

FORM 49
[RULE 13.19]

COM
Nov 21, 2024

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COURT FILE NO. 2401-13792
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
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Calgary, Alberta T2P 4K7

Attention: Keely Cameron/Michael Selnes/Luc Rollingson
Telephone No.: 403-298-3324/3311/7971
Fax No.: 403-265-7219
Client File No.: 87754.38

AFFIDAVIT #2 OF MARK HORROX

Sworn on November 15, 2024.

I, **Mark Horrox**, of City of Toronto, Ontario, **SWEAR AND SAY THAT:**

1. I am the sole director of the applicant, Erikson National Energy Inc. (“**Erikson**” or “**Applicant**”) since the CEO retired and am also an Investment Principal of Third Eye Capital Corporation (“**TEC**” or “**Agent**”), the agent for the secured lenders of Erikson.

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 Erikson's Proposal Extension Date, as defined in paragraph 2 of the Initial Order, granted in these proceedings by the Honorable Justice P. Johnston on October 21, 2024 (the "**Initial Order**"), up to and including January 15, 2025, or such other date as this Court may deem appropriate;
 - (b) amending and restating the terms of Interim Financing Agreement substantially in the form attached as **Exhibit "A"** to this affidavit ("**Amended Financing Agreement**"); and
 - (c) Such other relief as the Erikson may seek and this Court may allow.

II. BACKGROUND

4. My previous affidavits sworn on October 15, 2024 (the "**First Horrox Affidavit**") and October 18, 2024 provide the background facts regarding Erikson and its financial situation. This Affidavit expands upon the facts since commencement of the Notice of Intention to Make a Proposal (the "**NOI**") proceedings.
5. Capitalized terms used but not defined herein have the meaning ascribed to them in the First Horrox Affidavit.
6. On October 1, 2024, Erikson, through its Proposal Trustee filed a NOI pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, RSA 1985, c. B-3, as amended (the "**BIA**").
7. 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, to and including November 30, 2024, approval of the Sale and Investment Solicitation Process (the "**SISP**"), and appointing the Sales Advisor to carry out the SISP in cooperation with the Proposal Trustee.

8. On October 21, 2024, the Honorable Justice P. Johnston also granted an order (“**Interim Financing Order**”) approving interim financing provided by TEC to Erikson to fund the SISP (“**Interim Financing Agreement**”). The terms of the Interim Financing Agreement are set out in the Interim Financing Order.
9. TEC has advanced \$135,000 under the Interim Financing Agreement so Erikson can meet its financial obligations.
10. TEC has also provided Erikson with a Waiver of Default which waives the “Lease Reinstatement” event of default in the Interim Financing Agreement which arose on November 8, 2024 and amends the date to November 15, 2024.
11. On November 14, 2024, multiple bids were received as part of the sales process run by Sayer Energy Advisors. This includes bids that would result in the full assumption of Erikson’s environmental liabilities. These bids are currently under review.

III. AMENDED INTERIM FINANCING

12. While the assets have been shut-in to maintain them in a safe state and minimize ongoing costs, there continues to be significant costs associated with maintaining staff to ensure the safety of the sites.
13. Erikson will need additional financing in order to continue to maintain staff, operations and fund this NOI process during the proposed stay extension period. As a result, Erikson and TEC must amend the Interim Financing Agreement.
14. TEC is prepared to provide the necessary funding in accords with the Amended Financing Agreement attached as **Exhibit “A”** to this affidavit. The terms and conditions of the Amended Financing Agreement are substantially similar to the initial Interim Financing Agreement, with material amendments summarized as follows:
 - (a) the financing provided is a super-priority, debtor-in-possession interim, non-revolving credit facility up to a maximum principal amount of \$950,000;

- (b) the credit facility continues to bear interest at the original rate of 12.0% *per annum*, with an up-front fee amendment fee of \$5,000, to be paid from the first advance;
 - (c) Erikson is obliged to repay all amounts outstanding under the credit facility no later than December 16, 2024, subject to the option for Erikson to extend the maturity date to January 15, 2025 upon the payment of a \$5,000 extension fee and there being no default under the agreement. The obligations under the agreement are not fully and finally discharged until all interim financing obligations are satisfied in full.
 - (d) 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; and
 - (e) given the ongoing progress with the British Columbia Tenure and Resource Stewardship Branch with respect to reinstatement of Erikson's mineral leases for the purpose of transfer to a successful bidder in the SISP, TEC has agreed to extend the "Lease Reinstatement" deadline to November 29, 2024.
15. These terms will give Erikson enough funds to continue to operate while it finalizes the purchase terms with one or more of the bidders.

