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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 **FOURTH REPORT OF THE PROPOSAL TRUSTEE
JANUARY 16, 2025**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **PROPOSAL TRUSTEE
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1.0 Introduction

1. This fourth report (this “**Fourth 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**”);
 - 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, 2025 (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 (the “**Proposal Trustee’s Certificate**”), 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. The Third Extension and Amended Interim Financing Order and the AVO are attached as **Appendix “A”** and **“B”** respectively.

1.1 Purposes of this Fourth Report

1. The purposes of this Fourth Report are to:
 - a) provide background information about the Company and these Proceedings;
 - b) summarize the terms of the third amended and restated interim financing term sheet dated January 22, 2025 (the “**Third Amended Interim Financing Term Sheet**”), which, *inter alia*, increases the authorized borrowings under the Interim Financing Facility from \$1.5 million to \$1.8 million;
 - c) report on the Company’s amended and extended cash flow forecast for the period January 12 to February 22, 2025 (the “**Fourth Cash Flow Forecast**”);
 - d) provide a comparison of the Company’s third cash flow forecast for the period December 1, 2024 to February 8, 2025 (the “**Third Cash Flow Forecast**”) filed in the Proceedings pursuant to section 50.4(2)(a) of the BIA, to the Company’s actual results;

- e) 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 February 22, 2025 (the “**Stay Extension**”);
- f) provide the Court with an update on the Company’s and the Proposal Trustee’s activities since the Proposal Trustee’s Third Report to Court dated December 6, 2024 (the “**Third Report**”); and
- g) provide the Proposal Trustee’s recommendations in respect of Erikson’s application for an order (the “**Fourth Extension and Amended Interim Financing Order**”), among other things:
 - i. granting the Stay Extension; and
 - ii. approving the Third Amended Interim Financing Term Sheet 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.

1.2 Scope and Terms of Reference

1. In preparing this Fourth 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 Fourth 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 Fourth 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 Fourth 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 Fourth Cash Flow Forecast will be achieved.

4. This Fourth 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, and the Third Report; (ii) the affidavits of Mark Horrox sworn October 15, October 18, 2024, and November 15, 2024; (iii) the affidavits of Peter Neelands sworn December 3, 2024 and January 13, 2025 (the "**Second Neelands Affidavit**"); and (iv) the materials filed by the Company in support of the application returnable January 22, 2025.

1.3 Currency

1. Unless otherwise noted, all currency references in this Fourth 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 & Operational Update

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.

2.1 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 Proposal Trustee's Third Report, on December 4, 2024, Erikson identified a significant operational issue at the Facility. Specifically, Erikson discovered that a metering discrepancy revealed that the available gas quantities were substantially below Erikson's required gas needs for the foreseeable future. Instead of having several weeks' worth of supply, Erikson determined that only approximately five days of fuel remained.
3. The Proposal Trustee had been advised by Erikson that, without a sufficient gas supply, Erikson would be unable to adequately heat the Facility. As a result, certain components of the Facility would freeze and potentially rupture, and the workers would no longer be able to stay at the camp. 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. Additionally, the ability to monitor the assets and respond to emergencies would be impaired. Despite extensive engagement with the BCER, through legal counsel, the Tenure Ministry, third-party suppliers, and the Canada Energy Regulator ("**CER**"), the Company did not have a viable solution to the issue.
4. As a result, on December 6, 2024, the Company obtained an emergency order from the Court (the "**Emergency Order**"), 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 and associated camp. 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 and related work camp. Copies of the Emergency Order and BCER General Order are attached as **Appendices “C”** and **“D”**, respectively.

5. Following the issuance of the Emergency Order and BCER General Order, Erikson produced gas from two wells on the following dates:
 - a) December 7, 8, and 9, 2024; and
 - b) January 9 and 10, 2025.
6. The Proposal Trustee understands that Erikson continues to explore other sources of gas to heat the Facility; however, it is not confident that it can enter a commercial arrangement prior to the Transaction closing. As a result, based on Erikson’s current projections, a further draw may be required on or around February 17, 2025 to maintain care and maintenance activities at the Facility, if alternative arrangements cannot be put in place, which projection is subject to change based upon the weather conditions at the Facility.
7. 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, the Company’s legal counsel, and the BC Attorney General regarding the BC Appeal remain ongoing. A copy of the BC Appeal is attached as **Appendix “E”**.
8. In terms of the costs of these gas draws, Erikson remains in discussions with the Tenure Ministry regarding what amounts are payable by Erikson with respect to the draws. The Company estimates that the initial two gas draws will require a payment of \$10,000 to the Tenure Ministry, being \$5,000 per production period.
9. Notwithstanding the Emergency Order, based on discussions with the Company the Proposal Trustee understands that the Tenure Ministry may object to any further gas draws by Erikson unless the Company can demonstrate that other arrangements have been made to obtain gas from a party other than the Tenure Ministry. The Company therefore remains in discussions with Tenure Ministry regarding future gas draws and the Trustee understands that no agreement has yet been reached between the parties in this respect.

3.0 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 Proceedings¹. A summary of the APA and the Transaction is contained in the Third Report, a copy of which (without appendices) is attached as **Appendix "F"**.
2. The Transaction provides for an outside date of January 31, 2025 (the "**Outside Date**"), or such other date as the parties agree. Pursuant to the APA, the following key conditions (the "**Key Conditions**") need to be satisfied prior to closing, including:
 - a) the Petroleum and Natural Gas Rights shall have been transferred by the Tenure Ministry 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.
3. The Proposal Trustee understands that Gryphon is currently engaged in discussions with the BCER, the Tenure Ministry, and the Fort Nelson First Nation to advance its diligence and satisfy the Key Conditions. The Proposal Trustee further understands that representatives of Gryphon conducted a site visit at the Facility during the week of January 6, 2025.
4. In addition to conducting its due diligence, Gryphon has been advancing funding under the Interim Financing Facility. The Proposal Trustee understands that, as at the date of this Fourth Report, Gryphon has advanced \$631,000 under the Interim Financing Facility and has committed in principle to providing further funding, the details of which are being negotiated.

¹ The pursuant to an agency agreement dated December 9, 2024 between Gryphon and TEC (the "**Agency Agreement**"), Gryphon will 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 understands that the Company, Gryphon, and TEC are in ongoing discussions regarding additional financial support from Gryphon during the pre-closing period.

4.0 Fourth Cash Flow Forecast

1. Pursuant to the BIA, the Company is required to prepare a cash flow statement for the Stay Extension period. The Fourth Cash Flow Forecast for the period January 12 to February 22, 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 “G”**.
2. The Fourth 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, as further discussed below.
3. Based on the Proposal Trustee’s review of the Fourth Cash Flow Forecast, there are no material assumptions that seem unreasonable. The Fourth Cash Flow Forecast assumes that no further issues are encountered at the Facility (as detailed in section 2.1 above). If further issues are encountered that have a material impact on the Fourth 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 “H”**.
4. As set out in the Fourth Cash Flow Forecast, the Company will require additional capital to fund the Proceedings. As of the date of this Fourth Report, Erikson has borrowed \$990,000 of the \$1.5 million maximum amount provided for under the Third Extension and Amended Interim Financing Order. As discussed in further detail below, Erikson requires a further \$300,000 pursuant to the Fourth Extension and Amended Interim Financing Order in order to satisfy its projected post-filing obligations.

4.1 Third Amended Interim Financing Facility

1. The Company has negotiated the Third Amended Interim Financing Term Sheet to, among other things, increase the commitment under the Interim Financing Facility. A copy of the Third Amended Interim Financing Term Sheet is attached as Exhibit “3” to the Second Neelands Affidavit. Pursuant to the terms of the Third Amended Interim Financing Term Sheet, the Interim Financing Facility and corresponding Interim Lender’s Charge is to be increased to \$1.8 million, in order for Erikson to satisfy its projected post-filing obligations as set forth in the Fourth Cash Flow Forecast. The proposed Fourth Extension and Amended Interim Financing Order provides for a corresponding increase to the Interim Lender’s Charge.
2. The Third Amended Interim Financing Term Sheet also revises the Maturity Date under the facility from February 8 to 25, 2025.
3. Additionally, the Third Amended Interim Financing Term Sheet revises the Event of Default (as defined in the Third Amended Interim Financing Term Sheet) in relation to the reinstatement of the Company’s currently expired crown mineral leases. Specifically, the lease reinstatement date is revised from January 24 to February 13, 2025.
4. As at the date of this Fourth Report, the Company’s crown mineral leases have not yet been reinstated; however, the Company and Gryphon remain engaged in discussions with the Tenure Ministry regarding the reinstatement.
5. The Proposal Trustee recommends the Court issue an order approving the Third 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 the Transaction;
 - b) the additional fees associated with the Third 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 Third Amended Interim Financing Term Sheet, as it will enable the Company to satisfy its post-filing obligations and close the Transaction.

