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

JUDICIAL CENTRE **CALGARY**

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

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

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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1.0 Introduction

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

1.1 Purposes of this First Report

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

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

1.2 Scope and Terms of Reference

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

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

1.3 Currency

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

1.4 Court Materials

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

2.0 Background

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

2.1 Financial Difficulties

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

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

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

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

2.2 Assets

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

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

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

2.3 Liabilities

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

TEC

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

Unsecured Creditors

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

3.0 SISP and Sayer Engagement Letter

3.1 Pre-Filing SISP

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

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

3.2 Sayer Engagement Letter

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

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

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

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

3.4 Sealing of the Sayer Engagement Letter

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

3.5 SISP

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

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

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

5. While Court approval of the SISP has not yet been obtained, Erikson agreed with the BCER to commence the SISP as soon as reasonably possible, including prior to Court approval of same, which agreement was supported by the Proposal Trustee in the unique circumstances of these Proceedings. Namely, that:
 - a) Erikson had previously conducted the Pre-Filing SISP with the assistance of the Sales Agent;
 - b) Erikson has liquidity constraints, necessitating an expedient SISP; and
 - c) the commencement of the SISP prior to Court approval of same was done in part at the request of the BCER, one of Erikson's most significant stakeholders in these Proceedings.

6. Additionally, the Proposal Trustee is supportive of the approval of the SISP at this time, notwithstanding the Company's potential funding issues, as Sayer, the sales agent in the Pre-Filing SISP, has recommended that a remarketing of the Company's assets is necessary to result in the best likelihood of maximizing value for stakeholders. As such, regardless of the form of Erikson's insolvency proceedings, the Proposal Trustee anticipates that a brief sale and marketing process is necessary. To avoid any further delay in such remarketing, the Proposal Trustee is supportive of continuing the present SISP, the continuation of which beyond October 31, 2024 will be dependent upon the Company's ability to secure adequate funding to maintain operations through to the proposed bid deadline of November 15, 2024, as further discussed below.

3.5.1 Pre-Marketing Stage

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

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

3.5.2 Marketing Stage

1. On and after October 16, 2024 (being the Marketing Launch):
 - a) Sayer will arrange for a notice of the SISP (the “**Notice**”) to be published in the Daily Oil Bulletin, and any other newspaper or journals as Erikson, Sayer, and the Proposal Trustee consider appropriate; and
 - b) Sayer will send the Teaser Letter and NDA to all Known Potential Bidders and to any other party who responds to the Notice as soon as reasonably practicable after such request or identification, as applicable.
2. Any party who expresses an interest to participate in the SISP (“**Potential Bidder**”) who meets the following criteria shall be deemed to be a “**Qualified Bidder**”:
 - a) executes an NDA¹; and
 - b) submits a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder, and full disclosure of the direct and indirect principals of the Potential Bidder.
3. As at the date of this First Report, the following pre-marketing and marketing steps have been completed:
 - a) Sayer has prepared the Teaser Letter, a copy of which is attached as **Appendix “C”**;

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

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

3.5.3 Final Bid Process

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

3.5.4 Selection of the Successful Bid

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

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

4.0 Cash Flow Forecast

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

5.0 Stay of Proceedings

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

6.0 Administration Charge

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

7.0 Activities of the Company and Proposal Trustee

7.1 Activities of the Proposal Trustee

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

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

7.2 Activities of the Company

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

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

8.0 Company's Request for an Extension

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

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

9.0 Conclusion and Recommendation

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

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

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

APPENDIX A
[ATTACHED]



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

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

In the Matter of the Notice of Intention to make a proposal of:

Erikson National Energy Inc.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

October 01, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: October 02, 2024, 09:50

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

APPENDIX B
[ATTACHED]



October 15, 2024

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

Attention: **Mr. Mark Horrox**
Director

Dear Mark:

RE: **Erikson National Energy Inc.**
Property Divestiture
Engagement Agreement

We understand that Erikson National Energy Inc. ("Erikson" or the "Company") wishes to retain Sayer Energy Advisors ("Sayer", "we" or "us") to act as exclusive financial advisor and agent with respect to the sale in whole or in part (the "Transaction(s)") of all of the oil and natural gas assets held by Erikson (the "Properties"), as further described in the information brochure to be distributed by Sayer as part of this engagement. We further understand that the Company has filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act, as amended (the "NOI"). The purpose of this letter is to outline the services to be performed by Sayer in relation to a sale and investment solicitation process ("SISP") to be undertaken by the Company in its NOI proceedings, and the basis of Sayer's compensation in relation thereto.

Sayer will provide assistance to Erikson in:

- a) reviewing, compiling and analyzing all available information regarding the Properties and assist with preparing an information summary and an informal evaluation summary;
- b) identifying and contacting parties that might have an interest in the Properties (the "Candidates");
- c) coordinating the execution of confidentiality agreements between the Company and potential Candidates;
- d) providing information on the Properties to the Candidates;
- e) providing information on the Candidates to Erikson;
- f) dealing with inquiries from Candidates and assist in any negotiations if required;
- g) evaluating offers submitted to Erikson with respect to the Transaction(s);
- h) presenting or discussing the proposed sale of the Properties with Erikson's senior management; and/or
- i) assisting in the closing of the Transaction(s).

We agree to act as Erikson's financial advisor and agent with respect to the sale of the Properties and will use our best efforts to accomplish the Transaction(s) on terms favourable to the Company. Throughout this process, Sayer will keep Erikson fully informed of its activities on the Company's behalf through written and/or verbal reports, and Erikson will keep Sayer fully informed regarding its contacts with Candidates.



The Company will provide Sayer with such information as it may reasonably require to fulfill this assignment. Both parties agree that, during the continuance of the mandate of Sayer, they will treat all documents and information relating to this assignment as strictly confidential. This agreement may under no circumstances be transferred or assigned by the Company or Sayer.

It is understood that the Company is under no obligation or duty to complete any Transaction(s). It is further understood that Sayer provides financial advice and conducts merger and acquisition services for clients other than Erikson and shall continue to provide these services to other parties, provided they do not conflict with the mandate accepted pursuant to this agreement.

