purchase the Assets from the Vendor;
- B. the Purchaser has agreed to assume the Assumed Liabilities; and
- C. this Agreement is delivered pursuant to the Purchase Agreement.

**NOW THEREFORE**, for good and valuable consideration now paid by the Purchaser to the Vendor pursuant to the Purchase Agreement (the receipt and sufficiency of which is hereby acknowledged by the Vendor) the parties hereto agree as follows:

**1. Definitions**

All capitalized terms used but not otherwise defined in this Agreement shall have the meaning ascribed to such terms in the Purchase Agreement.

**2. Certain Rules of Interpretation**

- (i) In this Agreement, unless the context requires otherwise, words in one gender include all genders and words in the singular include the plural and vice versa.
- (ii) The division of this Agreement into Sections and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

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<sup>1</sup> Guidance note to Buyer: this Schedule C is a form only; it is required to be delivered at Closing (i.e. does not need to be signed and delivered at time of signing this PSA).

- (iii) The terms "hereof," "hereunder," and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.
- (iv) Unless something in the subject matter or context is inconsistent therewith, references herein to "Sections" are to sections of this Agreement.
- (v) The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

### **3. Conveyance**

The Vendor hereby sells, transfers, assigns, conveys and delivers to the Purchaser, and the Purchaser hereby purchases, accepts and receives from the Vendor, upon the terms and subject to the conditions of the Purchase Agreement, the Vendor's Interest in and to the Assets, free and clear of any and all Claims other than Permitted Encumbrances, as applicable, with effect as of the Closing on the date hereof, to have and to hold the Assets and all such right, title, interest, property, claim, and demand unto and to the use of the Purchaser.

### **4. Assumption of Assumed Liabilities**

Effective as of the Closing on the date hereof, the Purchaser hereby assumes and agrees to pay, perform, and discharge, when due, the Assumed Liabilities.

### **5. Further Assurances**

Each of the Parties hereto from and after the date hereof shall, from time to time, and at the request and expense of the Party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested to complete the Transaction and for more effectually carrying out the true intent and meaning of this Agreement.

### **6. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta, and the federal laws of Canada applicable therein (excluding any conflict of law rule or principle of such laws that might refer such interpretation or enforcement to the laws of another jurisdiction). The Parties consent to the jurisdiction and venue of the courts of Alberta for the resolution of any such dispute arising under this Agreement.

### **7. Entire Agreement**

This Agreement, the Purchase Agreement, and the documents referred to therein and contemplated thereby constitute the entire agreement between the Parties with respect to the subject matter hereof and cancel and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or other provisions, whether oral or written, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof other than those contained in this Agreement, the Purchase Agreement, the Confidentiality Agreement and the documents referred to therein and contemplated thereby.

**8. Successors and Assigns**

This Agreement shall be binding upon, and enure to the benefit of, the Parties and their respective successors and permitted assigns.

**9. Counterparts**

This Agreement may be executed in two or more counterparts, each of which will be deemed an original and all of which together will constitute one instrument. Delivery by electronic transmission in portable document format (PDF) of an executed counterpart of this Agreement is as effective as delivery of an originally executed counterpart of this Agreement.

**10. Amendments**

This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party. Any amendment effected in accordance with this Section 10 will be binding upon the Parties and their respective successors and permitted assigns.

**11. Paramountcy**

This Agreement is delivered pursuant to, and is subject to, all of the terms and conditions contained in the Purchase Agreement. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Purchase Agreement, the provisions of the Purchase Agreement shall prevail.

**12. Severability**

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision validity or enforceability in any other jurisdiction.

**[Signature Page Follows.]**

**IN WITNESS WHEREOF** this Agreement has been properly executed by the Parties as of the date first above written.

**ERIKSON NATIONAL ENERGY INC.**

Per: \_\_\_\_\_  
Name: Peter Neelands  
Title: Director

**[BUYER]**

Per: \_\_\_\_\_  
Name:  
Title:



**SCHEDULE C**

**FORMS OF CONDITIONS CERTIFICATES**

**VENDOR'S CONDITIONS CERTIFICATE**

**TO: KSV RESTRUCTURING INC. (the "Proposal Trustee ")**

This Conditions Certificate (this "**Certificate**") is delivered pursuant to Section 11.5 of that certain purchase and sale agreement, dated as of December 3, 2024 (the "**Purchase Agreement**") between **ERIKSON NATIONAL ENERGY INC.** (the "**Vendor**") and **[BUYER]** (the "**Purchaser**"). All capitalized terms used herein which have not been defined herein shall have the same meaning attributed thereto in the Purchase Agreement unless the context requires otherwise.