5.0 Performance Against the Third Cash Flow Forecast

1. In accordance with section 50.4(7)(b)(ii) of the BIA, the Proposal Trustee has continued to review and evaluate the state of the Company's business and financial affairs since the Filing Date.
2. The Proposal Trustee understands that the Company remains current in respect of its obligations that have arisen since the Filing Date.
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 Third Cash Flow Forecast for the period from December 7, 2024 to January 11, 2025 (the "**Reporting Period**") is as follows:

(unaudited; \$)	Actual	Projected	Difference
Receipts			
Collections	-	-	-
Interim Financing Facility Advances ²	620,000	655,790	(35,790)
	620,000	655,790	(35,790)
Disbursements			
Operating disbursements	(368,105)	(458,832)	90,727
Professional fees	(168,589)	(225,000)	56,411
	(536,694)	(683,832)	147,138
Net cash flow	83,306	(28,042)	111,348

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 lower than forecasted, primarily due to timing differences related to insurance and utilities; both of which are now scheduled to be paid by the Company during the weeks ending January 18 and 25, 2025 (i.e., outside the Reporting Period); and
 - b) professional fees are lower than forecasted due to the delayed payment of invoices originally scheduled to be paid during the week ending January 4, 2025 but will be

² Advances during the Reporting Period under the Interim Financing Facility have occurred during the weeks ending: (i) December 7, 2024 (\$70,000); (ii) December 14, 2024 (\$235,000); (iii) December 21, 2024 (\$45,000); (iv) December 28, 2024 (\$105,000); and (v) January 11, 2025 (\$165,000).

paid the week ending January 18, 2025 (i.e., outside of the Reporting Period).

6.0 Company's Request for an Extension

1. The Company is seeking an extension of the time required to file a proposal from January 23 to February 22, 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 closing of the Transaction and engaging with the Tenure Ministry regarding the reinstatement of the crown mineral leases;
 - b) Gryphon has continued to fund the operations of the Company pursuant to the Second Amended Interim Financing Term Sheet and Agency Agreement and the Proposal Trustee understands that Gryphon has agreed to continue funding up to a total of \$950,000 pursuant to the Third Amended Interim Financing Term Sheet (i.e., an additional \$319,000 after the advances to date totaling \$631,000). As outlined in Section 3.0(4) above, Gryphon has agreed in principle to provide funding over and above \$950,000; however, the details of such funding are being negotiated between TEC and Gryphon;
 - 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 close the 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 Fourth Cash Flow Forecast; and
 - e) the extension will provide the Company the additional time it requires to further advance its restructuring and allow the Company to successfully close the Transaction.

7.0 Activities of the Proposal Trustee and the Company

7.1 Activities of the Proposal Trustee

1. Since the Third 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 Fourth Cash Flow Forecast;
- d) attending meetings with the Company and Gryphon 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;
- f) corresponding and holding discussions with various stakeholders, and/or respective legal counsel to stakeholders, including the BCER;
- g) maintaining the Case Website; and
- h) preparing this Fourth Report.

7.2 Activities of the Company

1. The Proposal Trustee has observed certain key activities of the Company since the Third Report, including:
 - a) communicating with various stakeholders and creditors regarding the Proceedings, in consultation with the Proposal Trustee;
 - b) with the assistance of the Proposal Trustee, responding to various questions from vendors;
 - c) with the assistance of Bennett Jones, pursuing multiple channels to resolve the ongoing gas supply issues facing the Company, including discussions with the BC Attorney General, as previously detailed above;
 - d) reporting to the Proposal Trustee on a weekly basis in respect of the Company's receipts and disbursements;
 - e) working with the Proposal Trustee in preparing the Fourth Cash Flow Forecast;

- f) with assistance from Bennett Jones, negotiating the closing of the Transaction;
- g) facilitating meetings between Gryphon and the Company's key stakeholders in these Proceedings, including the BCER, Tenure Ministry, and Canadian Natural Resources Limited;
- h) attending ongoing meetings with the Proposal Trustee, Bennett Jones, and Fasken to discuss the Transaction; and
- i) working with Bennett Jones and the Proposal Trustee to prepare materials for the application to be heard on January 22, 2025.

8.0 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 capacity**

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:

December 9, 2024

LOCATION WHERE ORDER WAS PRONOUNCED:

Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER:

The Honourable Justice G.A. Campbell

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 Certificate of Filing of a Notice of Intention to Make a Proposal filed, October 1, 2024; AND UPON reviewing the Third 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 January 23, 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 January 23, 2025.

AMENDMENT OF INTERIM FINANCING AGREEMENT


5. The further amended and restated Interim Financing Agreement attached to the Neeland Affidavit between the Applicant and TEC (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 (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 \$1,500,000 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 \$1,500,000).



J.C.K.B.A.

APPENDIX B
[ATTACHED]



jg

COURT FILE NUMBER B301-135903
 COURT COURT OF KING'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 PROCEEDING **IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, as amended**
AND IN THE MATTER OF ERIKSON NATIONAL ENERGY INC.

DOCUMENT **ORDER (Sales Approval and Vesting)**

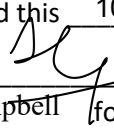
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
BENNETT JONES LLP
 Barristers and Solicitors
 4500 Bankers Hall East
 855 – 2nd Street S.W.
 Calgary, Alberta T2P 4K7

Attention: Keely Cameron / Sarah Aaron
 Telephone No.: 403-298-3324/3177
 Fax No.: 403-265-7219
 Client File No.: 88323.6

I hereby certify this to be a true copy of the original Order

DATE ON WHICH ORDER WAS PRONOUNCED: December 9, 2024

Dated this 10th day of December 2024

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice G.A. Campbell  for Clerk of the Court

LOCATION OF HEARING: Calgary, Alberta

UPON the application of Erikson National Energy Inc. (“**Erikson**”) for an Order approving the sale transaction (the "**Transaction**") contemplated by the Asset Purchase and Sale Agreement (the "**Sale Agreement**") between Erikson and Gryphon Digital Mining, Inc. (the "**Purchaser**"); **AND UPON having read** the Affidavit of Peter Neelands, sworn December 3, 2024, the Affidavit of Service of Stephanie Dumoulin, and the Proposal Trustee’s Third Report (the "**Third Report**"); **AND UPON hearing** the

submissions of counsel for the Applicant, counsel for KSV Restructuring Inc. (the "**Proposal Trustee**"), and any other interested parties appearing at the application;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and the supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application.

APPROVAL OF TRANSACTIONS

2. The Transaction is hereby approved, subject to incidental amendments as may be approved by the Proposal Trustee, provided that any substantive amendments will be made on notice to any affected parties, and the Sale Agreement is commercially reasonable and in the best interests of Erikson and its stakeholders. Erikson is hereby authorized and directed to execute the Sale Agreement and take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transaction and for the conveyance of the assets set out in Schedule "A" hereto (the "**Purchased Assets**") to the Purchaser.

VESTING OF PROPERTY

3. Subject only to approval by the British Columbia Energy Regulator ("**Energy Regulator**") of transfer of any applicable licenses, permits and approvals pursuant to section 26, 29, and 30 of the *Energy Resource Activities Act*, SBC 2008, c 36, and upon the delivery of a Proposal Trustee's Certificate to the Purchaser substantially in the form attached as Schedule "B" hereto (the "**Proposal Trustee's Certificate**"), all of Erikson's right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

- (a) any Encumbrances or Charges (as created by and defined in any Orders granted in this Action);

- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act*, the *Mines and Minerals Act*, the *Land Titles Act* or any other personal, mineral or real property registry system;
- (c) any liens or claims of lien under the *Builders' Lien Act* (Alberta) or the *Prompt Payment and Construction Lien Act* (Alberta);
- (d) any linear or non-linear municipal property tax claims; and
- (e) any outstanding amounts owing to the Energy Regulator;

(all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in Schedule "C" (collectively, "**Permitted Encumbrances**")) and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

4. Upon delivery of the Proposal Trustee's Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Proposal Trustee's Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a) the Registrar of British Columbia Land Titles ("**Land Titles Registrar**") for the lands defined below shall and is hereby authorized, requested and directed to forthwith:
 - (i) cancel existing Certificates of Title identified and legally described in Schedule "A" of the Sale Agreement (the "**Lands**");
 - (ii) issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), namely, Gryphon Digital Mining Inc.; and
 - (iii) discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances);

- (b) The British Columbia Ministry of Energy, Mines and Petroleum Resources shall and is hereby authorized, requested and directed to forthwith:
- (i) cancel and discharge those Claims including builders' liens, security notices, assignments under section 426 (formerly section 177) of the *Bank Act* (Canada) and other Encumbrances (but excluding Permitted Encumbrances) registered (whether before or after the date of this Order) against the estate or interest of the Applicant in and to any of the Purchased Assets located in the Province of British Columbia.
- (c) the Registrar of the Alberta Personal Property Registry, British Columbia Personal Property Registry and Ontario Personal Property Registry (collectively, the "**PPR Registrar**") shall and is hereby directed to forthwith cancel and discharge any registrations at the personal property registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Applicant in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.
5. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and Proposal Trustee's Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.
6. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by Erikson of the Sale Agreement.
7. Upon delivery of the Proposal Trustee's Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by Erikson.
8. For the purposes of determining the nature and priority of Claims, the net proceeds from sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets from and after delivery


of the Proposal Trustee's Closing Certificate and all Claims (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), no distributions shall be made to creditors of net proceeds from sale of the Purchased Assets without further order of this Court.

