



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 **FIFTH REPORT OF THE PROPOSAL TRUSTEE
FEBRUARY 18, 2025**

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1.0 Introduction

1. This fifth report (this “**Fifth Report**”) is filed by KSV Restructuring Inc. (“**KSV**”), in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) in connection with a Notice of Intention to Make a Proposal (“**NOI**”) filed on October 1, 2024 (the “**Filing Date**”) by Erikson National Energy Inc. (“**Erikson**” or the “**Company**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).
2. The NOI proceedings (these “**Proceedings**”) were commenced to create a stabilized environment to enable the Company to maintain its oil and gas assets while it continued an ongoing sale and investment solicitation process (the “**SISP**”), with the assistance of a sales agent, Sayer Energy Advisors (“**Sayer**”), with the objective of completing one or more transactions.
3. On October 21, 2024, on application by Erikson, the Court of King’s Bench of Alberta (the “**Court**”) granted:
 - a) an order (the “**First Extension Order**”), among other things:
 - i. extending the time for the Company to file a proposal to its creditors and the stay of proceedings up to and including November 30, 2024;
 - ii. approving the SISP and Sayer’s engagement letter dated October 15, 2024, including the fees payable to Sayer; and
 - iii. granting a first-priority charge in the maximum amount of \$200,000 (the “**Administration Charge**”) on all of Erikson’s current and future assets, undertakings and properties of every nature and kind whatsoever (collectively, the “**Property**”) for the fees and disbursements of the Company’s legal counsel, Bennett Jones LLP (“**Bennett Jones**”), the Proposal Trustee, and the Proposal Trustee’s legal counsel, Fasken Martineau DuMoulin LLP (“**Fasken**”); and
 - b) an interim financing order (the “**Interim Financing Order**”), among other things:
 - i. authorizing the Company to obtain and borrow under a credit facility (as amended from time to time, the “**Interim Financing Facility**”) from Third Eye Capital Corporation (“**TEC**” and in such capacity, the “**Interim Lender**”) in the

maximum principal amount of \$250,000, subject to the terms (including priority for Permitted Priority Liens) and conditions set forth in the term sheet (the “**Original Interim Financing Term Sheet**”) and granting a charge in favor of the Interim Lender (the “**Interim Lender’s Charge**”) to secure the advances made under the Interim Financing Facility; and

- ii. ranking the Court-ordered charges in these Proceedings as follows: (1) first, the Administration Charge; and (2) second, the Interim Lender’s Charge.

4. On November 21, 2024, on application by Erikson, the Court granted an order (the “**Second Extension and Amended Interim Financing Order**”), among other things:

- a) extending the time for the Company to file a proposal to its creditors and the stay of proceedings up to and including December 10, 2024; and
- b) approving an amended and restated interim financing term sheet dated November 21, 2024 (the “**First Amended Interim Financing Term Sheet**”) between the Interim Lender and the Company and increasing the Interim Lender’s Charge from \$250,000 to \$550,000, to secure the advances made under the Interim Financing Facility.

5. On December 9, 2024, on application by Erikson, the Court granted:

- a) an order (the “**Third Extension and Amended Interim Financing Order**”), among other things:
 - i. extending the time for the Company to file a proposal to its creditors and the stay of proceedings up to and including January 23, 2025; and
 - ii. approving a further amended and restated interim financing term sheet dated December 9, 2024 (the “**Second Amended Interim Financing Term Sheet**”) and increasing the Interim Lender’s Charge from \$550,000 to \$1.5 million, to secure the advances made under the Interim Financing Facility; and
- b) a sale approval and vesting order (the “**AVO**”):
 - i. approving an asset purchase and sale agreement (the “**APA**”) between Erikson and Gryphon Digital Mining Inc. (“**Gryphon**”) (the “**Transaction**”) and authorizing and directing Erikson to execute the APA and take such additional

steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction; and

- ii. ordering that: (1) subject only to approval by the British Columbia Energy Regulator (the “**BCER**”) of transfer of any applicable licenses, permits, and approvals pursuant to section 29 of the *Energy Resource Activities Act*, SBC 2008, c 36; and (2) upon the Proposal Trustee delivering a certificate substantially in the form of Schedule “B” to the AVO, all of the Company’s right, title and interest in and to the Assets shall vest in Gryphon free and clear of any and all Encumbrances, other than the Permitted Encumbrances (all as defined in the AVO).

