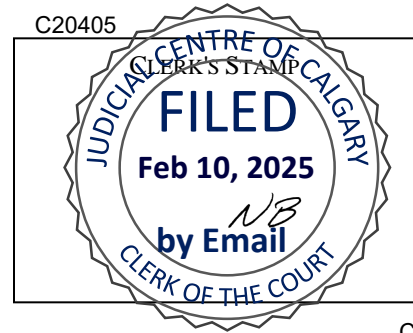


FORM 27
[RULES 6.3 AND 10.52(1)]



COURT FILE NUMBER

B301-135903

COURT

COURT OF KING'S BENCH OF ALBERTA

COM
Feb 20, 2025

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

**APPLICATION FOR EXTENSION AND
MISCELLANEOUS RELIEF**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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

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

NOTICE TO RESPONDENTS:

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: February 20, 2025
Time: 10:00 a.m.
Where: <https://albertacourts.webex.com/meet/virtual.courtroom86>
Before: The Honourable Justice D. Mah

Go to the end of this document to see what you can do and when you must do it.

Remedy claimed or sought:

1. Erikson National Energy Inc. (the "**Applicant**" or "**Erikson**") seeks an Order pursuant to the *Bankruptcy and Insolvency Act*, RSA 1985, c. B-3, as amended (the "**BIA**"), substantially in the form attached hereto as **Schedule "A"**, granting the following relief:
 - (i) declaring service of this Application and its supporting materials good and sufficient, and if necessary, abridging time for notice of the Application to the time actually given;
 - (ii) extending the time in which Erikson is required to file a proposal to its creditors, under section 50.4 of the BIA to March 12, 2025;
 - (iii) extending the stay of proceedings in the within matter to March 12, 2025;
 - (iv) approving the further amendment to the Interim Financing Agreement and increase to the Interim Lenders Charge to \$2,150,000; and
 - (v) such further and other relief as this Honourable Court may deem just.

Grounds for making this application:

2. Erikson is a junior oil and natural gas company with assets in the Fort Nelson and Greater Fort St. John areas of British Columbia. Erikson is incorporated and registered pursuant to the laws of Alberta, with headquarters located in Calgary, Alberta.
3. Erikson was established to own and operate approximately 414 wells, 20 facilities and 346 pipeline sections, which were acquired through the Ranch Energy Corp. ("**Ranch**") receivership.
4. Third Eye Capital Corporation ("**TEC**") as agent is Erikson's primary secured creditor. As of September 30, 2024, Erikson owes TEC, on behalf of Erikson's Secured Lenders, \$31,696,600.64.
5. Erikson's assets are primarily gas assets and are shut in.

6. On October 1, 2024, Erikson, through its Proposal Trustee, KSV Restructuring Inc. (“**KSV**”) filed a Notice of Intention to Make a Proposal pursuant to section 50.4 of the *BIA*. Prior to the filing, Erikson’s mineral leases were deemed by the Province of British Columbia Tenure and Resource Stewardship Branch to have expired due to non-payment of arrears.
7. Erikson was granted an initial NOI extension up to including November 30, 2024 by the Honorable Justice P. Johnston on October 21, 2024 to enable Erikson to conclude a single phase 30-day Sale and Investment Solicitation Process which resulted in multiple bids, though none were qualified.
8. The SISP deadline was extended for definitive agreements to be provided by the bidders. As of December 2, 2024, two Asset Purchase Agreements were received.
9. On December 9, 2024, Erikson sought and obtained Court approval of a transaction with Gryphon Digital Mining, Inc. (the “**Gryphon Transaction**”) which provides for a purchase price of \$2 million, assumption of all of Erikson’s oil and gas assets and cure costs, and Gryphon’s participation in funding these proceedings.
10. The Gryphon Transaction further provides for an outside date of January 31, 2025 or such other date as the parties agree. There are certain conditions in the Gryphon Transaction that need to be satisfied prior to closing, including:
 - (a) The Petroleum and Natural Gas Rights associated with the assets which were previously cancelled being transferred by the BC Ministry in accordance with section 117.1 of the *Petroleum and Natural Gas Act* (British Columbia);
 - (b) The transfer of the permits being approved by the British Columbia Energy Regulator with any conditions satisfactory to Gryphon;
 - (c) The Crown permits being transferred; and
 - (d) Completion of diligence.

11. While Erikson understands that diligence has been significantly advanced, in the last few weeks a significant issue was identified regarding the amine tower at the Wildboy Facility that requires testing and further assessment to occur on the implications for the facility.
12. As a result, the above conditions were not satisfied by January 31, 2025, and so the parties agreed to an extension of the outside date to February 14, 2025. During this period, it is anticipated that the parties will work together to determine whether the Gryphon Transaction or some variation of the Gryphon Transaction is feasible.