The term of this agreement shall commence on October 15, 2024 and continue until May 31, 2025, subject to extension thereafter by written agreement of the parties hereto.

The Company agrees to pay Sayer a work fee of [REDACTED] plus Goods and Services Tax ("GST") ("Work Fee") upon signing of this engagement agreement, at which time we will begin preparations for the commencement of the public marketing of the Properties. The Work Fee includes all costs associated with this engagement, including all printing and mailing costs, with the exception of the costs specified later in this agreement.

Upon closing of the Transaction(s), Erikson agrees to pay Sayer a success fee based on the following (the "Success Fee"):

- [REDACTED] of the cash proceeds received by the Company as a result of the Transaction(s); plus
- [REDACTED] of the deemed liabilities assumed by the purchaser, as defined by the British Columbia Regulator, as of October 11, 2024;
- With a minimum Success Fee of [REDACTED] and
- A minimum total Success Fee of [REDACTED]
- A maximum total Success Fee of [REDACTED]

We understand that all Transaction(s) are subject to Court approval.

The Success Fee is to be paid in cash upon closing of the Transaction(s).

The Success Fee is to be paid if any Transaction(s) are closed within the term of this agreement or if any Transaction(s) are closed within twelve (12) months following the term of this agreement. The Success Fee is to be calculated as a percentage of the value received by the Company for the Transaction(s), and is to be based on the fair market value of the consideration paid (the "Value").

For greater certainty, the Value is to be defined as the cash price to be paid to the Company as a result of the Transaction(s), and/or the value of the securities or properties offered to the Company as a result of the Transaction(s), based on, in the case of a publicly traded company, the weighted average closing market price of such securities for the 20 trading days prior to acceptance of the proposal.

With respect to other forms of consideration accepted in the Transaction(s), the Value shall be the fair market value of the consideration received by the Company for the Transaction(s). Sayer will receive a copy of the closing documentation of the Transaction(s) and will have the right to cause an audit to be made of the books of account and records kept by the Company for the calculation of the Success Fee, with the cost of such audit to be borne by Sayer.

The Company agrees to pay all third party charges relating to use of a seismic work station to present the Company's seismic to prospective purchasers, if applicable. Erikson also agrees to reimburse Sayer for all its legal expenses and out-of-pocket costs incurred in carrying out this assignment, with such

costs amounting to more than \$500 to be subject to the Company's prior approval. We do not anticipate incurring any additional expenses in carrying out this assignment.

GST will be in addition to all other charges.

In consideration of the fact that the role of Sayer is limited to acting as a financial advisor to the Company, the Company hereby indemnifies and saves harmless Sayer, its directors, officers, agents, employees, and affiliates, to the full extent permitted by the laws of the Province of Alberta, from any claims, demands, causes of action, and costs, including legal fees, arising out of Sayer's performance under this agreement and any litigation that may arise between the Company and a buyer and/or a potential buyer, unless the cause of the action is proven to be due to the willful misconduct, fraud, or misrepresentations by Sayer during the marketing of the Properties.

If we perform other services for Erikson in connection with this engagement (other than those specifically contemplated hereunder), it is agreed that we will be able to negotiate additional fees on mutually satisfactory terms on a specific service basis, depending on the nature of the services to be provided. Such other services will be agreed to in a separate letter agreement between the parties.

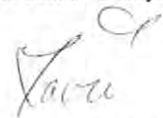
We will have the right to publicize our role in the Transaction(s), such publicity being subject to the Company's prior approval.

Notices shall be served to the parties at their respective addresses given in this agreement, shall be sent by prepaid registered mail and shall be deemed to be received by the addressees on the third business day thereafter. Notices may also be given by facsimile and shall be deemed to be received upon confirmation of receipt.

This agreement and the relationship between the parties hereto shall be construed and determined according to the laws of the Province of Alberta and each party hereto does attorn to the jurisdiction of the courts of the Province of Alberta with respect to any matter arising out of this agreement.

If the foregoing accurately sets forth the terms of our agreement, please acknowledge your acceptance by signing the enclosed duplicate of this letter where indicated and return the same to us.

Yours truly,
SAYER ENERGY ADVISORS
A division of Sayer Securities Limited



Tom Pavic, CFA
President

AGREED TO AND ACCEPTED THIS ___ DAY OF OCTOBER 2024

ERIKSON NATIONAL ENERGY INC.



Mark Horrox
Director

APPENDIX C
[ATTACHED]

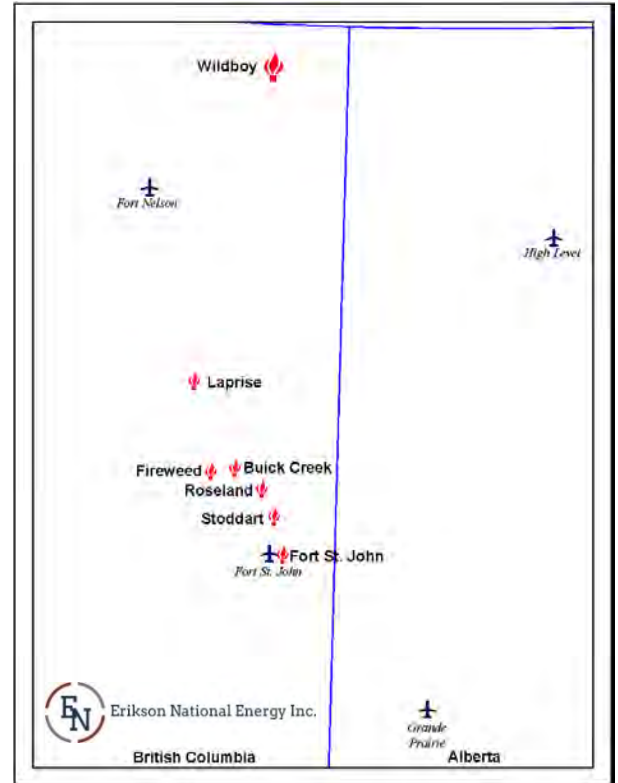
**Sale and Investment Solicitation Process:
Wildboy & Fort St. John, British Columbia
18.1 MMcf/d, 22 bbl/d (3,043 boe/d) Capability**



Erikson National Energy Inc. (“Erikson” or the “Company”) has filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*, as amended (the “NOI”). **KSV Restructuring Inc.** has been retained by Erikson as proposal trustee for the NOI process. A sale and investment solicitation process (the “SISP”) is to be undertaken by the Company in its NOI proceedings. Erikson has engaged **Sayer Energy Advisors** to assist the Company with the sale, in whole or in part, of all of the oil and natural gas assets held by Erikson through the SISP. A copy of the SISP is found on Sayer’s website at www.sayeradvisors.com.