6. On January 22, 2025, on application by Erikson, the Court granted an order (the “**Fourth Extension and Amended Interim Financing Order**”), among other things:

- a) extending the time for the Company to file a proposal to its creditors and the stay of proceedings up to and including February 22, 2025; and
- b) approving an amended and restated interim financing term sheet dated January 22, 2025 (the “**Third Amended Interim Financing Term Sheet**”) between the Interim Lender and the Company and increasing the Interim Lender’s Charge from \$1.5 million to \$1.8 million, to secure the advances made under the Interim Financing Facility.

7. A copy of the Fourth Extension and Amended Interim Financing Order is attached as **Appendix “A”**.

1.1 Purposes of this Fifth Report

1. The purposes of this **Fifth Report** are to:

- a) provide background information about the Company and these Proceedings;
- b) provide an update on the Transaction;
- c) summarize the terms of the fourth amended and restated interim financing term sheet dated February 20, 2025 (the “**Fourth Amended Interim Financing Term Sheet**”), which, *inter alia*, increases the authorized borrowings under the Interim Financing Facility from \$1.80 million to \$2.15 million;

- d) report on the Company's amended and extended cash flow forecast for the period February 9 to March 15, 2025 (the "**Fifth Cash Flow Forecast**");
- e) provide a comparison of the Company's fourth cash flow forecast for the period January 12 to February 22, 2025 (the "**Fourth Cash Flow Forecast**") filed in the Proceedings pursuant to section 50.4(2)(a) of the BIA, to the Company's actual results;
- f) discuss the rationale for extending the time for the Company to file a proposal to its creditors and the stay of proceedings up to and including March 12, 2025 (the "**Stay Extension**");
- g) provide the Court with an update on the Company's and the Proposal Trustee's activities since the Proposal Trustee's Fourth Report to Court dated January 16, 2025 (the "**Fourth Report**"); and
- h) provide the Proposal Trustee's recommendations in respect of Erikson's application for an order (the "**Fifth Extension and Amended Interim Financing Order**"), among other things:
 - i. granting the Stay Extension; and
 - ii. approving the Fourth Amended Interim Financing Term Sheet and increasing the Interim Lender's Charge from \$1.80 million to \$2.15 million, to secure the advances made under the Interim Financing Facility.

1.2 Scope and Terms of Reference

1. In preparing this Fifth Report, the Proposal Trustee has relied upon the Company's unaudited financial information, books and records, information available in the public domain, and discussions with: (i) the Company's management and legal counsel; (ii) Gryphon and its legal counsel; and (iii) TEC, the agent for the Company's secured lenders and Interim Lenders.
2. The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Fifth Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal Trustee

expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.

3. An examination of the Fifth Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information relied upon in this Fifth Report is based upon the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposal Trustee expresses no opinion or other form of assurance on whether the Fifth Cash Flow Forecast will be achieved.
4. This Fifth Report should be read in conjunction with: (i) the Proposal Trustee's First Report to Court dated October 18, 2024, Second Report to Court dated November 18, 2024, Third Report to Court dated December 6, 2024 (the "**Third Report**"), and the Fourth Report; (ii) the affidavits of Mark Horrox sworn October 15, October 18, and November 15, 2024; (iii) the affidavits of Peter Neelands sworn December 3, 2024, January 13, and February 10, 2025 (the "**Third Neelands Affidavit**"); and (iv) the materials filed by the Company in support of the application returnable February 20, 2025.

1.3 Currency

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

1.4 Court Materials

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

2.0 Background

1. Erikson is incorporated and registered pursuant to the laws of Alberta and was previously headquartered out of an office in Calgary, Alberta. During the Proceedings, the Company closed its Calgary office and terminated its office lease agreement with the consent of the Proposal Trustee.
2. Erikson is a junior oil and natural gas company with assets in the Fort Nelson and Greater Fort St. John areas of British Columbia. Erikson was established to own and operate certain assets, which were acquired through the Ranch Energy Corp. receivership proceedings.

The Company holds licenses issued by the BCER for 414 wells, 346 pipelines, and 20 facilities (collectively, the “**Oil & Gas Assets**”).

3. As of the Filing Date, all of the Oil & Gas Assets were shut-in and not producing and remain shut-in except for intermittent production required in respect of the Wild Boy Gas Plant discussed below. The Proposal Trustee understands that certain of the Oil & Gas Assets consist of sour gas wells.
4. As of the Filing Date, Erikson had approximately seven employees and three contractors. While the Oil & Gas Assets are shut-in, Erikson maintains certain employees to perform routine well site and facilities inspections to ensure that its Oil & Gas Assets are maintained in a safe manner.