9. Except as expressly provided for in the Sale Agreement, the Purchaser (or its nominee) shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against Erikson.
10. Upon completion of the Transaction, Erikson and all persons who claim by, through or under Erikson in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
11. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by Erikson, or any person claiming by, through or against Erikson.
12. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against Erikson associated with the Purchased Assets.
13. The Proposal Trustee is directed to file with the Court a copy of the Proposal Trustee's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).

MISCELLANEOUS MATTERS

14. Notwithstanding:
- (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "**BIA**"), in respect of the Applicant, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of Erikson; and
 - (d) the provisions of any federal or provincial statute,
- the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of Erikson and shall not be void or voidable by creditors of Erikson, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.
15. Erikson, the Proposal Trustee, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
16. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist Erikson and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to Erikson, as may be necessary or desirable to give effect to this Order or to assist Erikson and its agents in carrying out the terms of this Order.

17. Service of this Order shall be deemed good and sufficient by:
- (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
 - (a) Posting a copy of this Order on the Proposal Trustee's website at: <https://www.ksvadvisory.com/experience/case/Erikson> and service on any other person is hereby dispensed with.
18. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.


J.C.K.B.A

SCHEDULE A

The Parties acknowledge and agree that it is their intention that, in addition to those Assets included and specified in the Schedules hereto, the Assets shall include Vendor's entire interest in and to all Tangibles and Miscellaneous Interests (as those terms are defined herein) which fall within the Whitemap Area set out in the below Maps.

SCHEDULE B

Form of Proposal Trustee's Certificate

COURT FILE NUMBER B301-135903

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

AND IN THE MATTER OF ERIKSON NATIONAL ENERGY INC.

DOCUMENT SALE AND VESTING ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF BENNETT JONES LLP

PARTY FILING THIS Barristers and Solicitors
DOCUMENT 4500 Bankers Hall East
 855 – 2 Street SW
 Calgary, Alberta T2P 4K7

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

RECITALS

- A. Pursuant to an Order of the Court dated December 9, 2024, the Court approved the agreement of purchase and sale made as of _____ between Erikson National Energy Inc. ("**Erikson**") and Gryphon Digital Mining, Inc (the "**Purchaser**")(the "**Sale Agreement**") and provided for the vesting in the Purchaser of Erikson's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing of the Sale Agreement have been satisfied or waived by Erikson and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

B. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser (or its nominee) has paid the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing of the Sale Agreement have been satisfied or waived by Erikson and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at [Time] on [Date].

**KSV Restructuring Inc., in its
capacity as Proposal Trustee of
Erikson National Energy Ltd., and
not in its personal capacity.**

Per: _____

Name: Andrew Basi

SCHEDULE "C"

Permitted Encumbrances

Permitted Encumbrances consist of the following (with capitalized terms having the definitions given to them in the Sale Agreement, unless otherwise defined in this Order):

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

- (xii) provisions for penalties and forfeitures under Title Documents as a consequence of non-participation in operations;
- (xiii) any requirement to post or maintain any deposits or other form of security required by any Governmental Authority; and
- (xiv) liens granted in the ordinary course of business to a public utility, municipality or Governmental Authority with respect to operations pertaining to any of the Assets as regards the Vendor's share of amounts owing to such public utility, municipality or Governmental Authority which are not due or delinquent as of the date hereof.

APPENDIX C
[ATTACHED]

CERTIFIED *E. Wheaton*
by the Court Clerk as a true copy of
the document digitally filed on Dec
6, 2024



~~SCHEDULE "1"~~ *BR*

COURT FILE NUMBER

2401-13792

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

Clerk's Stamp
FILED
DIGITALLY
2401 13792
DEC 6, 2024
CLERK OF THE COURT

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

AND IN THE MATTER OF ERIKSON NATIONAL ENERGY INC.

DOCUMENT

ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BENNETT JONES LLP
4500 Bankers Hall East
855-2nd Street SW
Calgary, AB T2P 4K7

Attention: Keely Cameron / Kelsey Meyer / Luc Rollingson
Telephone No.: (403) 298-3323
Fax No.: (403) 265-7219
Client File No.: 87754-38

DATE ON WHICH ORDER WAS PRONOUNCED: Friday, December 6, 2024

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice *B.E. Romane*

UPON THE APPLICATION by Erikson National Energy Inc. ("**Erikson**" or the "**Applicant**"); AND UPON HAVING READ the Application of Erikson and the Affidavit No. 2 of Peter Neelands sworn December 6, 2024; AND UPON HEARING the submissions of counsel for Erikson and from other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

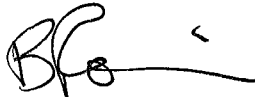
1. Service of notice of this Application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this Application, and time for service of this Application is abridged to that actually given.

2. The British Columbia Energy Regulator (the “**BCER**”) is directed to issue an emergency measures order pursuant to section 52 of the *Energy Resource Activities Act*, SBC 2008, c 36 (the “**ERAA**”), directing Erikson to ~~access and use natural gas from its wells for the sole purpose of heating and~~ ^{maintain its assets in a safe manner, including} maintaining its Wildboy Gas Plant (the “**Plant**”) and related work camp (the “**Work Camp**”), notwithstanding that the British Columbia Tenure and Resource Stewardship Branch (“**BC Tenure**”) has cancelled Erikson’s leases to produce natural gas from those wells (the “**Emergency Measures**”).

3. This Honourable Court declares that Erikson carrying out the Emergency Measures shall not constitute an offence pursuant to section 134 of the ERAA.

4. ~~BC Tenure is prohibited from issuing a penalty against Erikson, its employees, agents, directors, officers, or shareholders, pursuant to the ERAA or other applicable legislation as a result of it carrying out the Emergency Measures.~~

5. Erikson is granted relief from forfeiture, relieving Erikson, its employees, agents, directors, officers, or shareholders, from any penalty that may be issued against it pursuant to the ERAA or otherwise as a result of it carrying out the Emergency Measures.



Justice of the Court of King’s Bench of Alberta

APPENDIX D

[ATTACHED]

GENERAL ORDER 2024-0156-01
Section 49 *Energy Resource Activities Act*

Issued to:

Erikson National Energy Inc.
717-7th Avenue S.W.
Calgary, Alberta
T2P0Z3

Attention: Peter Neelands, Director

Order:

Pursuant to section 49(1)(e)(ii) of the *Energy Resource Activities Act* (the Act), I, Dax Bourke, order that Erikson National Energy Inc. (Erikson) must:

1. Maintain its assets in a safe manner, including heating and maintaining the Wildboy Gas Processing Plant, facility ID 2917, located at D-075-A/094-P-11 and related work camp.

Conditions:

- A. This order shall remain in effect until amended or terminated in whole or in part by the BC Energy Regulator (Regulator).

Reasons:

I make this order for the following reasons:

- i. Erikson National Energy Inc. is the permit holder for facility 2917.
- ii. Prior to shutting in the gas fields, Erikson pressure loaded the pipeline system so that the gas could be utilized to keep the facility and work camp in an operable state by cycling the gas through the facility and utilizing it as a fuel gas source for heat and power.
- iii. On December 5, 2024, the British Columbia Energy Regulator (Regulator) was notified that the gas stored in the pipeline system was going to be depleted by December 8, 2024.
- iv. Gas is used to power and heat the facility and work camp. If there were no power electronic safety systems would brownout and lead to equipment failure risking environmental damage.
- v. I am in the opinion that the order is required for the protection of the environment.

Review or Appeal


Erikson may request a review of this order under section 70 of the Act or appeal this order under section 72 of the Act. Both a review and an appeal of the order cannot be commenced simultaneously.