Erikson’s oil and natural gas interests are located in the *Wildboy and Greater Fort St. John* areas of British Columbia (the “Properties”). The Properties consist primarily of operated, high working interest shale natural gas production from several formations including the Baldonnel, Charlie Lake, Debolt, Halfway, Jean-Marie and Muskwa formations.

In the *Greater Fort St. John* area, the Company has working interests in the *Buick Creek, Fireweed, Fort St. John, Laprise, Roseland* and *Stoddart* areas.



The operated wells associated with the Properties were shut-in in March 2024. Average daily production capability from the Properties is approximately 3,043 boe/d, consisting of 18.1 MMcf/d of natural gas and 22 barrels of natural gas liquids per day.

PROCESS & TIMELINE

Sayer Energy Advisors is accepting offers, as outlined in the SISP, relating to the process until **12:00 pm on Thursday, November 14, 2024**.

Timeline		
Week of October 14, 2024		Preliminary Information Distributed
Week of October 14, 2024		Data Room Opens
November 14, 2024	12:00 noon	Bid Deadline
November 1, 2024		Effective Date
December 2024		Closing Date

Sayer Energy Advisors does not conduct a “second-round” bidding process; the intention is to attempt to conclude a transaction with the party submitting the most acceptable proposal at the conclusion of the process.

Sayer Energy Advisors is accepting offers, as outlined in the SISP, from interested parties until noon on Thursday, November 14, 2024.





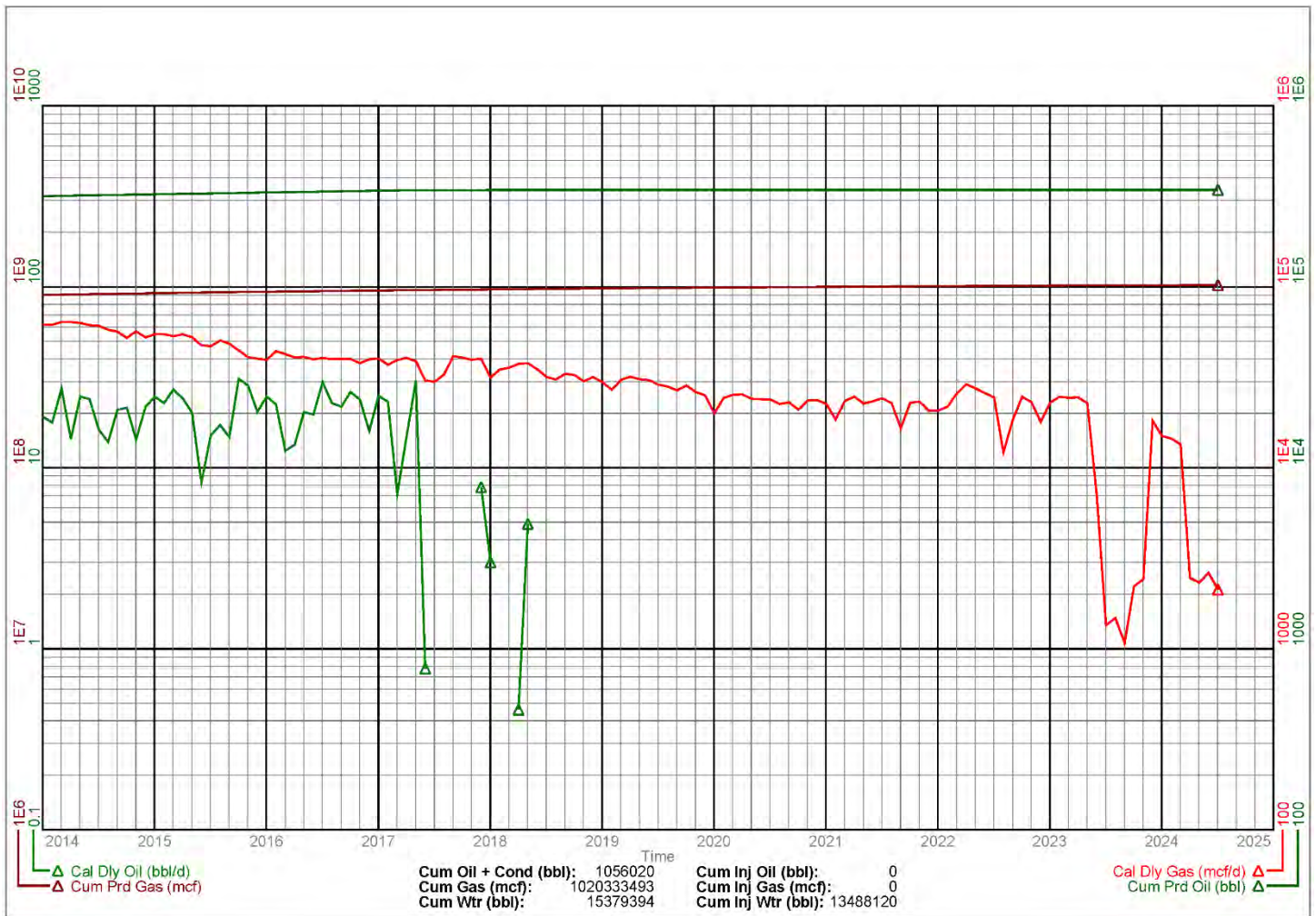
Production Overview

Average daily production capability from the Properties is approximately 3,043 boe/d, consisting of 18.1 MMcf/d of natural gas and 22 barrels of natural gas liquids per day.