The undersigned [**officer/director**] of the Vendor hereby confirms to the Proposal Trustee, for and on behalf of the Vendor, but solely in his or her capacity as an [**officer/director**] of the Vendor and not in his or her personal capacity (and without incurring any personal liability), that:

1. the conditions to Closing set out in Sections 11.1 and 11.3 of the Purchase Agreement for the benefit of the Vendor have been fulfilled or performed to the Vendor's satisfaction and/or waived by the Vendor; and
2. the amount of the Transfer Taxes to be paid by the Purchaser on Closing is equal to \$[●].

*[The remainder of this page is left intentionally blank]*

**IN WITNESS WHEREOF**, the undersigned has executed this Certificate as of the [●] day of [●], 2025.

**ERIKSON NATIONAL ENERGY INC.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

## PURCHASER'S CONDITIONS CERTIFICATE

**TO: KSV RESTRUCTURING INC. (the "Proposal Trustee")**

This Conditions Certificate (this "**Certificate**") is delivered pursuant to Section 11.5 of that certain purchase and sale agreement, dated as of December 3, 2024 (the "**Purchase Agreement**") between **ERIKSON NATIONAL ENERGY INC.** (the "**Vendor**") and **[BUYER]** (the "**Purchaser**"). All capitalized terms used herein which have not been defined herein shall have the same meaning attributed thereto in the Purchase Agreement unless the context requires otherwise.

The undersigned officer of the Purchaser hereby confirms to the Proposal Trustee, for and on behalf of the Purchaser, but solely in his or her capacity as an officer of the Purchaser and not in his or her personal capacity (and without incurring any personal liability), that:

1. the conditions to Closing set out in Sections 11.1 and 11.2 of the Purchase Agreement for the benefit of the Purchaser have been fulfilled or performed to the Purchaser's satisfaction and/or waived by the Purchaser; and
2. the amount of the Transfer Taxes to be paid by the Purchaser on Closing is equal to \$[●] and all such Transfer Taxes **[have been paid by the Purchaser directly to each relevant Governmental Authority][will be paid by the Purchaser to the Vendor at Closing][will be paid by the Purchaser pursuant to an agreement with the relevant Governmental Authority]**.

*[The remainder of this page is left intentionally blank]*

**IN WITNESS WHEREOF**, the undersigned has executed this Certificate as of the [●] day of [●], 2025.

**[BUYER]**

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

**SCHEDULE D**  
**Assumed Contracts**

**SCHEDULE E**

**Thirteen Week Cash Flow Schedule**

This is **Exhibit “H”** referred to in the affidavit of Peter Neelands sworn before me at Toronto, Ontario this 3<sup>rd</sup> day of December, 2024



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A Commissioner for Oaths in and for Ontario  
Patrick Harnett  
Barrister & Solicitor

## SECOND AMENDED AND RESTATED INTERIM FINANCING TERM SHEET

December 9, 2024

**WHEREAS** the Borrower (as defined below) has requested that the Interim Lenders (as defined below) provide financing to fund certain of the Borrower's obligations during the pendency of the Borrower's 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 in accordance with the terms and conditions set out herein;

**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 the Amended and Restated Interim Financing Agreement dated November 21, 2024 (as amended from time to time, the "**First A&R Interim Financing Term Sheet**") which was approved by the Court pursuant to the second interim financing order pronounced on November 21, 2024 (the "**Second Interim Financing Order**");

**AND WHEREAS** the Parties wish to amend and restate the First A&R Interim Financing Term Sheet;

**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 Second Amended and Restated 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. 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 under its NOI Proceedings:
- (a) To fund professional fees of the Proposal Trustee, the Borrower’s sales advisor, Sayer Energy Services Inc., and the legal fees of counsel to each of the Borrower and the Proposal Trustee.
  - (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 (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 Proposal Trustee and counsel to the Proposal Trustee (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.

7. **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 \$1,500,000 (one million five 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.

8. **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 NOI Proceedings, and the associated stay of proceedings, remain in full force and effect;
- (b) the Court shall have issued and entered no later than December 10, 2024 an order in the NOI 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 NOI 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, 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 Interim Financing Increase Order and SISP Order shall have become a final order 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 the 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.

## 9. 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, or the NOI 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 NOI 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 NOI 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 NOI 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.

**10. 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.

**11. 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 Proposal Trustee, including the engagement by the Proposal Trustee 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).

**12. PROPOSAL TRUSTEE**

The Proposal Trustee 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 Proposal Trustee and Sayer Energy Services in respect of the SISF as may be requested by the Agent from time to time.

**13. 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 proposal within the NOI Proceedings (a “**Proposal**”) 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 NOI Proceedings for any reason; and (iv) February 8, 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 Proposal 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.

**14. 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 **March 8, 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**”).

**15. 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 \$5,000, 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.