A request for review may be sent to: determinationreviews@bc-er.ca.

Alternatively, a notice of appeal may be sent to the Energy Resource Appeal Tribunal info@bcerat.ca or mailed to:

Energy Resource Appeal Tribunal
PO Box 4925 Stn Prov Govt
Victoria, BC V8W 9V1

Information regarding the process for appeals may be found at www.bcerat.ca



Dax Bourke
Executive Director, Compliance & Enforcement
BC Energy Regulator

DATED AT Fort St. John, in the Province of British Columbia, this 6th day of December 2024.

APPENDIX E
[ATTACHED]

COURT OF APPEAL OF ALBERTA

Form AP-1

[Rules 14.8 and 14.12]

COURT OF APPEAL FILE NUMBER: 2401-0345AC
TRIAL COURT FILE NUMBER: 2401-13792
REGISTRY OFFICE: Calgary
PLAINTIFF/APPLICANT: *IN THE MATTER OF THE
BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985,
c. B-3, as amended
AND IN THE MATTER OF ERIKSON
NATIONAL ENERGY INC.*



STATUS ON APPEAL: Respondent
DEFENDANT/RESPONDENT: THE ATTORNEY GENERAL OF
BRITISH COLUMBIA

STATUS ON APPEAL: Appellant
DOCUMENT: **CIVIL NOTICE OF APPEAL**

APPELLANT'S ADDRESS FOR SERVICE
AND CONTACT INFORMATION: **Kenneth P. Reh Law Office**
700 1816 Crowchild Trail NW
Calgary, AB T2M 3Y7
Attention: Kenneth Reh
403-870-5734 (phone)
587-327-5527 (fax)
ken@reh-law.ca
0099-001

Ministry of Attorney General
LSB Litigation Group, Legal Services Branch
PO Box 9280 Stn Prov Govt
Victoria, B.C.
Peter D. Ameerli
Deputy Supervising Counsel
250-356-8641 (Phone)
Email: Peter.Ameerli@gov.bc.ca

WARNING

To the Respondent: If you do not respond to this appeal as provided for in the Alberta Rules of Court, the appeal will be decided in your absence and without your input.

1. Particulars of Judgment, Order or Decision Appealed From:

Date pronounced: December 6, 2024

Date entered: December 6, 2024

Date served: December 7, 2024

Official neutral citation of reasons for decision, if any: N/A

(do not attach copy)

(Attach a copy of order or judgment: Rule 14.12(3). If a copy is not attached, indicate under item 14 and file a copy as soon as possible: Rule 14.18(2).)

2. Indicate where the matter originated:

Court of King's Bench

Judicial Centre: CALGARY

Justice: B.E.C. ROMAINE

On appeal from a King's Bench Applications Judge or a Justice of the Court of Justice?:

Yes X No

Official neutral citation of reasons for decision, if any, of the Applications Judge or Justice of the Court of Justice: (do not attach copy) N/A

(If originating from an order of a King's Bench Applications Judge or a Justice of the Court of Justice, a copy of that order is also required: Rule 14.18(1)(c).)

Board, Tribunal or Professional Discipline Body

Specify Body: N/A

3. Details of Permission to Appeal, if required (Rules 14.5 and 14.12(3)(a)).

X Permission not required, or ~~Granted:~~

~~Date: _____~~

~~Justice: _____~~

(Attach a copy of order, but not reasons for decision.)

4. Portion being appealed (Rule 14.12(2)(c)):

X Whole, or

~~Only specific parts (if specific part, indicate which part):~~

(Where parts only of a family law order are appealed, describe the issues being appealed, e.g. property, child support, parenting, etc.)

5. Provide a brief description of the issues:

- a) The Alberta Court of King’s Bench purported to make an order that exceeded the jurisdiction conferred by the *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C B-3 (the “**BIA**”). The Alberta Court of King’s Bench does not have the constitutional jurisdiction to grant paragraphs 2-5 of the order under the BIA or under the laws of Alberta or British Columbia, compelling His Majesty the King in Right of the Province of British Columbia, its servants or agents to act, to cease to act, or to refrain from acting.
- b) Paragraphs 2-5 of the order wrongly purport to make declarations and directions beyond the jurisdiction of the Alberta Court of King’s Bench that: a) bind and direct the decisions and actions of a statutory decision maker in British Columbia (the BC Energy Regulator); and b) make declarations affecting the application, interpretation and/or enforcement of British Columbia statutes with respect to activity within the province of British Columbia.
- c) The Alberta Court of King’s Bench does not have jurisdiction under the BIA or otherwise under the laws of Alberta or British Columbia to direct the BC Energy Regulator to make a decision or otherwise take steps under s. 52 of the *Energy Resources Activity Act*, SBC 2008 c. 36 (the “**ERAA**”); if it did have jurisdiction, there was not a sufficient factual foundation to ground paragraph 2 of the order.
- d) The statutory provisions of the ERAA referred to in paragraphs 3 and 5 of the order do not exist.
- e) If any of paragraphs 2-5 of the order are authorized by the BIA and within the jurisdictional competence of the Alberta Court of King’s Bench, the order was not supported by the facts available to the court and the court did not consider or apply the correct legal test for granting each or any of the orders.
- f) If the order was within the jurisdiction of the Alberta Court of King’s Bench and available under the BIA, the court erred in granting the order without limiting conditions, including but not limited to providing for appropriate compensation and an expiry date for the authorization of conduct endorsed by paragraphs 2-5.

6. Provide a brief description of the relief claimed:

THAT THE ORDER BE SET ASIDE IN ITS ENTIRETY

7. Is this appeal required to be dealt with as a fast track appeal? (Rule 14.14)

Yes X No

8. Does this appeal involve the custody, access, guardianship, parenting time, decision-making responsibility, contact or support of a child? (Rule 14.14(2)(b))
~~Yes~~ X No

9. Will an application be made to expedite this appeal?
~~Yes~~ X No

10. Is Judicial Dispute Resolution with a view to settlement or crystallization of issues appropriate? (Rule 14.60)
~~Yes~~ X No

11. Could this matter be decided without oral argument? (Rule 14.32(2))
~~Yes~~ X No

12. Are there any restricted access orders or statutory provisions that affect the privacy of this file? (Rules 6.29, 14.12(2)(e), 14.83)
~~Yes~~ X No
If yes, provide details:
(Attach a copy of any order.)

13. List respondent(s) or counsel for the respondent(s), with contact information:

BENNETT JONES LLP
4500 Bankers Hall East
855-2nd Street SW Calgary, AB T2P 4K7
Attention: Keely Cameron / Kelsey Meyer / Luc Rollingson
Telephone No.: (403) 298-3323
Fax No.: (403) 265-7219
Client File No.: 87754-38

If specified constitutional issues are raised, service on the Attorney General is required under s. 24 of the Judicature Act: Rule 14.18(1)(c)(viii).

14. Attachments (check as applicable)

X Order or judgment under appeal if available (not reasons for decision) (Rule 14.12(3))

~~Earlier order of Applications Judge, etc. (Rule 14.18(1)(c))~~

~~Order granting permission to appeal (Rule 14.12(3)(a))~~

~~Copy of any restricted access order (Rule 14.12(2)(e))~~

If any document is not available, it should be appended to the factum, or included elsewhere in the appeal record.

APPENDIX F
[ATTACHED]



C120585

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 **THIRD REPORT OF THE PROPOSAL TRUSTEE
DECEMBER 6, 2024**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **PROPOSAL TRUSTEE
KSV Restructuring Inc.
Suite 1165, 324 - 8th Avenue SW
Calgary, Alberta
T2P 2Z2**


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FIAT

Let this document be filed notwithstanding the materials are filed past the deadline. Dated this 9th day of December, 2024.


 J.A. Campbell

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1.0 Introduction

1. This third report (this “**Third 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 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 Advisors (“**Sayer**” or the “**Sales Agent**”), 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 (the “**Sayer Engagement Letter**”), including Sayer’s Work Fee and Success Fee (both as defined in the Sayer Engagement Letter);
 - 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

- iv. 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**"); 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 (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 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. Copies of the First Extension Order, the Interim Financing Order, and the Second Extension and Amended Interim Financing Order are attached as **Appendix "A"**, "**B"**, and "**C"**, respectively.