3.0 Operational Update

3.1 Wild Boy Gas Plant Issue Update

1. Prior to commencing the Proceedings and shutting in the Oil & Gas Assets, Erikson produced gas and packed its own sales pipeline with this gas to provide the necessary fuel to heat Erikson’s Wild Boy Gas Plant and associated work camp (the “**Facility**”). The Proposal Trustee was advised by Erikson’s management that Erikson’s employees monitor the gas levels daily to ensure that the Company has enough gas to provide the necessary heat to the Facility.
2. As outlined in the Fourth Report, on December 4, 2024, Erikson discovered that a metering discrepancy revealed that the available gas quantities were substantially below Erikson’s required gas needs for the foreseeable future, resulting in it only having approximately five days of fuel remaining. The Proposal Trustee had been advised by Erikson that, without a sufficient gas supply, Erikson would be unable to adequately heat the Facility, which would cause certain components of the Facility to freeze and potentially rupture. Should that occur, the repair and replacement costs were estimated to range between \$1 million to \$10 million, depending on the type and degree of damage to the Facility’s equipment.
3. Despite extensive engagement with the BCER, through legal counsel, the British Columbia Tenure Ministry (“**BC Tenure**”), third-party suppliers, and the Canada Energy Regulator, the Company did not have a viable solution to the issue. As a result, on December 6, 2024,

the Company obtained an emergency order from the Court (the “**Emergency Order**”)¹, which enabled the Company to produce its own gas for a limited period of time in order to re-stack the sales pipeline and sustain heating at the Facility. After the issuance of the Emergency Order, the BCER issued a General Order 2024-0156-01 dated December 6, 2024 (the “**BCER General Order**”) directing Erikson to maintain the Oil & Gas Assets in a safe manner, including heating and maintaining the Facility.

4. Following the issuance of the Emergency Order and BCER General Order, Erikson produced approximately 1,250 dekatherms of natural gas from two wells on the following dates: (a) December 7, 8, and 9, 2024; and (b) January 9 and 10, 2025. Due to recent extreme cold temperatures at the Facility, Erikson anticipates that it will require further gas between February 21 and 28, 2025, the exact timing of which is dependent upon whether the extreme cold temperatures at the Facility persist.
5. The Proposal Trustee understands that since producing the natural gas necessary to address the immediate need, Erikson has sought alternative sources of gas, specifically the trucking of liquified natural gas (“**LNG**”) from Cryopeak Energy Services (“**CES**”), which is estimated to cost between \$45,000 and \$60,000 per month. More specifically, CES would transport LNG to the Facility and install and maintain a mobile regasification unit to vaporize the LNG. Since the Oil & Gas Assets are shut in and not revenue-producing, the funds required to engage CES would need to be advanced under the Interim Financing Facility.

3.2 Discussions with BC Tenure

1. On January 30, 2025, BC Tenure’s counsel issued correspondence to Bennett Jones, among other things: (a) asserting that it would be unlawful for Erikson to extract gas from the wells without appropriate economic arrangements in place; and (b) referencing a potential misrepresentation to the Court regarding the amount of gas required to maintain the Facility. The Proposal Trustee understands that legal counsel for each of the BCER and BC Tenure, respectively, attended the Company’s application for the Emergency Order on December 6, 2024.
2. The Trustee understands that Erikson has offered to pay BC Tenure \$10,000 for the first two draws of natural gas (\$5,000 per draw); however, this offer has not been accepted.

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

While no agreement has been reached with BC Tenure, Erikson has included payments totaling \$15,000 in the Fifth Cash Flow Forecast, reflecting the first two draws and an additional draw expected to occur between February 21 and 28, 2025. The Proposal Trustee understands that Erikson is currently preparing a response to BC Tenure and is in discussions with TEC regarding additional borrowing for further payments and future gas requirements.

3. As noted above, should Erikson need to engage CES to meet its natural gas needs, this will cost the Company between \$45,000 to \$60,000 per month. These amounts are not presently accounted for in the Fifth Cash Flow Forecast. If these costs are incurred, Erikson is projected to have sufficient availability under the Interim Financing Facility to pay these costs up to March 12, 2025 (i.e., the Stay Extension date), subject to approval of the Fourth Amended Interim Financing Term Sheet.