**16. 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.

**17. VOLUNTARY  
PREPAYMENTS  
AND MANDATORY  
PREPAYMENTS**

(a) Provided the Proposal Trustee 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 Proposal Trustee 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.

## **18. 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.

**19. FEES**

An up-front amendment and extension 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.

**20. 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, 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 NOI 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), 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 BIA, the First Interim Financing Order, Second Interim Financing Order, 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.

## **21. 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 Proposal Trustee 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 Proposal Trustee 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 Proposal Trustee 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 NOI 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 Proposal Trustee 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 NOI Proceedings including, without limitation, reports on the progress of any Proposal 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.

**22. 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 NOI 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 Proposal Trustee 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 Proposal Trustee, 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 Proposal Trustee 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 Proposal 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.
- (w)

### 23. 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 NOI Proceedings, or lifting the stay in the NOI 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 Proposal Trustee, 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 January 24, 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 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 Proposal, Restructuring Option or Court-ordered Sale provides for repayment in full of the Interim Facility Obligations, seeking the approval of any Proposal,

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 Proposal 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 NOI 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 Proposal 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.

## 24. 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 Proposal Trustee and/or enhance any powers of the Proposal Trustee, 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 Proposal Trustee, 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 Proposal Trustee (or monitor or receiver) and the Agent, providing the Proposal Trustee (or monitor or receiver) with the power, in the name of and on behalf of the Borrower, to take all necessary steps in



the NOI 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.

**25. 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.

**26. 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.

**27. 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 NOI

Proceedings, and (ii) under applicable securities laws, including all applicable TSX policies and regulations.

**28. 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.

**29. 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.

**30. 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.

**31. 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.

**32. 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.

**33. 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 Proposal Trustee 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.

**34. AMENDMENT AND  
RESTATEMENT**

The terms and provisions of the Original Interim Financing Term Sheet shall be and are hereby amended, superseded and restated in their entirety by the terms and provisions of this Term Sheet.

*[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

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

“**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.

**“First 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.

**“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 Proposal, Court-ordered Sale in the NOI 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 NOI Proceedings);
- (e) the appointment or pending appointment a receiver and manager, receiver, interim receiver or similar official, or substituting the Proposal Trustee, 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 NOI 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.

“**Proposal**” 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;

“**SISP**” means the Sale and Investment Solicitation Process commenced by the Borrower, and approved by the Proposal Trustee, 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;

“**Transaction**” means the transaction contemplated by the asset purchase agreement approved by the Court, as between Erikson as vendor, and the 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 Proposal Trustee

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

Dear Sirs:

The undersigned refers to the interim financing term sheet dated as of December 9, 2024 (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

Erikson National Energy Inc.  
Cash Flow Forecast  
October 1, 2024 to March 2, 2025