1.1 Purposes of this Third Report

1. The purposes of this Third Report are to:

- a) provide background information about the Company and these Proceedings;
- b) summarize the results of the SISP;
- c) summarize the terms of an asset purchase and sale agreement (the “**APA**”) between Erikson and Gryphon Digital Mining Inc. (the “**Purchaser**”), and provide the Proposal Trustee’s recommendations regarding Court approval of the transaction contemplated by the APA (the “**Transaction**”);
- d) summarize the terms of the second amended and restated interim financing term sheet dated December 9, 2024 (the “**Second Amended Interim Financing Term Sheet**”), which, *inter alia*, increases the authorized borrowings under the Interim Financing Facility to \$1.5 million;
- e) report on the Company’s amended and extended cash flow forecast for the period December 1, 2024 to February 8, 2025 (the “**Third Cash Flow Forecast**”);
- f) provide a comparison of the Company’s second cash flow forecast for the period November 10, 2024 to January 25, 2025 (the “**Second Cash Flow Forecast**”) filed in the Proceedings pursuant to section 50.4(2)(a) of the BIA to the Company’s actual results;
- g) 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 January 18, 2025 (the “**Stay Extension**”);
- h) provide the Court with an update on the Company’s and the Proposal Trustee’s activities since the Second Report; and
- i) provide the Proposal Trustee’s recommendations in respect of Erikson’s application for:
 - i. an order (the “**Third Extension Order**”), among other things:
 1. granting the Stay Extension; and

2. approving 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
- ii. a sale approval and vesting order (the "**AVO**"), among other things:
1. approving 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
 2. ordering that: (i) 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 (ii) upon the Proposal Trustee delivering a certificate substantially in the form of Schedule "B" to the AVO (the "**Proposal Trustee's Certificate**"), all of the Company's right, title and interest in and to the Assets (as defined below) shall vest in the Purchaser free and clear of any and all Encumbrances, other than the Permitted Encumbrances (both as defined in the APA); and
- j) provide the Proposal Trustee's recommendation in respect of the Proposal Trustee's application for an order (the "**Sealing Order**") sealing the Additional Offer (as defined below), attached hereto as **Confidential Appendix "1"**, until the closing of the Transaction.

1.2 Scope and Terms of Reference

1. In preparing this Third 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 TEC, the agent for the Company's secured lenders. The Proposal Trustee has also relied upon information provided to it by the Purchaser and Purchaser's legal counsel.
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 Third 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 Third 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 Third 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 Third Cash Flow Forecast will be achieved.
4. This Third Report should be read in conjunction with the Proposal Trustee's First Report to Court dated October 18, 2024 (the "**First Report**"), the Proposal Trustee's Second Report to Court dated November 18, 2024 (the "**Second Report**"), the Affidavit of Mark Horrox sworn October 15, 2024 (the "**First Horrox Affidavit**"), the Supplemental Affidavit of Mark Horrox, sworn October 18, 2024 (the "**Supplemental Horrox Affidavit**"), the Affidavit of Mark Horrox sworn November 15, 2024 (the "**Second Horrox Affidavit**" and collectively the "**Horrox Affidavits**"), the affidavit of Peter Neelands sworn December 3, 2024 (the "**Neelands Affidavit**"), and the materials filed by the Company in support of the Company's application returnable December 9, 2024. Capitalized terms not defined in this Third Report have the meanings ascribed to them in the Horrox Affidavits and/or the Neelands Affidavit.

1.3 Currency

1. Unless otherwise noted, all currency references in this Third 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 & Operational Update

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. 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.
5. Additional background information on the Company is included in the First Report and the First Horrox Affidavit.

2.1 Operational Issue

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 in anticipation of utilizing the gas to provide the necessary fuel to heat Erikson’s Wild Boy Gas Plant (the “**Facility**”). We are advised by management of Erikson that Erikson’s employees monitor the gas levels on a daily basis to ensure that the Company has sufficient quantities of gas to provide the necessary heat to the Facility.
2. On the afternoon of December 4, 2024, Erikson advised the Proposal Trustee of a potential issue with respect to the Facility. More specifically, Erikson discovered that there was a metering issue at the Facility which resulted in the projected gas quantities being significantly below Erikson’s required gas needs for the foreseeable future. Rather than having several weeks of gas supply, Erikson discovered that it only had approximately five days of supply.

3. The Proposal Trustee has been advised by Erikson that if there is not sufficient gas supply, Erikson will be unable to adequately heat the Facility. As a result, certain components of the Facility will freeze and potentially rupture. Should that occur, the repair and replacement costs range between \$1 million to \$10 million, depending on the type and degree of damage to the Facility's equipment.
4. Erikson alerted the Proposal Trustee to this issue, and together, the parties immediately began working on potential solutions to this issue. In particular, between December 4 to 5, 2024:
 - a) Erikson and the Proposal Trustee convened a meeting with a commercial third party who could potentially supply the required gas to the Facility;
 - b) Erikson convened a meeting with the Tenure Ministry regarding reinstatement of only the specific crown mineral leases that would be required for Erikson to produce its own gas, following reactivation of certain wells;
 - c) Erikson convened a meeting with another commercial third party who could potentially supply the required gas to Erikson. While the Proposal Trustee was advised by Erikson that this third party conditionally agreed to do so, it was subject to approval by the Canada Energy Regulator ("CER"), who required an engineering study to permit bidirectional gas flow in the applicable pipeline. The Proposal Trustee understands that this third party requested a special dispensation from CER in order to reactive this pipeline imminently; and
 - d) Erikson convened a meeting with another commercial third party that could potentially supply the required gas to Erikson.
5. Ultimately, CER indicated a willingness to grant the special dispensation sought in order to reactive the pipeline; however, practically speaking, crews were unable to attend the remote location to perform the reactivation work until Tuesday, December 10, 2024, at the earliest, which would have left the Facility without heat for approximately two to three days.
6. As such, the Company, with the assistance of the Proposal Trustee, focused its efforts on engaging in discussions with the Tenure Ministry regarding an arrangement allowing Erikson to produce its own natural gas for a limited period of time to re-stack its sales pipeline.

7. As part of these efforts, on December 5, 2024, the Proposal Trustee and the Company engaged with the BCER, through legal counsel, to seek the BCER's assistance in resolving this issue. The BCER also engaged with the Tenure Ministry to see whether a resolution could be reached.
8. Despite numerous stakeholder engagement, the Company did not have a viable solution to this issue. As a result, on the morning of December 6, 2024, the Company successfully obtained an emergency order from the Court (the "**Emergency Measures Order**"), which in effect will enable the Company to produce its own gas for a limited period of time in order to re-stack its sales pipeline and continue to supply heat to the Facility and associated camp. A copy of the Emergency Measures Order obtained by the Company is attached as **Appendix "D"**.

3.0 SISP and Transaction

3.1 Pre-Filing SISP and SISP¹

1. Pursuant to the First Extension Order, this Court approved the SISP, which was developed in consultation with the Proposal Trustee and the Sales Agent, to solicit interest in, and opportunities for, a sale of all or some of Erikson's assets, or an investment in Erikson and its business. As outlined in the First Horrox Affidavit and the First Report, the SISP is a continuation of a sale and investment solicitation process that was commenced by Erikson with the assistance of Sayer in January 2023 (the "**Pre-Filing SISP**").
2. Since the granting of the First Extension Order, the Sales Agent has been working with the Company to carry out the SISP, under the supervision of the Proposal Trustee and with input from the BCER. The SISP contemplates the following milestones and timelines:

Milestone	Deadline
Marketing Launch	October 16, 2024
Bid Deadline	12:00 p.m. MT, November 14, 2024
Sale Approval Application	November 25, 2024
Target Closing Date	November 30, 2024

¹ Capitalized terms not defined in this section have the meanings ascribed to them in the SISP.

3. As outlined in the Second Report, at the Bid Deadline, the Company received multiple offers from Potential Bidders, however, none were designated as Qualified Bids in accordance with the SISP as one or more of the requirements to be designated as a Qualified Bid were not met. Details of the marketing efforts undertaken by the Sales Agent are detailed in the Second Report.
4. Since the Bid Deadline, the Company and the Sales Agent, in consultation with the Proposal Trustee and the BCER, continued to assess the terms of the bids received and engage in various negotiations and correspondence with the Potential Bidders regarding the offers submitted by same in an effort to advance the bids to Qualified Bids.