PROPERTY	NET PRODUCTION CAPABILITY (Average Daily)			
	Oil bbl/d	Ngl bbl/d	Nat. Gas Mcf/d	Total boe/d
Wildboy*	-	18	16,556	2,777
Greater Fort St. John*	-	4	1,572	349
TOTAL*	-	22	18,128	3,043

*Operated production shut-in in March 2024

Gross Production Group Plot of Erikson's Natural Gas Wells





Reserves Overview

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of Erikson’s Properties (the “Deloitte Report”) as part of its year-end reporting. The Deloitte Report is effective September 30, 2022 using Deloitte’s forecast pricing as at October 1, 2022.

Deloitte estimated that, as at September 30, 2022, the Properties contained remaining proved plus probable reserves of 115.2 Bcf of natural gas and 392,000 barrels of oil and natural gas liquids (19.6 million boe), with an estimated net present value of \$105.2 million using forecast pricing at a 10% discount.

Deloitte LLP as at September 30, 2022							
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	0%	5% (000s)	10%
Proved Developed Producing	24	42,835	104	7,267	\$31,175	\$35,351	\$35,535
Proved Non-Producing/Undeveloped	69	33,686	50	5,734	\$48,679	\$42,529	\$35,556
Total Proved	93	76,521	154	13,001	\$79,854	\$77,880	\$71,091
Probable	56	38,725	89	6,599	\$65,001	\$47,170	\$34,094
Total Proved Plus Probable	149	115,246	243	19,600	\$144,855	\$125,050	\$105,185

The reserve estimates and forecasts of production and revenues for the Company’s properties were prepared within the context of the Company’s year-end evaluation, which was an evaluation of all of the Company’s properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

Erikson has significant upside in drilled, uncompleted inventory ready for execution. Erikson commissioned Deloitte to provide independent resource estimation and economic evaluations of the Muskwa, Evie, Bluesky, Spirit River, Shunda and Debolt formations for the Properties effective September 30, 2022.

Deloitte has identified “risky contingent development pending” (best case) natural gas resources of 8.6 Bcf equivalent of resource potential in the Spirit River Formation in the *Greater Fort St. John* area, 35.7 Bcf equivalent in the Muskwa and Evie formations at *Wildboy*, 7.3 Bcf equivalent in the Shunda and Debolt formations, accessible as up-hole opportunities in existing wells at *Wildboy*, and 8.3 Bcf equivalent in the Bluesky Formation across both areas. Copies of the resource estimation reports are available in the virtual data room for companies that execute a confidentiality agreement.

Marketing Overview

Natural gas sales from *Wildboy* went directly into the NOVA Gas Transmission Line system at the Bootis Hill meter station #2709 via a 50% owned pipeline with **Tidewater Midstream and Infrastructure Ltd.**

Natural gas production from the *Greater Fort St. John* area went directly into the **North River Midstream Operations LP** infrastructure.