4.0 Transaction

1. On December 9, 2024, the Company sought and obtained approval of the APA and Transaction which provides for a purchase price of \$2 million, assumption of all the Oil & Gas Assets and cure costs, and Gryphon's participation in funding these Proceedings. A summary of the APA and the Transaction is contained in the Third Report.
2. Pursuant to an agency agreement dated December 9, 2024 between Gryphon and TEC (the "**Agency Agreement**"), Gryphon agreed to fund the incremental interim financing on a *pari passu* basis in accordance with the Second Amended Interim Financing Term Sheet, for the period from December 9, 2024 to January 31, 2025, subject to an option exercisable by Gryphon at any time prior to January 31, 2025, to extend such period to March 31, 2025. The Proposal Trustee has been advised by the Company that Gryphon did not exercise the option to extend the Agency Agreement. Additionally, on January 30, 2025, Gryphon ceased funding these Proceedings. Prior to this, Gryphon had funded Erikson's operations under the Agency Agreement and Interim Financing Facility in the amount of \$631,000.
3. Pursuant to the APA, the following key conditions needed to be satisfied prior to closing, including:
 - a) the Petroleum and Natural Gas Rights shall have been transferred by BC Tenure pursuant to section 117.1 of the *Petroleum and Natural Gas Act* (British Columbia) to Gryphon;

- b) the license, permit, and approval transfers have been approved by the BCER with any conditions satisfactory to Gryphon;
 - c) the transfer of the Crown permits and related surface rights to Gryphon; and
 - d) completion of diligence.
4. Since the Fourth Extension and Amended Interim Financing Order, Erikson regularly made inquiries regarding the status of Gryphon's due diligence and Gryphon's application with BC Tenure for the reinstatement of the expired mineral leases. Based on these discussions, the Proposal Trustee understands that Gryphon has been engaging with various stakeholders, including the Fort Nelson First Nation, and has deferred filing its application with BC Tenure while it advances those discussions and its diligence efforts.
 5. As part of the ongoing discussions, Erikson became aware of an issue with the amine tower at the Facility (the "**Amine Tower**"), a key asset used for processing sour natural gas. The Proposal Trustee understands that the extent of the issue is currently unknown, as testing is expected to take several weeks. However, preliminary estimates indicate that the replacement cost of the Amine Tower could exceed \$4 million.
 6. As a result, Gryphon has advised Erikson that it may no longer be prepared to proceed with the Transaction. Additionally, given the significant costs required for further testing at the site, Gryphon has indicated that it is not currently prepared to continue funding these Proceedings, as noted above.
 7. The Transaction provided for an outside date of January 31, 2025 (the "**Original Outside Date**"), or such other date as the parties agree. To allow for further assessment and to determine whether an amended APA may be possible, on February 3, 2025, the parties agreed to extend the Original Outside Date to February 14, 2025 (the "**Revised Outside Date**").
 8. As at the date of this Fifth Report, the Proposal Trustee understands from Erikson that the parties have not otherwise extended the Revised Outside Date under the Transaction, but that they remain in ongoing discussions regarding the consummation of a transaction respecting a certain subset of the Oil & Gas Assets. Erikson and Gryphon have also been engaging in discussions with the BCER regarding the security deposit requirements under a potential revised transaction structure for a subset of Oil & Gas Assets. The Proposal

Trustee understands that these discussions remain ongoing between the parties, and have not yet been finalized. Should Erikson and Gryphon agree on a revised transaction structure, a further application before this Court on notice to all interested parties will be necessary to approve the revised transaction structure.

9. In addition to advancing a transaction with Gryphon, Erikson is also exploring alternative options and has engaged with third parties who have previously expressed an interest in acquiring certain of the Oil & Gas Assets, to assess their continued interest in pursuing a transaction with the Company. Additionally, Erikson has confirmed that TEC, as the Interim Lender, is prepared to continue funding under the Interim Financing Facility in support of advancing a transaction with Gryphon or an alternative transaction.

5.0 Fifth Cash Flow Forecast

1. Pursuant to the BIA, the Company is required to prepare a cash flow statement for the Stay Extension period. The Fifth Cash Flow Forecast for the period February 9 to March 15, 2025 (the “**Forecast Period**”), together with Management’s Report on the Cash-Flow Statement, as required by subsection 50.4(2)(c) of the BIA, is collectively attached hereto as **Appendix “B”**.
2. The Fifth Cash Flow Forecast was prepared by the Company with the assistance of the Proposal Trustee using probable and hypothetical assumptions set out therein. As the Oil & Gas Assets have been shut in, the Company is not forecasting any material receipts during the Forecast Period. Projected disbursements are primarily for funding payroll and benefits, utilities and other operating expenses, and professional fees. These costs are necessary in order for the Company to continue to maintain care and custody of its Oil & Gas Assets in a safe manner, including performing ongoing well site monitoring and for payment of associated royalties associated with the limited gas production under the Emergency Order and the BCER Order.
3. As noted above, the estimated monthly costs for CES to deliver LNG to the Facility (\$45,000 to \$60,000 per month) have not been included in the Fifth Cash Flow Forecast as the Company expects to generate further gas under the Emergency Order and BCER Order. Should Erikson need to engage CES to meet its LNG needs, Erikson is projected to have sufficient availability under the Interim Financing Facility to pay these costs during the Forecast Period, subject to approval of the Fourth Amended Interim Financing Term Sheet.