3.1.1 Extension of Bid Deadline

1. On or about November 26, 2024, with the consent of the Proposal Trustee, and in consultation with Sayer, the BCER, and TEC, Erikson extended the bid deadline to December 2, 2024 (the “**Revised Bid Deadline**”) in accordance with the SISP.
2. The Proposal Trustee supported the Revised Bid Deadline for a variety of reasons, including the fact that it became aware that the BCER had received directly, outside of the ongoing SISP, an unsolicited offer from a third party, Kingscrest Acquisition Corp. (“**Kingscrest**”), seeking to pursue a transaction respecting Erikson and its assets. The Proposal Trustee wrote to Kingscrest, through legal counsel, inviting Kingscrest to participate in the ongoing SISP and advising them of the Revised Bid Deadline. Kingscrest advised the Proposal Trustee that they would not be participating in Erikson’s SISP, due to concerns Kingscrest had regarding the integrity of the process. The correspondence between the Proposal Trustee and Kingscrest was attached as Exhibit “H” to the Supplemental Affidavit of Michael Janzen sworn on behalf of the BCER on December 3, 2024.
3. Despite the Proposal Trustee’s invitation to do so, Kingscrest did not submit a bid by the Revised Bid Deadline pursuant to the SISP, or otherwise.
4. Prior to the Revised Bid Deadline, the Company received two (2) forms of asset purchase agreements, including the APA submitted by the Purchaser and a second offer submitted by another third party. A copy of the additional offer received in the SISP is attached as **Confidential Appendix “1”** (the “**Additional Offer**”), for which the Proposal Trustee will be seeking the Sealing Order due to the commercially sensitive information contained in the Additional Offer.

5. After reviewing the offers and asset purchase agreements submitted by the bidders, Erikson, in consultation with Sayer and the Proposal Trustee, determined that the offer submitted by the Purchaser was superior. As a result, the Proposal Trustee understands that, on November 30, 2024, Erikson provided a copy of the APA to the BCER.
6. The Proposal Trustee notes that with the delivery of the APA, or subsequent thereto, the Purchaser did not:
 - a) deliver a letter indicating that the bid was irrevocable until the selection of the Successful Bidder;
 - b) the APA is presently unexecuted;
 - c) as noted below, the bid is conditional upon, among other things, the outcome of unperformed due diligence;
 - d) the bid was not accompanied by the required 10% deposit; and
 - e) the outside date is beyond the originally contemplated closing date.
7. Notwithstanding the foregoing, Erikson and the Proposal Trustee have designated the APA as a “Qualified Bid” pursuant to the terms of the SISP. The Proposal Trustee has done so as the Transaction: (i) represents the highest and best offer received for the Company’s assets; (ii) will result in the assumption of all of Erikson’s Abandonment and Reclamation Obligations and Environmental Liabilities (both as defined in the APA); and (iii) the Purchaser has demonstrated their commitment to the Transaction and will be motivated to pursue an expedited closing, due to the fact that it will be taking over the funding of the Proceedings under the Interim Financing Facility, as further discussed below. It is highly uncertain that an alternative transaction would generate sufficient net sale proceeds to repay the Interim Financing Facility (in the incremental amount of approximately \$750,000), thereby offsetting, in the Proposal Trustee’s view, the lack of deposit with the Purchaser’s APA.
8. Since November 30, 2024, Erikson, in consultation with the Proposal Trustee, has been working with the Purchaser to finalize the APA prior to the Company’s application seeking approval of the APA and the Transaction. As at the date of this Third Report, the Proposal Trustee understands that the APA is substantially final.

3.2 APA²

1. The following is a summary of the APA. A copy of the APA is attached as Exhibit “G” to the Neelands Affidavit.
2. The key terms and conditions of the APA are provided below:
 - a) **Vendor**: Erikson National Energy Inc.
 - b) **Purchaser**: Gryphon Digital Mining Inc.
 - c) **Assets**: Whitemap offer for all of Erikson’s oil and gas assets, including the Tangibles, and the Miscellaneous Interests, as detailed in Schedule A of the APA, and specifically excludes any employees or contractors and their respective contracts, and any of Erikson’s interest in the Tidewater interprovincial pipeline.
 - d) **Purchase Price**: Consideration payable shall be the sum of \$2,000,000 and allocated among the Purchased Assets as follows:
 - i. to the Tangibles located in the Wildboy Area – 90%;
 - ii. to the Tangibles located outside of the Wildboy Area – 10%, less \$10; and
 - iii. to the Miscellaneous Interests, \$10.
 - e) **Assumed Liabilities**: collectively, all liabilities and obligations arising from the possession, ownership and/or use of the Assets following Closing (including for greater certainty any municipal or property taxes that accrue commencing on the Closing Date), along with Environmental Liabilities, Abandonment and Reclamation Obligations and Cure Costs.
 - f) **Interim Financing Participation**: pursuant to an agency agreement that is currently being negotiated between the Purchaser and TEC (the “**Agency Agreement**”), the Purchaser will fund the incremental interim financing on a *pari passu* basis in accordance with the Second Amended and Restated Interim Financing Agreement, for the period from December 9, 2024 to January 31, 2025, subject to an option

² Capitalized terms not defined in this section have the meanings ascribed to them in the APA.

exercisable by the Purchaser in writing at any time prior to January 31, 2025, to extend such period to March 31, 2025.

- g) **Representation and Warranties**: Consistent with the standard terms of an insolvency transaction, the Company is making limited representations and warranties, and the Transaction is on an “as is, where is” basis.
- h) **Outside Date**: January 31, 2025, or such other date as the Parties may agree.
- i) **Closing Date**: five business days following, among other things, the Court’s granting of the AVO.
- j) **Conditions to Closing**: among other things:
 - i. the AVO is granted and final;
 - ii. the Second Amended Interim Financing Order is granted and final;
 - iii. the Petroleum and Natural Gas Rights shall have been transferred by the BC Ministry pursuant to section 117.1 of the *Petroleum and Natural Gas Act* (British Columbia) to the Purchaser, without any adjustment to the Purchase Price;
 - iv. the LTAs have been approved by the BCER with any conditions satisfactory to the Purchaser, and subject to receiving notification from the Parties that Closing has occurred in accordance with Section 2.3;
 - v. the transfer of the Crown permits and related surface rights to the Purchaser, subject to receiving notification from the Parties that Closing has occurred in accordance with Section 2.5(c); and
 - vi. completion by the Purchaser of all due diligence typical for a transaction of this scope and nature, including a site visit and all environmental, title and regulatory due diligence by January 31, 2025, and, following such date, this shall no longer be a condition to Closing.

3.3 Purchaser Engagement with the BCER

1. During the SISP, the Purchaser, as a Potential Bidder, initially met with the BCER on November 5, 2024.

2. Since Erikson made the determination to move forward with the Purchaser and the Transaction proposed by the APA, the Purchaser has held various meetings with several different stakeholders in these Proceedings.
3. First and foremost, the Purchaser had meetings with the BCER on each of December 4 and 5, 2024, to discuss the Transaction and, in particular, the assumption by the Purchaser of Erikson's regulatory and environmental obligations. The Proposal Trustee was in attendance at each of those meetings. The Purchaser has also given its consent to the Proposal Trustee to share with the BCER certain financial information regarding the Purchaser's ability to consummate the Transaction, which information was shared by the Proposal Trustee with the BCER on December 5, 2024, through legal counsel. As at the date of this Third Report, the discussions between the Purchaser and the BCER remain ongoing and, in the Proposal Trustee's views, have been positive.
4. Third, the Purchaser has met with Canadian Natural Resources Limited ("**CNRL**"), a significant stakeholder of Erikson who is also a joint venture partner, regarding the Purchaser's proposed plans for the re-activation of the Oil & Gas Assets, and implications on CNRL's interests as a result.

3.4 Transaction Recommendation

1. The Proposal Trustee recommends that the Court issue an order approving the Transaction for the following reasons
 - a) Sayer is an experienced sales advisor specializing in providing sales advisory services, with deep expertise in the oil and gas industry;
 - b) as evidenced by the Second Report and the Sales Agent SISP Summary (attached to the Second Report as Confidential Appendix "1"), Erikson's business and assets were widely marketed for sale for an extensive time period, including the Pre-Filing SISP (which was conducted by Sayer). The SISP in these Proceedings continued the Pre-Filing SISP, with Sayer engaging with parties that participated in the Pre-Filing SISP and engaging with new parties that it contacted. In the Proposal Trustee's opinion, the SISP was carried out in accordance with the First Extension Order;
 - c) the Transaction provides for the highest recovery available for stakeholders in the circumstances. The value of the Transaction exceeds the estimated liquidation value

of Erikson's assets, given that it includes the full assumption of all of Erikson's Abandonment and Reclamation Obligations and Environmental Liabilities;

- d) the Proposal Trustee has been provided with financial disclosure from the Purchaser demonstrating that it will have the financial resources to close the Transaction;
- e) although the APA is conditional on certain regulatory approvals and transfers, the Interim Financing Participation provision in the APA, whereby the Purchaser will fund the incremental interim financing for the period from December 9, 2024 to January 31, 2025 (subject to an option exercisable by the Purchaser), ensures that the Purchaser has a vested interest in closing the Transaction in an expedited manner; and
- f) Sayer and the Proposal Trustee believe that further time spent marketing Erikson's business and assets will not result in a superior transaction. Furthermore, Erikson lacks the liquidity to continue an extensive marketing of the Assets.