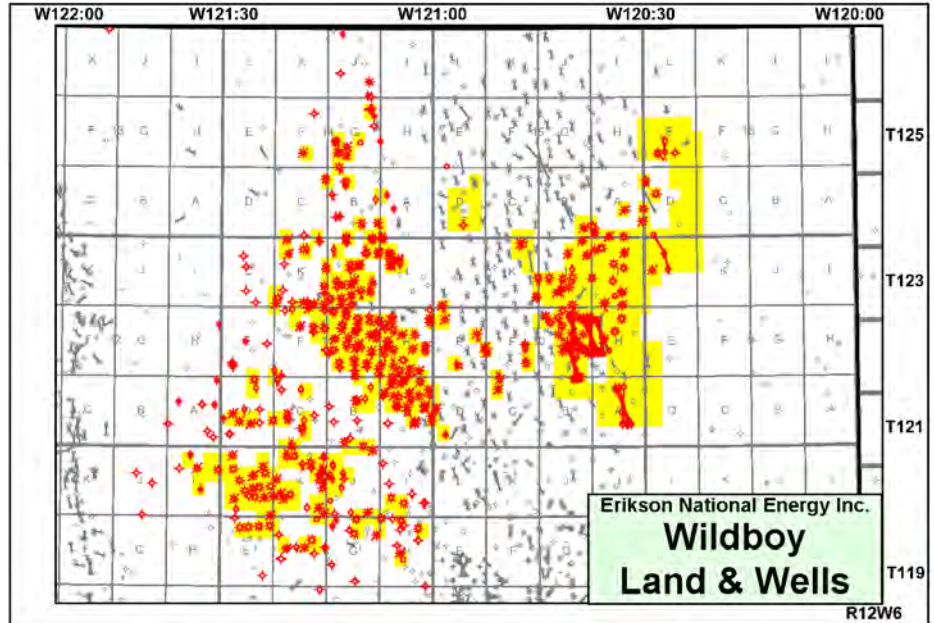


Wildboy Property

NTS 094-P-05 – 094-P-16

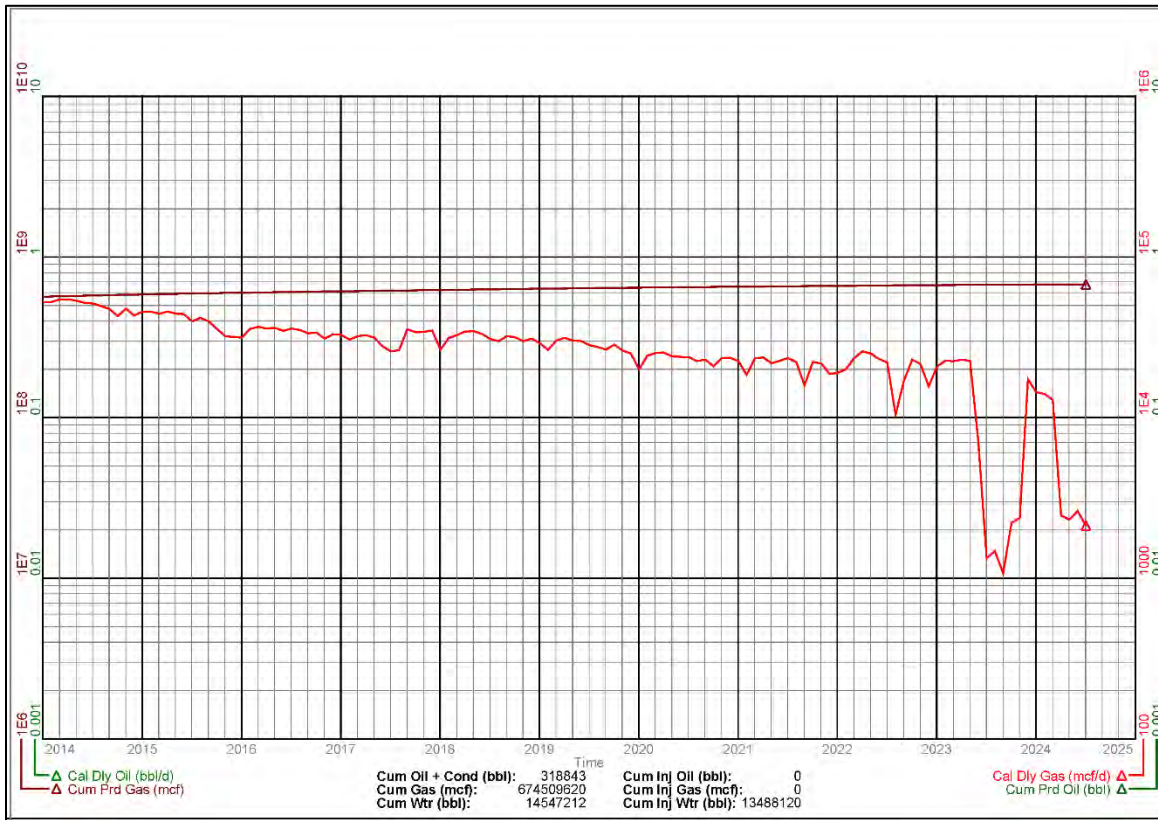
At *Wildboy*, Erikson holds primarily 100% operated working interests in over 1,000 natural gas spacing units of land. Production from *Wildboy* is primarily from the Bluesky, Debolt, Jean Marie and Muskwa formations. Erikson has identified upside through infill drilling in the Jean Marie Formation as well as recompletions in the Bluesky Formation. The Company also believes there is potential for significant drilling in the Muskwa, Evie and Otterpark shales with over 2.3 Tcf of contingent natural gas resources.

The Company holds a 100% interest in midstream facilities capable of over 140 MMcf/d of natural gas throughput at *Wildboy*.



The operated *Wildboy* wells are currently shut-in. Average daily production capability net to the Company from *Wildboy* is approximately 16.6 MMcf/d of natural gas and 18 barrels of natural gas liquids per day (2,777 boe/d).

Wildboy, British Columbia – Gross Production Group Plot of Erikson’s Natural Gas Wells





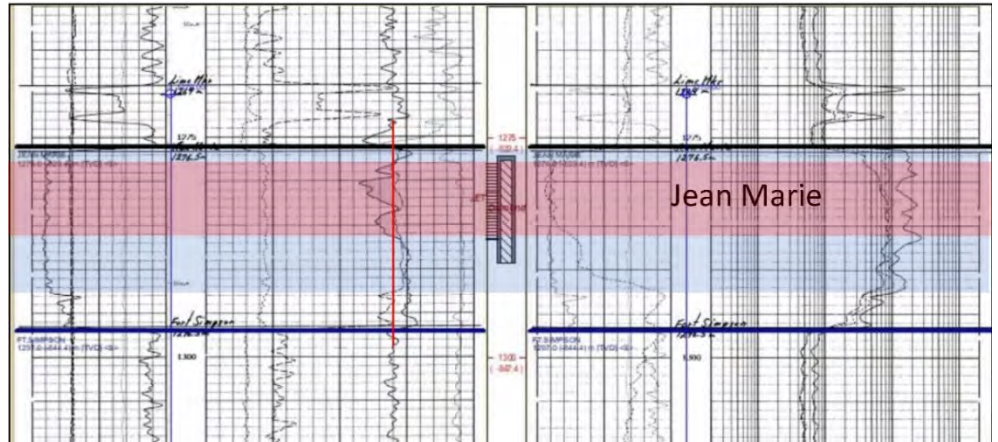
Wildboy Upside

Erikson believes the Muskwa, Otter Park and Evie shales are a significant resource for the Company. Total discovered natural gas resources initially in place of approximately 7.9 Tcf have been calculated on Erikson’s lands. The Company has eight horizontal wells that have been drilled but not completed in this shale resource: six targeting the Muskwa, one in the Otter Park and one targeting the Evie. Deloitte has classified the volume estimates from these wells as “contingent development pending” with resources potential of up to 35.7 Bcf equivalent.

The Jean Marie has been historically produced through vertical drilling in the area. Erikson believes that infill drilling of multi-lateral open hole horizontal wells will reduce overall costs to drill, complete, equip and tie-in wells. The Company has identified up to 60 potential locations.

The offsetting well logs from the well *Erikson Helmet 00/A-059-G/094-P-11/0* show the Jean Marie Formation at *Wildboy* with up to eight metres of net pay.

Erikson Helmet 00/A-059-G/094-P-11/0 – Jean Marie Type Log



At *Wildboy*, the Company has identified potential to frac 28 wells in the Bluesky Formation. The Company has identified a number of restart and recompletion upside candidates in the Bluesky Formation. In addition, Erikson has also identified 38 prospects in the Shunda Formation, of which 13 overlap with the Bluesky.

Wildboy Reserves

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of Erikson’s Properties (the “Deloitte Report”) as part of its year-end reporting. The Deloitte Report is effective September 30, 2022 using Deloitte’s forecast pricing as at October 1, 2022.

Deloitte estimated that, as at September 30, 2022, the *Wildboy* property contained remaining proved plus probable reserves of 106.1 Bcf of natural gas and 75,000 barrels of natural gas liquids (17.8 million boe), with an estimated net present value of \$92.7 million using forecast pricing at a 10% discount.