Extension of Stay of Proceedings and time to File a Proposal

13. The current stay and time to file a proposal is set to expire February 22, 2025. Erikson needs additional time to close the Gryphon Transaction and to advance a proposal.
14. Erikson seeks an extension to March 12, 2025, to advance the Gryphon Transaction and a proposal.
15. An extension of time to file a proposal and an extension of the stay is appropriate, because:
 - (a) Erikson has acted and continues to act in good faith and with due diligence;
 - (b) Erikson will likely be able to make a viable proposal if the extension of the filing period is granted; and
 - (c) the extension will not materially prejudice any of Erikson's creditors.

Amended Interim Financing

16. Erikson's requires funding for maintenance of its operations and advancing these proceedings. TEC has provided interim financing to Erikson on the terms set forth in the Interim Financing Agreement attached as a schedule to the Interim Financing Order granted on October 21, 2024. The Interim Financing Order was subsequently amended at the application on November 21, 2024, and further amended on December 9, 2024.

17. Since December 11, 2024, Gryphon has funded Erikson's operations under the Interim Financing Agreement, as amended in the amount of \$631,000. Given the costs that Gryphon will be incurring as part of its exploration of the Wildboy Facility issue identified, TEC has resumed funding and is willing to fund the amount required for the period sought.
18. Erikson is seeking an increase in its interim borrowing in an amount of \$350,000. To facilitate this, it has entered into the Fourth Amended and Restated Interim Financing Agreement with TEC as agent for the Lenders (as defined therein).
19. The approval of the amendment and additional borrowing is in the best interests of Erikson's stakeholders.
20. Section 50.6(1) of the *BIA* authorizes the Court to grant a charge over all of the Applicant's property in favour of a creditor who provides interim financing.
21. Section 50.6(5) of the *BIA* sets forth a non-exhaustive list of factors that the Court must consider in deciding to grant an interim financing charge as follows:
 - (5) In deciding whether to make an order, the court is to consider, among other things,
 - (a) the period during which the debtor is expected to be subject to proceedings under this Act;
 - (b) how the debtor's business and financial affairs are to be managed during the proceedings;
 - (c) whether the debtor's management has the confidence of its major creditors;
 - (d) whether the loan would enhance the prospects of a viable proposal being made in respect of the debtor;
 - (e) the nature and value of the debtor's property;
 - (f) whether any creditor would be materially prejudiced as a result of the security or charge; and

(g) the Trustee's Report.

22. The Interim Financing Charge will impact all of the creditors' positions to some degree and will potentially reduce the amount recoverable by the creditors. However, if Erikson is unable to proceed with the Gryphon Transaction because of failure to approve the Interim financing it would be detrimental to all stakeholders. On balance, the benefit to stakeholders of the increased borrowing significantly outweighs any prejudice to the creditors and is supported by TEC the primary secured creditor of Erikson.
23. Such further and other grounds as counsel for Erikson may advise and this Honourable Court may permit.

Material or evidence to be relied on:

24. The Affidavit of Peter Neeland, sworn on February 10, 2025, filed;
25. The Affidavit of Peter Neeland, sworn on January 13, 2025, filed;
26. The Affidavit of Peter Neeland, sworn on December 3, 2024, filed;
27. Certificate for the Notice of Intention to Make a Proposal, filed;
28. The Fifth Report of the Proposal Trustee, to be filed;
29. Such further and other materials as counsel for the Proposal Trustee or the Applicants may advise and this Honourable Court may permit.

Applicable rules:

30. Part 6, Division 1 of the Alberta *Rules of Court*.

Applicable Acts and regulations:

31. The *Bankruptcy and Insolvency Act*;
32. Such further and other Acts or regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

33. None.

How the application is proposed to be heard or considered:

34. By Webex videoconference.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

CLERK'S STAMP

COURT FILE NUMBER

B301-135903

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PROCEEDING

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

DOCUMENT

ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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

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

DATE ON WHICH ORDER WAS PRONOUNCED:

February 20, 2025

LOCATION WHERE ORDER WAS PRONOUNCED:

Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER:

The Honourable Justice D. Mah

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

Report of KSV Restructuring Inc. as Proposal Trustee (“**Proposal Trustee**”); AND UPON having heard counsel for Erikson, the Proposal Trustee and counsel for any other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

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

CAPITALIZED TERMS

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

EXTENSION

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

AMENDMENT OF INTERIM FINANCING AGREEMENT

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

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

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

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

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

J.C.K.B.A.