2. In determining its recommendation to this Court for approval of the Transaction, the Proposal Trustee considered whether the Transaction met the factors prescribed by s. 65.13(4) of the BIA and the "Soundair" principles established by the Ontario Court of Appeal in *Royal Bank of Canada v Soundair Corp.* (1991), 4 OR (3d) 1 (CA). The factors of s. 65.13(4) and the Proposal Trustee's responding comments are listed below:

- a) *Whether the process leading to the proposed sale or disposition was reasonable in the circumstances.*

The Assets included in the Transaction were actively marketed in the SISP, which was an extension of the Pre-Filing SISP commenced by the Company in January 2023. Each of the Pre-Filing SISP and the SISP was conducted by the Company with the oversight and assistance of Sayer, an experienced sales advisor in the oil and natural gas industry. The Proposal Trustee does not believe that further marketing of Erikson's assets will yield a more favourable result. Furthermore, the Company has determined that the Transaction represents the highest and best offer for its assets, which offer was received prior to the Extended Bid Deadline in accordance with the SISP.

- b) *Whether the trustee approved the process leading to the proposed sale or disposition.*

This Court approved the SISP, which was recommended by the Proposal Trustee.

- c) *Whether the trustee filed with the Court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy.*

This Third Report reflects the Proposal Trustee's views of the Transaction. The Proposal Trustee supports the Transaction as it was the highest and best offer received through the SISP, and through the Whitemap transaction structure, will result in the full assumption of Erikson's Abandonment and Reclamation Obligations and Environmental Liabilities associated with its Oil and Gas Assets.

- d) *The extent to which the creditors were consulted.*

The Transaction resulted from the Court approved SISP. There is no indication that the process leading to the Transaction was unfair. Furthermore, certain of the Company's key stakeholders were consulted respecting the Company's decision to move forward with the Purchaser and the APA, including the BCER, the Tenure Ministry, and CNRL.

- e) *The effects of the proposed sale or disposition on the creditors and other interested parties.*

If successful, the Transaction will result in the Purchaser acquiring all of the Oil and Gas Assets and assuming all associated Abandonment and Reclamation Obligations and Environmental Liabilities associated with the Assets. Additionally, the Purchaser is assuming under the APA all associated Cure Costs with the Transaction, which will provide a benefit to Erikson's contractual counterparties entitled to payment of such amounts. The Purchaser has also committed to fund the costs of the Proceedings in order to effect the Transaction, resulting in a benefit to all of Erikson's stakeholders.

- f) *Whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.*

As noted above, the Transaction resulted from the Court-approved SISP, which tested the broader market and remains the highest and best transaction value for the Assets.

3. Based on the foregoing, the Proposal Trustee recommends this Court approve the Transaction and authorize and direct 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.

3.5 Sealing of Additional Offer

1. The Proposal Trustee is seeking the Sealing Order to seal **Confidential Appendix “1”** until the earlier of: (i) the closing of the Transaction; or (ii) further order of this Court, as **Confidential Appendix “1”** contains confidential information. Making this information publicly available prior to closing the Transaction could have a detrimental impact on the value of a potential transaction or transactions under the SISP, should the Transaction fail to close and Erikson’s assets need to be resold. Sealing **Confidential Appendix “1”** is necessary due to the risk that the public disclosure of the information contained in the same could cause irreparable prejudice to creditors and other stakeholders.
2. The salutary effects of sealing such information from the public record greatly outweigh the deleterious effects of doing so under the circumstances. The Proposal Trustee is not aware of any party that will be prejudiced if the information in **Confidential Appendix “1”** is sealed or any public interest that will be served, if such details are disclosed in full. The Proposal Trustee is of the view that the sealing of **Confidential Appendix “1”** is consistent with the decision in *Sherman Estate v. Donovan*, 2021 SCC 25. Accordingly, the Proposal Trustee believes the proposed sealing of **Confidential Appendix “1”** is appropriate in the circumstances.

4.0 Third Cash Flow Forecast

1. Pursuant to the BIA, the Company is required to prepare a cash flow statement for the Stay Extension period. The Third Cash Flow Forecast for the period December 1, 2024 to February 8, 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 “E”**.
2. The Third 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.

3. Based on the Proposal Trustee's review of the Third Cash Flow Forecast, there are no material assumptions that seem unreasonable. The Cash Flow Forecast assumes that the Company is able to resolve the Facility issues (as detailed in section 2.1 above) and such resolution will not have a material impact on the Third Cash Flow Forecast. If a resolution is not obtained, or if such resolution has a material impact on the Third 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 "F"**.
4. As set out in the Third Cash Flow Forecast, the Company will require additional capital to fund the Proceedings. As of the date of this Third Report, Erikson has borrowed \$370,000 of the \$550,000 maximum amount provided for under the Second Extension and Amended Interim Financing Order. As discussed in further detail below, Erikson requires a further \$1,126,806 pursuant to the Third Extension Order in order to satisfy its projected post-filing obligations.

4.1 Second Amended Interim Financing Facility

1. The Company has negotiated the Second Amended Interim Financing Term Sheet to, among other things, increase the commitment under the Interim Financing Facility and add the Purchaser as an Interim Lender. A copy of the Second Amended Interim Financing Term Sheet is attached as Exhibit "H" to the Neelands Affidavit. Pursuant to the terms of the Second Amended Interim Financing Term Sheet, the Interim Financing Facility and corresponding Interim Lender's Charge is to be increased to \$1.5 million, in order for Erikson to satisfy its projected post-filing obligations as set forth in the Third Cash Flow Forecast. The proposed Third Extension Order provides for a corresponding increase to the Interim Lender's Charge.
2. The Second Amended Interim Financing Term Sheet also adds the Purchaser as an Interim Lender under the facility, which Interim Financing Facility will be administered by TEC as Agent for the Interim Lender. The Proposal Trustee understands that the Interim Lender, the Purchaser, and TEC are in the process of finalizing the terms of the Agency Agreement.

3. The Second Amended Interim Financing Term Sheet also revises the Maturity Date under the facility from December 16, 2024 to February 8, 2025.
4. Additionally, the Second Amended Interim Financing Term Sheet revises the Event of Default (as defined in the Second Amended Interim Financing Term Sheet) in relation to the reinstatement of the Company's currently expired crown mineral leases. Specifically, the lease reinstatement date is revised from November 29, 2024 to January 24, 2025.
5. As at the date of this Third Report, the Company's crown mineral leases have not yet been reinstated; however, the Company, with the assistance of the Proposal Trustee, intends to continue discussions with the Tenure Ministry regarding the reinstatement. The Proposal Trustee also understands that the Purchaser similarly intends to engage with the Tenure Ministry regarding the reinstatement of the crown mineral leases.
6. The Proposal Trustee recommends the Court issue an order approving the Second 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 the Transaction;
 - b) the additional fees associated with the Second 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 Second Amended Interim Financing Term Sheet, as it will enable the Company to satisfy its post-filing obligations and close the Transaction.

5.0 Performance Against the Second Cash Flow Forecast

1. In accordance with section 50.4(7)(b)(ii) of the BIA, the Proposal Trustee has continued to review and evaluate the state of the Company's business and financial affairs since the Filing Date.
2. The Proposal Trustee understands that the Company remains current in respect of its obligations that have arisen since the Filing Date.

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 Second Cash Flow Forecast for the period from November 10 to 30, 2024 (the “**Reporting Period**”) is as follows:

(unaudited; \$)	Actual	Projected	Difference
Receipts			
Collections	34,165	29,503	4,662
Interim Financing Facility Advances ³	370,000	342,545	(49,293)
	404,165	372,048	32,117
Disbursements			
Operating disbursements	(318,891)	(349,220)	30,329
Professional fees	(57,348)	(22,944)	(34,404)
	(376,239)	(372,164)	(4,074)
Net cash flow	27,926	(116)	28,043

4. As reflected in the table above, the Company’s cash flow has generally been in line with the Second Cash Flow Forecast since the commencement of these Proceedings. The material variances and explanations are summarized below:
- a) receipts are greater than forecasted primarily due to a higher-than-budgeted advances under the Interim Financing Facility during the week ending November 30, 2024;
 - b) operating disbursements were lower than forecasted, primarily due to timing differences related to insurance. The insurance payment is now scheduled to be made by the Company during the week ending December 7, 2024 (i.e., outside the Reporting Period); and
 - c) professional fees are higher than forecasted due to the early payment of invoices originally scheduled to be paid during the week ending December 14, 2024 (i.e. outside of the Reporting Period).