	Deloitte LLP as at September 30, 2022				PV BEFORE TAX		
	COMPANY GROSS RESERVES				0%	5%	10%
	Oil Mbbbl	Natural Gas MMcf	Ngl Mbbbl	Total MBOE	(000s)		
Proved Developed Producing	0	38,527	27	6,448	\$26,398	\$30,889	\$31,579
Proved Non-Producing/Undeveloped	0	32,106	22	5,373	\$43,554	\$37,487	\$31,105
Total Proved	0	70,633	50	11,822	\$69,952	\$68,376	\$62,684
Probable	0	35,450	25	5,934	\$53,974	\$40,681	\$29,980
Total Proved Plus Probable	0	106,083	75	17,755	\$123,926	\$109,057	\$92,664

The reserve estimates and forecasts of production and revenues for the Company’s properties were prepared within the context of the Company’s year-end evaluation, which was an evaluation of all of the Company’s properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.

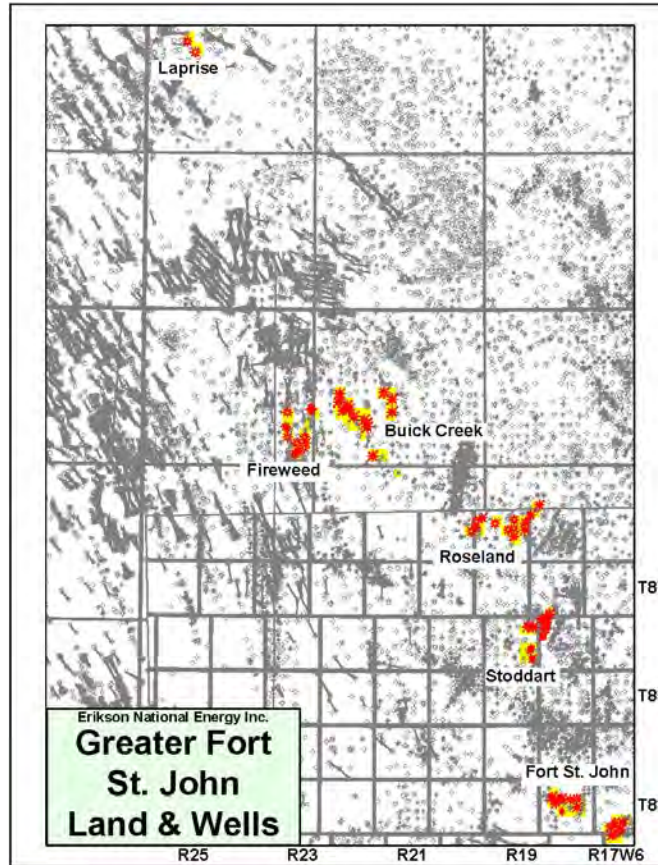




Greater Fort St. John Area

Township 82, Range 17W6 – NTS 094-H-05

In the *Greater Fort St. John* area, the Company has working interests in the *Buick Creek, Fireweed, Fort St. John, Laprise, Roseland* and *Stoddart* areas, as shown on the following map.



Greater Fort St. John Production Overview

Average daily production capability net to the Company from the *Greater Fort St. John* area is approximately 1.6 MMcf/d of natural gas and four barrels of natural gas liquids per day (266 boe/d).

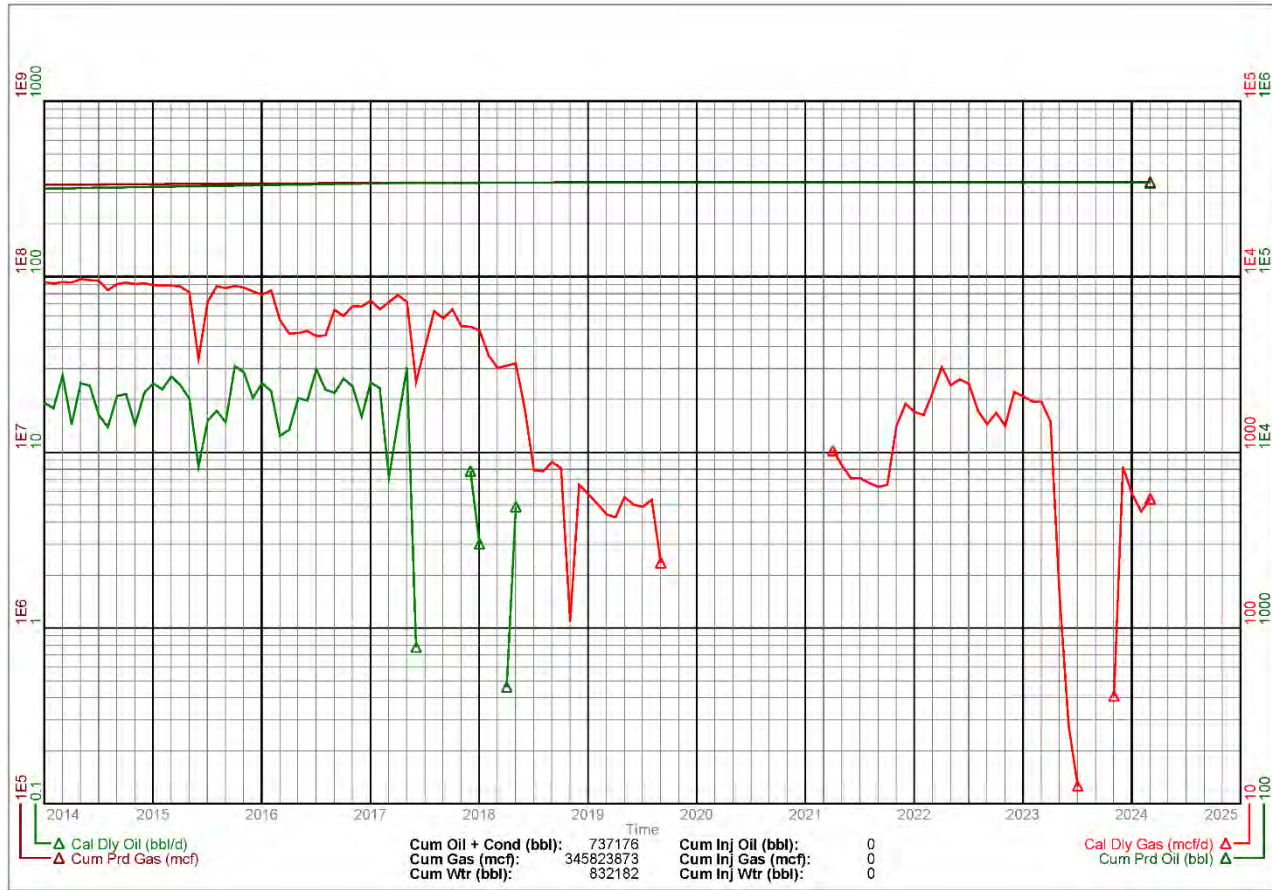
PROPERTY	NET PRODUCTION CAPABILITY (Average Daily)			
	Oil bbl/d	Ngl bbl/d	Nat. Gas Mcf/d	Total boe/d
Fireweed*	-	4	666	115
Roseland*	-	-	478	80
Laprise*	-	-	403	67
Fort St. John*	-	-	24	4
Buick Creek*	-	-	-	-
Stoddart*	-	-	-	-
GREATER FORT ST. JOHN TOTAL*	-	4	1,572	266