4. Based on the Proposal Trustee's review of the Fifth Cash Flow Forecast, there are no material assumptions that seem unreasonable. The Fifth Cash Flow Forecast assumes that no further issues are encountered at the Facility (as detailed in section 3.1 above). If further issues are encountered that have a material impact on the Fifth Cash Flow Forecast, the Company will file an updated cash flow forecast, which the Proposal Trustee will file with the Court. The Proposal Trustee's Report on the Company's Cash Flow Statement, as required by subsection 50.4(2)(b) of the BIA, is attached as **Appendix "C"**.
5. As set out in the Fifth Cash Flow Forecast, the Company will require additional capital to fund the Proceedings. As of the date of this Fifth Report, Erikson has borrowed \$1.32 million of the \$1.80 million maximum amount provided for under the Fourth Extension and Amended Interim Financing Order. As discussed in further detail below, Erikson requires a further \$350,000 pursuant to the Fifth Extension and Amended Interim Financing Order in order to satisfy its projected post-filing obligations.

5.1 Fourth Amended Interim Financing Facility²

1. The Company has negotiated the Fourth Amended Interim Financing Term Sheet to, among other things, increase the commitment under the Interim Financing Facility. A copy of the Fourth Amended Interim Financing Term Sheet is attached as Exhibit "2" to the Third Neelands Affidavit. Pursuant to the terms of the Fourth Amended Interim Financing Term Sheet, the Interim Financing Facility and corresponding Interim Lender's Charge is to be increased to \$2.15 million, for Erikson to satisfy its projected post-filing obligations as set forth in the Fifth Cash Flow Forecast. The proposed Fifth Extension and Amended Interim Financing Order provides for a corresponding increase to the Interim Lender's Charge.
2. The Fourth Amended Interim Financing Term Sheet also revises:
 - a) the Maturity Date under the facility from February 25 to March 12, 2025; and
 - b) the Event of Default in relation to the reinstatement of the Company's currently expired crown mineral leases from February 13 to March 5, 2025. The Proposal Trustee notes that the form of Fourth Amended Interim Financing Term Sheet exhibited to the Third Neelands Affidavit provides that the crown mineral lease reinstatement date remains as February 13, 2025; however, the Proposal Trustee has confirmed with the

² Capitalized terms not defined in this section have the meanings provided to them in the Fourth Amended Interim Financing Term Sheet.

Company that this was a typographical error and the correct date is in fact March 5, 2025, which will be corrected by Erikson and TEC by updating the Fourth Amended Interim Financing Term Sheet.

3. As at the date of this Fifth Report, the Company's crown mineral leases have not yet been reinstated; however, the Proposal Trustee understands that the Company remains engaged in discussions with BC Tenure regarding the reinstatement.
4. The Proposal Trustee recommends the Court issue an order approving the Fourth Amended Interim Financing Term Sheet and increasing the Interim Lender's Charge, as:
 - a) without additional funding, the Company will not be able to continue to maintain the Oil & Gas Assets, which may also jeopardize the ability to continue the Proceedings and to successfully close a transaction with Gryphon or pursue alternative transactions;
 - b) the additional fees associated with the Fourth Amended Interim Financing Term Sheet are reasonable and consistent with fees charged in similar insolvency engagements in the Proposal Trustee's experience; and
 - c) no stakeholder should be prejudiced by the Fourth Amended Interim Financing Term Sheet, as it will enable the Company to satisfy its post-filing obligations and pursue closing of a transaction.