	Notes	Actual									Forecast												Total		
		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21		Week 22	
For the week ending, in CAD		05-Oct-24	12-Oct-24	19-Oct-24	26-Oct-24	02-Nov-24	09-Nov-24	16-Nov-24	23-Nov-24	30-Nov-24	07-Dec-24	14-Dec-24	21-Dec-24	28-Dec-24	04-Jan-25	11-Jan-25	18-Jan-25	25-Jan-25	01-Feb-25	08-Feb-25	15-Feb-25	22-Feb-25	01-Mar-25		
Opening cash balance	1	527,886	475,677	466,857	279,385	244,094	132,271	25,116	40,333	32,432	53,042	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	527,886	
<b>Cash Receipts</b>																									
Cash Collections	2	-	-	-	-	-	-	34,165	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,165	
<b>Cash Disbursements</b>																									
<b>Operating Expenses</b>																									
Wages, salaries, and benefits	2	50,710	-	123,922	21,919	61,304	15,619	51,657	-	61,943	-	55,000	-	55,000	-	55,000	-	55,000	-	55,000	-	55,000	-	717,074	
Utilities	3	1,499	5,250	2,096	-	3,756	7,173	735	769	-	14,541	-	-	14,541	-	-	-	14,541	-	-	-	-	14,541	79,442	
Insurance	4	-	-	35,602	-	39,252	-	-	-	-	-	-	-	37,418	-	-	-	37,418	-	-	-	-	37,418	167,109	
Transportation	5	-	-	1,200	4,000	6,799	-	1,200	-	1,200	4,450	1,730	1,730	5,730	1,730	1,730	1,730	5,730	1,730	1,730	1,730	1,730	5,730	51,609	
Other operating expenses	6	-	3,570	-	9,373	712	15,296	2,065	25,126	11,843	20,650	8,875	36,175	7,875	35,175	7,875	35,875	6,800	34,100	6,800	34,800	6,800	34,100	343,884	
Rent	7	-	-	8,901	-	-	604	-	-	-	604	-	-	-	-	-	-	-	-	-	-	-	-	10,109	
Other Disbursements		52,209	8,820	171,722	35,291	111,823	38,692	55,657	25,895	74,986	40,245	65,605	37,905	64,605	92,864	64,605	37,605	63,530	91,789	63,530	36,530	63,530	91,789	1,389,226	
Anticipated capital expenditures	8	-	-	-	-	-	-	75,346	82,007	-	11,000	7,000	8,000	4,000	16,000	7,000	6,000	-	7,000	-	4,000	-	4,000	-	227,353
Interest & principal	9	-	-	-	-	-	-	-	-	5,000	2,652	-	-	-	-	-	-	-	-	-	-	-	-	-	7,652
Total disbursements		52,209	8,820	171,722	35,291	111,823	38,692	131,003	107,901	79,986	42,897	76,605	44,905	72,605	96,864	80,605	44,605	69,530	91,789	70,530	36,530	67,530	91,789	1,624,232	
<b>Professional Costs</b>	10																								
Company counsel legal fees		-	-	-	-	-	-	-	-	-	-	100,000	-	25,000	-	-	-	50,000	75,000	25,000	25,000	25,000	-	325,000	
Trustee and counsel fees		-	-	15,750	-	-	68,463	22,944	-	34,404	-	25,000	10,000	10,000	10,000	10,000	10,000	10,000	25,000	10,000	10,000	10,000	-	281,561	
Total professional costs		-	-	15,750	-	-	68,463	22,944	-	34,404	-	125,000	10,000	35,000	10,000	10,000	10,000	60,000	100,000	35,000	35,000	35,000	-	606,561	
<b>Net cash flow</b>		<b>(52,209)</b>	<b>(8,820)</b>	<b>(187,472)</b>	<b>(35,291)</b>	<b>(111,823)</b>	<b>(107,154)</b>	<b>(119,783)</b>	<b>(107,901)</b>	<b>(114,390)</b>	<b>(42,897)</b>	<b>(201,605)</b>	<b>(54,905)</b>	<b>(107,605)</b>	<b>(106,864)</b>	<b>(90,605)</b>	<b>(54,605)</b>	<b>(129,530)</b>	<b>(191,789)</b>	<b>(105,530)</b>	<b>(71,530)</b>	<b>(102,530)</b>	<b>(91,789)</b>	<b>(2,196,628)</b>	
<b>Interim financing</b>																									
Interim financing advances / (repayments)	11	-	-	-	-	-	-	135,000	100,000	135,000	14,855	201,605	54,905	107,605	106,864	90,605	54,605	129,530	191,789	105,530	71,530	102,530	91,789	1,693,743	
<b>Closing cash balance</b>		<b>475,677</b>	<b>466,857</b>	<b>279,385</b>	<b>244,094</b>	<b>132,271</b>	<b>25,116</b>	<b>40,333</b>	<b>32,432</b>	<b>53,042</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	

Management of Erikson National Energy Inc. (the "Company") has prepared this forecasted cash-flow statement (the "Cash Flow Forecast") based on probable and hypothetical assumptions detailed in Notes 1 to 11. The Cash Flow Forecast has been prepared solely for the purpose of supporting the Notice of Intention to Make a Proposal ("NOI") filed by the Company on October 1, 2024. As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast of the Company is prepared in accordance with the provisions of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the Cash-flow Statement.

Dated at the City of Calgary in the Province of Alberta, this 3rd day of December, 2024.

Erikson National Energy Inc.  
Per:

KSV Restructuring Inc.  
Per:

Peter Neelands  
Director

Andrew Basi, CPA, CA, CIRP, LIT  
Managing Director

**Erikson National Energy Inc.**  
**Notes to the Cash Flow Forecast**  
**October 1, 2024 to March 2, 2025**

**Note 1**

Account balance as at the filing date of October 1, 2024.

**Note 2**

Expenses relating to on-site employees required to maintain site safety and emergency preparedness.

**Note 3**

Includes hydro, telecommunications, IT services, and fees for the Company's accounting system.

**Note 4**

Includes property insurance for the Company's oil and gas assets and automobile insurance for site vehicles.

**Note 5**

Represents travel costs for on-site employees.

**Note 6**

Includes contractor expenses and camp costs for the Company's oil and gas assets and emergency answering service.

**Note 7**

Represents rent for the Company's Calgary and Fort St. John offices. The Company is planning to vacate the Calgary office in due course.

**Note 8**

Relates to the required scheduled maintenance of certain generators used by the Company.

**Note 9**

Represents fees and interest related to the Company's proposed interim financing facility.

**Note 10**

Includes fees of the Proposal Trustee, its legal counsel, and the Company's legal counsel.

**Note 11**

The Company intends to make an application to the Court seeking approval of an interim financing facility to fund these NOI proceedings.