*Operated production shut-in





Greater Fort St. John, British Columbia – Gross Production Group Plot of Erikson’s Natural Gas Wells



Greater Fort St. John Reserves

Deloitte LLP (“Deloitte”) prepared an independent reserves evaluation of Erikson’s Properties (the “Deloitte Report”) as part of its year-end reporting. The Deloitte Report is effective September 30, 2022 using Deloitte’s forecast pricing as at October 1, 2022.

Deloitte estimated that, as at September 30, 2022, the *Greater Fort St. John* area contained remaining proved plus probable reserves of 9.2 Bcf of natural gas and 317,000 barrels of oil and natural gas liquids (1.8 million boe), with an estimated net present value of \$12.5 million using forecast pricing at a 10% discount.

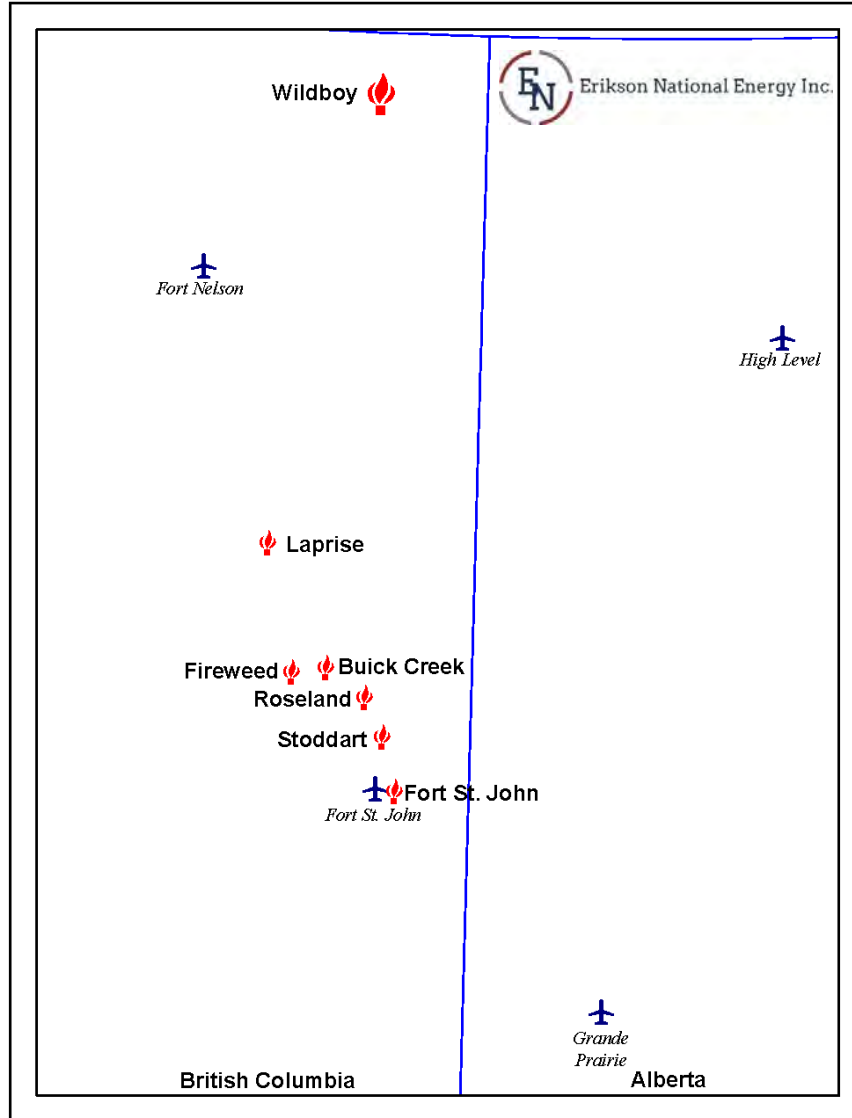
	Deloitte LLP as at September 30, 2022						
	COMPANY GROSS RESERVES				PV BEFORE TAX		
	Oil	Natural Gas	Ngl	Total	0%	5%	10%
Mbbl	MMcf	Mbbl	MBOE		(000s)		
Proved Developed Producing	24	4,308	76	818	\$4,777	\$4,462	\$3,956
Proved Non-Producing/Undeveloped	69	1,580	28	361	\$5,125	\$5,042	\$4,451
Total Proved	93	5,888	104	1,179	\$9,902	\$9,504	\$8,407
Probable	56	3,275	64	665	\$11,027	\$6,489	\$4,114
Total Proved Plus Probable	149	9,163	168	1,844	\$20,929	\$15,993	\$12,521

The reserve estimates and forecasts of production and revenues for the Company’s properties were prepared within the context of the Company’s year-end evaluation, which was an evaluation of all of the Company’s properties in aggregate. Extraction and use of any individual property evaluation outside of this context may not be appropriate without supplementary due diligence. Values in the “Total” row may not correspond to the total of the values presented due to rounding.