6.0 Performance Against the Fourth Cash Flow Forecast

1. Pursuant to section 50.4(7)(b)(ii) of the BIA, the Proposal Trustee has continued to review and evaluate the state of Erikson's business and financial affairs since the Filing Date.
2. The Proposal Trustee understands that, aside from the fees payable to Bennett Jones (as discussed below), the Company remains current in respect of its obligations that have arisen since the Filing Date. The Proposal Trustee further understands that Bennett Jones, TEC, and Erikson have agreed to a payment plan regarding the fees outstanding.
3. A review process has been established with the Company to review weekly cash variances. A summary of Erikson's actual receipts and disbursements compared to the Fourth Cash Flow Forecast for the period from January 12 to February 8, 2025 (the "**Reporting Period**") is as follows:

(unaudited; \$)	Actual	Projected	Difference
Receipts			
Collections	-	-	-
Interim Financing Facility Advances	331,000	506,793	(175,793)
	<u>331,000</u>	<u>506,793</u>	<u>(175,793)</u>
Disbursements			
Operating disbursements	(365,632)	(351,658)	(13,974)
Professional fees	(61,483)	(266,483)	205,000
	<u>(427,115)</u>	<u>(618,141)</u>	<u>191,026</u>
Net cash flow	<u>(96,115)</u>	<u>(111,348)</u>	<u>15,233</u>

4. As reflected in the table above, the Company's cash flow has generally been in line with the Fourth Cash Flow Forecast. The material variances and explanations are summarized below:

- a) operating disbursements were higher than forecasted, primarily due to timing differences related to a duplicate insurance payment, for which a refund has been requested by the Company; and
- b) professional fees are lower than forecasted due to the delayed payment of invoices originally scheduled to be paid during the Reporting Period. As at the date of this Fifth Report, the invoiced amounts outstanding to the professionals (including GST) are as follows:
 - i. Proposal Trustee – \$28,644.00 (representing fees outstanding up to January 31, 2025);
 - ii. Fasken – \$7,938.23 (representing fees outstanding up to February 3, 2025); and
 - iii. Bennett Jones – \$437,831.82 (representing fees outstanding up to January 31, 2025).

The Fifth Cash Flow Forecast contemplates the payment of the amounts owing to Fasken and the Proposal Trustee by February 22, 2025 and \$240,000 of the amount owing to Bennett Jones by March 15, 2025.

7.0 Company's Request for an Extension

1. The Company is seeking an extension of the time required to file a proposal from February 22 to March 12, 2025. The Proposal Trustee supports the extension request for the following reasons:
 - a) since the Filing Date, the actions taken by the Company and observed by the Proposal Trustee demonstrate to the Proposal Trustee that the Company is acting in good faith and with due diligence, including through the efforts to close the Transaction, the efforts in advancing a potential revised transaction with Gryphon or most recently, an alternative third party, and engaging with BC Tenure regarding the reinstatement of the crown mineral leases;
 - b) the Proposal Trustee understands that the Interim Lender has agreed to continue funding the operations of the Company under the Fourth Amended Interim Financing Term Sheet, up to a total maximum principal amount of \$2.15 million;
 - c) the extension will enhance the likelihood of the Company being able to make a viable proposal to its creditors by enabling the Company to pursue closing of a transaction;
 - d) the extension should not adversely affect or prejudice any group of creditors as the Company is projected to pay post-filing services and suppliers in the amounts contemplated by the Fifth Cash Flow Forecast, subject to approval of the Fourth Amended Interim Financing Term Sheet, and has agreed to a payment plan with Bennett Jones and TEC regarding the fees outstanding; and
 - e) the extension will provide the Company the additional time it requires to further advance its restructuring and pursue the closing of a transaction.

8.0 Activities of the Proposal Trustee and the Company

8.1 Activities of the Proposal Trustee

1. Since the Fourth Report, the Proposal Trustee has performed the following key activities:
 - a) assisting the Company with its communications to both internal and external stakeholders;

- b) monitoring the affairs of the Company's business including reviewing financial information with management;
- c) assisting the Company in preparing the Fifth Cash Flow Forecast;
- d) attending meetings with the Company with respect to the Transaction;
- e) corresponding and holding numerous discussions with the Company, Bennett Jones, and Fasken with respect to general matters and specific matters related to the closing of the Transaction and the pursuit of alternative transactions;
- f) corresponding and holding discussions with various stakeholders, and/or respective legal counsel to stakeholders;
- g) engaging in various correspondence with the BCER's legal counsel;
- h) maintaining the Case Website; and
- i) preparing this Fifth Report.