6.0 Company’s Request for an Extension

1. The Company is seeking an extension of the time required to file a proposal from December

³ Advances under the Interim Financing Facility have occurred during the weeks ending: (i) November 16, 2024 (\$135,000); (ii) November 23, 2024 (\$100,000); and (iii) November 30, 2024 (\$135,000).

10, 2024 to January 18, 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 advancement of the SISF and negotiating the APA with the Purchaser;
- b) the extension will enhance the likelihood of the Company being able to make a viable proposal to its creditors by enabling the Company to close the Transaction;
- c) 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 Third Cash Flow Forecast; and
- d) the extension will provide the Company the additional time it requires to further advance its restructuring and allow the Company to successfully close the Transaction.

7.0 BCER Receivership Application

1. On December 3, 2024, the BCER served an application (originally filed on October 7, 2024) seeking the appointment of a Receiver at the December 9, 2024 Court hearing. In this regard, on December 4, 2024, the Proposal Trustee, through its counsel, sent a letter to Miller Thomson, among other things:
 - a) requesting confirmation as to whether KSV would be appointed as receiver and if KSV was not to be appointed as receiver, further requesting that any receivership order sought by the BCER contain a provision: (i) terminating Erikson's proposal proceedings pursuant to section 50.4(11) of the BIA; and (ii) removing KSV as Proposal Trustee and substituting the BCER's proposed receiver as such, pursuant to section 57.1 of the BIA;
 - b) reminding the BCER that Erikson maintains care and custody of the Oil & Gas Assets, including by maintaining employees in the remote regions of Northern British Columbia where the Oil & Gas Assets are situated;
 - c) advising that, prior to any receivership appointment, a transition plan should be put in

place to maintain care and custody of the Oil & Gas Assets; and

- d) advising that the Proposal Trustee was available to have discussions with BCER and/or the proposed receiver with respect to a transition plan in an effort to provide an orderly transition.

A copy of the letter to Miller Thomson is attached as **Appendix “G”**.

- 2. On December 6, 2024, the Receiver was notified by Miller Thomson that the BCER was adjourning its receivership application.

8.0 Activities of the Proposal Trustee and the Company

8.1 Activities of the Proposal Trustee

- 1. Since the Second Report, the Proposal Trustee has performed the following key activities:
 - a) attending ongoing meetings with the Company and the Sales Agent to discuss the SISP;
 - b) assisting the Company with its communications to both internal and external stakeholders;
 - c) monitoring the affairs of the Company’s business including reviewing financial information with management;
 - d) assisting the Company in preparing the Third Cash Flow Forecast;
 - e) assisting the Company in its discussions with stakeholders with respect to resolving the Company’s current gas supply issues, including attending the emergency court application brought by the Company on December 6, 2024;
 - f) attending meetings between the Purchaser and the BCER with respect to the proposed Transaction;
 - g) reviewing the APA;
 - h) corresponding and holding numerous discussions with the Company, Bennett Jones, and Fasken with respect to general matters and specific matters related to the SISP and the APA;

- i) corresponding and holding discussions with various stakeholders, and/or respective legal counsel to stakeholders, including the BCER;
- j) maintaining the Case Website; and
- k) preparing this Third Report.

8.2 Activities of the Company

1. The Proposal Trustee has observed certain key activities of the Company since the Second Report, including:
 - a) communicating with various stakeholders and creditors regarding the Proceedings, in consultation with the Proposal Trustee;
 - b) communicating with the BCER, in consultation with the Proposal Trustee, regarding the regulatory requirements and approvals from BCER to satisfy the conditions in the APA;
 - c) with the assistance of the Proposal Trustee, responding to various questions from vendors;
 - d) with the assistance of the Proposal Trustee, pursuing multiple channels to resolve the ongoing gas supply issues facing the Company, including successfully obtaining the Emergency Measures Order, as previously detailed above;
 - e) with the assistance of Sayer and the Proposal Trustee, continuing to advance the SISF, including responding to ongoing due diligence requests from interested parties;
 - f) reporting to the Proposal Trustee on a weekly basis in respect of the Company's receipts and disbursements;
 - g) working with the Proposal Trustee in preparing the Third Cash Flow Forecast;
 - h) with assistance from Bennett Jones, negotiating the APA with the Purchaser;
 - i) facilitating meetings between the Purchaser and the Company's key stakeholders in these proceedings, including the BCER, Tenure Ministry, and CNRL;
 - j) attending a meeting between the Purchaser and the BCER to discuss the Transaction;

- k) attending ongoing meetings with the Proposal Trustee, Bennett Jones, and Fasken to discuss the SISP and Transaction; and
- l) working with Bennett Jones and the Proposal Trustee to prepare materials for the application to be heard on December 9, 2024.

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 and the Proposal Trustee.

* * *

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 G
[ATTACHED]

Erikson National Energy Inc.
Cash Flow Forecast
January 12, 2025 to February 22, 2025

For the week ending, In CAD	Notes	18-Jan-25	25-Jan-25	01-Feb-25	08-Feb-25	15-Feb-25	22-Feb-25	Total
Opening cash balance		136,348	75,657	25,000	25,000	25,000	25,000	136,348
Cash Disbursements								
<u>Operating Expenses</u>	1							
Wages, salaries, and benefits	2	-	55,000	-	60,000	-	60,000	175,000
Utilities	3	-	-	12,541	-	-	-	12,541
Insurance	4	35,602	-	37,418	-	-	-	73,021
Transportation	5	1,730	1,730	5,730	1,730	1,730	1,730	14,380
Other operating expenses	6	35,875	11,800	39,100	6,800	36,800	6,800	137,175
		73,207	68,530	94,789	68,530	38,530	68,530	412,116
<u>Other Disbursements</u>								
Anticipated capital expenditures	7	7,000	18,000	-	7,000	-	7,000	39,000
Interest & principal	8	-	-	-	14,601	-	-	14,601
Total disbursements		80,207	86,530	94,789	90,131	38,530	75,530	465,718
<u>Professional Costs</u>	9							
Company counsel legal fees		-	75,000	75,000	25,000	25,000	25,000	225,000
Trustee and counsel fees		61,483	-	30,000	-	-	30,000	121,483
Total professional costs		61,483	75,000	105,000	25,000	25,000	55,000	346,483
Net cash flow		(141,690)	(161,530)	(199,789)	(115,131)	(63,530)	(130,530)	(812,201)
Interim financing								
Interim financing advances / (repayments)	10	81,000	110,873	199,789	115,131	63,530	130,530	700,853
Closing cash balance		75,657	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 10. 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 15th day of January, 2025.

Erikson National Energy Inc.

Per: Signed by:

Peter Neelands

Peter Neelands

Director

KSV Restructuring Inc.

Per: Signed by:

Andrew Basi

Andrew Basi, CPA, CA, CIRP, LIT

Managing Director

Erikson National Energy Inc.
Notes to the Cash Flow Forecast
January 12, 2025 to February 22, 2025

Note 1

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 BC Tenure Ministry are in discussions with respect to charges for gas used to comply with the British Columbia Energy Regulator Order dated December 6, 2024. As a final cost agreement has not been reached, these charges are not reflected in the Cash Flow Forecast.

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 Oil & Gas Assets and automobile insurance for site vehicles.

Note 5

Represents travel costs for on-site employees.

Note 6

Includes contractor expenses, camp costs, and an emergency answering service.

Note 7

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

Note 8

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

Note 9

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

Note 10

Since the Filing Date, the Company has received advances under the interim financing facility totaling \$990,000. The Company intends to make an application to the Court on January 22, 2025 seeking an increase in the amount of the interim financing facility from \$1.5 million to \$1.8 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 company 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 15th day of January 2025, consisting of a signed pdf copy of a weekly cash flow statement for the period ending February 22, 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 15th day of January 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 February 22, 2025

Projection Notes:

a signed pdf copy of a weekly cash flow statement for the period ending February 22, 2025

Assumptions:

a signed pdf copy of a weekly cash flow statement for the period ending February 22, 2025

Dated at the City of Toronto in the Province of Ontario, this 15th day of January 2025.

Signed by:

Peter Melands

5F90F4EA7B16424...

Erikson National Energy Inc.
Debtor

APPENDIX H
[ATTACHED]

_ 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 15th day of January, 2025, consisting of a signed pdf copy of a weekly cash flow statement for the period ending February 22, 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 15th day of January 2025.

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

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 February 22, 2025

Projection Notes:

a signed pdf copy of a weekly cash flow statement for the period ending February 22, 2025

Assumptions:

a signed pdf copy of a weekly cash flow statement for the period ending February 22, 2025

Dated at the City of Calgary in the Province of Alberta, this 15th day of January 2025.

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