IV. STAY EXTENSION

16. 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 gathering and providing information, preparing a form of Asset Purchase Agreement for the data room, reviewing proposed amendments to the confidentiality agreements and meeting with and responding to requests from potential bidders;
 - (b) engaging the Tenure and Resource Stewardship Branch to try to get mineral leases reinstated or alternatively ensure that they are available to be transferred to any

successful SISP participants. While the mineral licenses are not reinstated yet, the BC Government has indicated a willingness to engage with bidders regarding reinstatement;

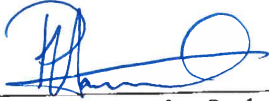
- (c) making ongoing payments to Erikson's employees, contractors, and suppliers;
 - (d) preparing revised statements cash flows; and
 - (e) negotiating an amendment and waiver of default in the Interim Financing Agreement with TEC related to the requirement to have the mineral leases reinstated, which ensures Erikson's continued access to interim financing and which enables Erikson's NOI and SISP to continue; and
 - (f) negotiating additional interim financing necessary to enable Erikson's NOI and SISP to continue.
17. The current stay of proceedings expires on November 30, 2024 and the SISP has resulted in promising bids. It is anticipated that it may take longer than November 30, 2024 to fully conclude Erikson's restructuring efforts.
18. Erikson requires an extension to, among other things:
- (a) continue to negotiate and finalize terms of an asset purchase, including seeking this Court's approval of any successful binding offer resulting from the implementation of the SISP; and
 - (b) continue discussions with stakeholders to ensure all relevant input is considered and any remaining issues are addressed.
19. 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.

V. CONCLUSION

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

SWORN BEFORE ME REMOTELY
in accordance with O. Reg 431/20,
Administering Oath or Declaration
Remotely at City of Toronto, Ontario, this
15th day of November, 2024.



A Commissioner for Oaths
in and for Ontario

Patrick T. Harnett
Barrister and Solicitor



MARK HORROX

This is **Exhibit “A”** referred to in the affidavit of Mark Horrox sworn before me at Toronto, Ontario this 15th day of November, 2024



A Commissioner for Oaths in and for Ontario

Patrick T. Harnett
Barrister and Solicitor

\$950,000

AMENDED AND RESTATED INTERIM FINANCING TERM SHEET

November 21, 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 wish to amend and restate the Original 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 (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 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 \$950,000 (nine hundred fifty 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 November 22, 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 Interim Financing 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, 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 final orders not subject to appeal.
- (g) The making of any Interim Advance shall not cause the aggregate amount of the outstanding Interim Advances to exceed the maximum amount secured under the Interim Lender Charge which ranks in priority to all other Liens other than the Permitted Priority Liens.
- (h) All Interim Financing Fees and Expenses for which invoices have been provided to the Borrower shall have been paid, or

arrangements satisfactory to the Secured Parties shall have been made to pay such amounts.

- (i) The Borrower shall be in compliance with all orders issued in the NOI Proceedings (collectively, the “**Court Orders**”).
- (j) The Borrower shall have paid all statutory liens, trust and other priming government claims including, without limitation, source deductions, except, in each case, for any such amounts that are not yet due and payable or which are in dispute in which case appropriate reserves have been made.
- (k) All of the representations and warranties of the Borrower as set forth herein shall be true and accurate in all material respects.
- (l) No Default or Event of Default shall have occurred or, if applicable, shall occur as a result of the requested Interim Advance.
- (m) The SISP commenced in the NOI Proceedings remains in effect, and there is a reasonable possibility of one or more offers to purchase being concluded 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.
- (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) December 16, 2024 (“**Initial Maturity Date**”), subject to the ability of the Borrower, provided there is no Event of Default hereunder, to extend the Initial Maturity Date to January 15, 2025, by notice in writing to the Agent delivered prior to the expiry of the Initial Maturity (the latest of such dates being the “**Maturity Date**”). Upon each such extension, the Borrower shall pay the Agent, for the ratable benefit of the Interim Lenders, an extension fee equal to \$5,000.

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 February 2, 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 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 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, and other taxes, 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 Secured Parties 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 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 line item 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 November 29, 2024, or if the Lease Reinstatement has been obtained by November 29, 2024 and is thereafter reversed or terminated for any reason;
- (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.

“**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.

“**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;

“**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 November 21, 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