8.2 Activities of the Company

1. The Proposal Trustee has observed certain key activities of the Company since the Fourth Report, including:
 - a) communicating with various stakeholders and creditors regarding the Proceedings, in consultation with the Proposal Trustee;
 - b) with the assistance of Bennett Jones, pursuing multiple channels to resolve the ongoing gas supply issues facing the Company, including discussions with BC Tenure;
 - c) reporting to the Proposal Trustee on a weekly basis in respect of the Company's receipts and disbursements;
 - d) working with the Proposal Trustee in preparing the Fifth Cash Flow Forecast;
 - e) engaging in ongoing meetings and discussions with Gryphon to discuss advancement of the Transaction or a potential alternative transaction structure;

- f) engaging in discussions with prior bidders in the SISP regarding their continued interest in transacting with Erikson;
- g) attending ongoing meetings with the Proposal Trustee, Bennett Jones, and Fasken to discuss the Transaction and a potential alternative transaction; and
- h) working with Bennett Jones to prepare materials for the application to be heard on February 20, 2025.

9.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court grant the relief sought by the Company.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

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

APPENDIX A
[ATTACHED]



COURT FILE NUMBER

B301-135903

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PROCEEDING

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

DOCUMENT

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:

January 22, 2025

LOCATION WHERE ORDER WAS PRONOUNCED:

Calgary, Alberta

(LKH)

NAME OF JUSTICE WHO MADE THIS ORDER:

L.K. Harris
The Honourable Justice ~~P. Jeffrey~~

UPON the application of the Applicant, Erikson National Energy Inc. (“**Erikson**” or the “**Applicant**”); AND UPON having reviewed the Affidavit of Mark Horrox, filed October 18, 2024 and the Supplemental Affidavit of Mark Horrox, filed October 24, 2024; AND UPON having reviewed the Affidavit of Mark Horrox, sworn November 12, 2024 (the “**Horrox Affidavit #2**”), 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 Certificate of Filing of a Notice of Intention

to Make a Proposal filed, October 1, 2024; AND UPON reviewing the Fourth 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, and the time for service of this Application and its supporting materials is abridged to the time actually given.

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 February 22, 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 February 22, 2025.

AMENDMENT OF INTERIM FINANCING AGREEMENT

5. The further amended and restated Interim Financing Agreement attached to the Neeland Affidavit #2 (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 \$1,800,000 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 \$1,800,000).



J.C.K.B.A.

APPENDIX B
[ATTACHED]

Erikson National Energy Inc.
Cash Flow Forecast
February 9, 2025 to March 15, 2025

For the week ending, In CAD	Notes	15-Feb-25	22-Feb-25	01-Mar-25	08-Mar-25	15-Mar-25	Total
Opening cash balance		40,234	25,000	25,000	25,000	25,000	40,234
Cash Receipts							
Insurance refund	1	-	35,602	-	-	-	35,602
		-	35,602	-	-	-	35,602
Cash Disbursements							
<u>Operating Expenses</u>	2						
Wages, salaries, and benefits	3	-	60,000	-	60,000	-	120,000
Utilities	4	-	-	12,541	-	-	12,541
Insurance	5	-	-	37,418	-	-	37,418
Transportation	5	1,730	1,730	5,730	1,730	1,730	12,650
Other operating expenses	7	36,800	6,800	36,100	22,800	151,800	254,300
		38,530	68,530	91,789	84,530	153,530	436,909
<u>Other Disbursements</u>							
Anticipated capital expenditures	8	-	7,000	-	7,000	-	14,000
Interest & principal	9	-	-	11,756	-	-	11,756
Total disbursements		38,530	75,530	103,545	91,530	153,530	462,665
<u>Professional Costs</u>	10						
Company counsel legal fees		-	-	80,000	80,000	80,000	240,000
Trustee and counsel fees		-	35,000	-	-	30,000	65,000
Total professional costs		-	35,000	80,000	80,000	110,000	305,000
Net cash flow		(38,530)	(74,928)	(183,545)	(171,530)	(263,530)	(732,062)
Interim financing							
Interim financing advances / (repayments)	11	23,296	74,928	183,545	171,530	263,530	716,828
Closing cash balance		25,000	25,000	25,000	25,000	25,000	25,000

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 (the "**Filing Date**"). As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast is prepared in accordance with the provisions of the *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 17th day of February, 2025.

Erikson National Energy Inc.

Per: Signed by:

Peter Neelands

Peter Neelands

Director

KSV Restructuring Inc.

Per: Signed by:

Andrew Bassi

Andrew Bassi, CPA, CA, CIRP, LIT

Managing Director

Erikson National Energy Inc.
Notes to the Cash Flow Forecast
February 9, 2025 to March 15, 2025

Note 1

Represents an insurance refund for a duplicate insurance payment that was made during the week ending February 8, 2025.