Erikson National Energy Inc. Insolvency Sale Fall 2024



Parties wishing to receive access to the confidential information with detailed information relating to this opportunity should execute the Confidentiality Agreement which is available on Sayer Energy Advisors' website (www.sayeradvisors.com) and return one copy to Sayer Energy Advisors by courier, email (tpavic@sayeradvisors.com) or fax (403.266.4467).

Included in the confidential information is the following: summary land information, the Deloitte Report, the Deloitte resource estimation reports, ARO information, most recent net operations summary, detailed facilities information and other relevant financial and technical information.

To receive further information on the Properties please contact Tom Pavic, Ben Rye or Sydney Birkett at 403.266.6133.



APPENDIX D
[ATTACHED]

Erikson National Energy Inc.
Cash Flow Forecast
October 1, 2024 to December 28, 2024

For the week ending, In CAD	Notes	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	
Opening cash balance	1	527,886	475,677	466,427	222,951	215,901	86,757	25,000	25,000	25,000	25,000	25,000	25,000	25,000	527,886
Cash Disbursements															
<u>Operating Expenses</u>															
Wages, salaries, and benefits	2	50,710	-	120,707	-	55,000	-	55,000	-	55,000	-	55,000	-	55,000	446,416
Utilities	3	1,499	5,250	10,541	-	14,541	-	-	-	-	14,541	-	-	-	46,372
Insurance	4	-	-	33,787	-	37,418	-	-	-	37,418	-	-	-	37,418	146,041
Transportation	5	-	-	4,450	450	450	4,450	450	450	450	4,450	450	450	450	16,950
Other operating expenses	6	-	4,000	65,090	6,600	21,132	6,600	6,600	6,600	21,132	6,600	6,600	6,600	21,132	178,685
Rent	7	-	-	8,901	-	604	-	-	-	-	604	-	-	-	10,109
		52,209	9,250	243,475	7,050	129,145	11,050	62,050	7,050	114,000	26,195	62,050	7,050	114,000	844,574
<u>Other Disbursements</u>															
Anticipated capital expenditures	8	-	-	-	-	-	-	100,000	-	-	-	-	-	-	100,000
Interest & principal	9	-	-	-	-	-	-	-	2,300	-	2,901	-	-	-	5,201
Total disbursements		52,209	9,250	243,475	7,050	129,145	11,050	162,050	9,350	114,000	29,096	62,050	7,050	114,000	949,775
<u>Professional Costs</u>															
Company counsel legal fees	10	-	-	-	-	-	50,000	-	-	-	-	50,000	-	50,000	150,000
Trustee and counsel fees		-	-	-	-	-	50,000	-	-	-	-	25,000	-	50,000	125,000
Total professional costs		-	-	-	-	-	100,000	-	-	-	-	75,000	-	100,000	275,000
Net cash flow		(52,209)	(9,250)	(243,475)	(7,050)	(129,145)	(111,050)	(162,050)	(9,350)	(114,000)	(29,096)	(137,050)	(7,050)	(214,000)	(1,224,775)
<u>Interim financing</u>															
Interim financing advances / (repayments)	11	-	-	-	-	-	49,293	162,050	9,350	114,000	29,096	137,050	7,050	214,000	721,889
Closing cash balance		475,677	466,427	222,951	215,901	86,757	25,000	25,000	25,000	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. As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast of the Company is prepared in accordance with the provisions of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on the

Dated at the City of Toronto in the Province of Ontario, this 10th day of October, 2024.

Erikson National Energy Inc.

Per:



Mark Horrocks
Director

KSV Restructuring Inc.

Per:



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

Erikson National Energy Inc.
Notes to the Cash Flow Forecast
October 1, 2024 to December 28, 2024

Note 1

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

Note 2

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

Note 3

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

Note 4

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

Note 5

Represents travel costs for on-site employees.

Note 6

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

Note 7

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

Note 8

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

Note 9

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

Note 10

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

Note 11

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

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

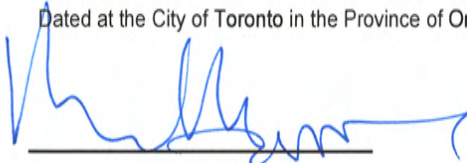
The management of Erikson Energy Inc. (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow of the Company, as of the 10th day of October 2024, consisting of a signed pdf copy of a weekly cash flow statement for the period ending December 28, 2024.

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 10th day of October 2024.



Erikson National
Energy Inc.
Debtor

Mark Horrox, 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 December 28, 2024

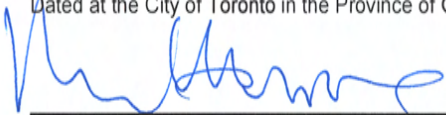
Projection Notes:

a signed pdf copy of a weekly cash flow statement for the period ending December 28,, 2024

Assumptions:

a signed pdf copy of a weekly cash flow statement for the period ending December 28, 2024

Dated at the City of Toronto in the Province of Ontario, this 10th day of October 2024.



Erikson National Energy Inc.

APPENDIX E
[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 10th day of October 2024, consisting of a signed pdf copy of a weekly cash flow statement for the period ending December 28, 2024, 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 10th day of October 2024.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Andrew Basi - Licensed Insolvency Trustee
1165, 324-8th Avenue S.W.
Calgary AB T2P 2Z2
Phone: (416) 932-6262 Fax: (416) 932-6266

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 December 28, 2024

Projection Notes:

a signed pdf copy of a weekly cash flow statement for the period ending December 28, 2024

Assumptions:

a signed pdf copy of a weekly cash flow statement for the period ending December 28, 2024

Dated at the City of Calgary in the Province of Alberta, this 10th day of October 2024.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Andrew Basi - Licensed Insolvency Trustee
1165, 324-8th Avenue S.W.
Calgary AB T2P 2Z2
Phone: (416) 932-6262 Fax: (416) 932-6266