Note 2

As the Company's oil and gas assets (the "**Oil & Gas Assets**") have been shut-in, the Company is not forecasting any material receipts during the forecast period. Projected operating disbursements are to continue to maintain care and custody of the Oil & Gas Assets in a safe manner, including performing ongoing well site monitoring. The Cash Flow Forecast assumes that the Company will continue to maintain the Oil & Gas Assets in the normal course during the forecast period.

The Company and the British Columbia Tenure Ministry ("**BC Tenure**") are in discussions with respect to charges for gas used to comply with the British Columbia Energy Regulator Order dated December 6, 2024 (the "**BCER Order**"). In addition, the Company estimates that it will require further gas on or around March 1, 2025. Although the Company has sought alternative sources of gas, including the delivery of liquified natural gas, the costs associated with this option (\$45,000 and \$60,000 per month) have not been included in the Cash Flow Forecast as the Company expects to generate further gas under the BCER Order.

Note 3

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

Note 4

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

Note 5

Includes property insurance for the Oil & Gas Assets and automobile insurance for site vehicles.

Note 6

Represents travel costs for on-site employees.

Note 7

Includes contractor expenses, camp costs, emergency answering services, a carbon tax payment of \$115,000 during the week ending March 15, 2025, and an estimated payment of \$15,000 to BC Tenure. The Company has offered to pay BC Tenure \$5,000 for the first two draws of natural gas; however, this offer has not been accepted. While no agreement has been reached with BC Tenure, the Company has included a payment of \$15,000 to the BC Tenure during the week ending March 8, 2025.

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 interim financing facility.

Note 10

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

Note 11

Since the Filing Date, the Company has received advances under the interim financing facility totaling \$1.321 million. The Company intends to make an application to the Court on February 20, 2025 seeking an increase in the amount of the interim financing facility from \$1.8 million to \$2.15 million to fund these NOI proceedings.

FORM 30

Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Erikson National Energy Inc.
of the City of Calgary, in the Province of Alberta

The management of Erikson National Energy Inc. (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow of the Company, as of the 17th day of February, 2025, consisting of a signed pdf copy of a weekly cash flow statement for the period ending March 15, 2025.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

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

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 17th day of February, 2025.

Signed by:

Peter Neelands

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Erikson National
Energy Inc.
Debtor

Peter Neelands, Director

Name and title of signing officer

FORM 30 - Attachment
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Erikson National Energy Inc.
of the City of Calgary, in the Province of Alberta

Purpose:

a signed pdf copy of a weekly cash flow statement for the period ending March 15, 2025

Projection Notes:

a signed pdf copy of a weekly cash flow statement for the period ending March 15, 2025

Assumptions:

a signed pdf copy of a weekly cash flow statement for the period ending March 15, 2025

Dated at the City of Toronto in the Province of Ontario, this 17th day of February 2025.

Signed by:

Peter Neelands

5F89F1EAFB18121
Erikson National Energy Inc.

APPENDIX C
[ATTACHED]

District of: Alberta
Division No. 02 - Calgary
Court No. 25-3135903
Estate No. 25-3135903

_ FORM 29 _
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Erikson National Energy Inc.
of the City of Calgary, in the Province of Alberta

The attached statement of projected cash flow of Erikson National Energy Inc., as of the 17th day of February 2025, consisting of a signed pdf copy of a weekly cash flow statement for the period ending March 15, 2025, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

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

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

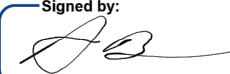
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 17th day of February 2025.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:

Signed by:


2FD1042289AC433...
Andrew Basi - Licensed Insolvency Trustee
1165, 324-8th Avenue S.W.
Calgary AB T2P 2Z2

District of: Alberta
Division No. 02 - Calgary
Court No. 25-3135903
Estate No. 25-3135903

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Erikson National Energy Inc.
of the City of Calgary, in the Province of Alberta

Purpose:

a signed pdf copy of a weekly cash flow statement for the period ending March 15, 2025

Projection Notes:

a signed pdf copy of a weekly cash flow statement for the period ending March 15, 2025

Assumptions:

a signed pdf copy of a weekly cash flow statement for the period ending March 15, 2025

Dated at the City of Calgary in the Province of Alberta, this 17th day of February 2025.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:

Signed by:


2FD1042269AC433...
Andrew Basi - Licensed Insolvency Trustee
1165, 324-8th Avenue S.W.
Calgary AB T2P 2Z2