

COURT FILE NUMBER           25-3052460  
COURT                            COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE             CALGARY  
APPLICANT                    KADEN ENERGY LTD.  
DOCUMENT                    PROPOSAL TRUSTEE'S REPORT ON THE  
                                      PROPOSAL  
                                      BDO CANADA LIMITED  
                                      AUGUST 26, 2024

ADDRESS FOR SERVICE       Fasken Martineau DuMoulin LLP  
AND                             Suite 3400, 350 7 Avenue Southwest  
CONTACT INFORMATION OF     Calgary AB T2P 3N9  
PARTY FILING THIS         Fax: 403 261 5351  
DOCUMENT                    Phone: 403 261 9469  
                                      Email: [rgurofsky@fasken.com](mailto:rgurofsky@fasken.com)  
                                      Attention: Robyn Gurofsky

BDO Canada Limited  
110, 5800 – 2nd Street SW  
Calgary AB T2H 0H2  
Phone: 403-213-5432  
Email: [brscott@bdo.ca](mailto:brscott@bdo.ca)  
Attention: Breanne Scott

**PROPOSAL TRUSTEE'S REPORT ON THE PROPOSAL  
BDO CANADA LIMITED  
AUGUST 26, 2024**

**I N D E X**

INTRODUCTION .....	1
TERMS OF REFERENCE AND DISCLAIMER .....	2
COMPANY BACKGROUND .....	2
APEX LENDING AGREEMENT .....	3
TERMS OF THE PROPOSAL.....	5
ESTIMATED LIQUIDATION ANALYSIS IN A BANKRUPTCY SCENARIO .....	9
EXCLUSIONS OF 95-101 OF THE ACT.....	15
UPDATE ON THE CLAIMS PROCEDURE AND PROVEN CLAIMS.....	17
CONCLUSION.....	18

**APPENDICES**

APEX LENDING AGREEMENT .....	A
SUMMARY OF PROVEN CLAIMS .....	B

## **INTRODUCTION**

1. On March 6, 2024 (the “**NOI Filing Date**”), Kaden Energy Ltd. (“**Kaden**” or the “**Company**”), an oil and gas producer based in Alberta, filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to the *Bankruptcy & Insolvency Act* (the “**Act**”). BDO Canada Limited consented to act as the proposal trustee (the “**Proposal Trustee**”) in the Kaden NOI proceedings.
2. Three extensions of the time in which Kaden was required to file a proposal to its creditors (the “**Proposal**”) have been granted by the Court of King’s Bench of Alberta (the “**Court**”) since the NOI Filing Date. On June 28, 2024, the Court granted the most recent extension through to August 18, 2024.
3. On August 16, 2024, the Company lodged the Proposal with the Proposal Trustee, a copy of which was filed with the Office of the Superintendent of Bankruptcy (the “**OSB**”) (along with the other statutory documents). A copy of the Proposal is being distributed to creditors along with this report (the “**Report on the Proposal**”) and is also available on the Proposal Trustee’s website at: [www.bdo.ca/kaden](http://www.bdo.ca/kaden).
4. The meeting of creditors (the “**Creditors’ Meeting**”) to consider the Proposal has been scheduled for 11:00 a.m. (MDT) on Friday, September 6, 2024 to be held by virtual teleconference. Further details of the Creditors’ Meeting are provided herein.
5. The purpose of the Report on the Proposal is to provide Kaden’s creditors and the Court with:
  - a. background information on the Company;
  - b. information on the Apex Lending Agreement (as defined below) which is intended to provide funding to the Company necessary to fulfil the terms of the Proposal should the Proposal be accepted by the creditors and approved by the Court;
  - c. a summary of the terms of the Proposal;
  - d. an estimated liquidation analysis in an alternative bankruptcy scenario;

- e. the Proposal Trustee's opinion as it relates to the inclusion of a provision that sections 95-101 of the Act do not apply to the Proposal;
- f. additional information on the Creditors' Meeting and voting on the Proposal;
- g. an update on the proven claims pursuant to the Claims Procedure (as defined below) commenced during the NOI proceedings; and
- h. the Trustee's conclusion.

### **TERMS OF REFERENCE AND DISCLAIMER**

- 6. In preparing the Report on the Proposal, the Proposal Trustee has relied upon unaudited financial information, records of the Company, discussions with the Company's management ("**Management**") and other valuation estimates provided by third parties (collectively the "**Information**"). The Proposal Trustee has not performed an audit, review, or other verification of the Information.
- 7. The Report on the Proposal has been prepared pursuant to the Act and should not be construed or interpreted as an endorsement or recommendation to any creditor or prospective investor to advance credit or goods and services to the Company or to invest in the Company.
- 8. Some of the Information referred to in the Report on the Proposal consists of estimates and/or does not account for the potential time value of money as may be applicable. Readers are cautioned that actual results will vary, and such variances could be significant.

### **COMPANY BACKGROUND**

- 9. Kaden is a private, junior oil and gas company incorporated in Alberta in 2015, focused on acquiring and developing light tight oil in northwest Alberta. Kaden has a total of five employees, inclusive of Management, plus various additional contractors in the field that assist in its oil and gas operations.

10. Kaden's two main producing properties are located in the "Kakwa" and "Smoky" areas of Alberta. At Kakwa, Kaden has an average working interest of 82% and is the operator of nine producing wells. In the Smoky area of Alberta, Kaden owns working interests ranging from 50% to 100% and is the operator of three producing wells.
11. The Proposal Trustee understands that the Company experienced significant financial challenges leading up to the NOI Filing Date primarily due to the material decline in Alberta natural gas prices. While Management had made efforts to restructure the Company in advance of the NOI through reductions of operating expenditures where possible and attempts to source alternative financing to meet its financial obligations, the Company's financial condition ultimately led to the Company filing the NOI.

#### **APEX LENDING AGREEMENT**

12. In order to make the Proposal and be in a position to fund the proposed distributions to creditors detailed therein, the Company, in conjunction with its parent company, Beta Energy Corp ("**Beta**"), has negotiated and entered into a Convertible Security Funding Agreement with Apex Opportunities Funds Ltd. ("**Apex**"), dated August 23, 2024 (the "**Apex Lending Agreement**").
13. A copy of the Apex Lending Agreement is attached as **Appendix "A"**, however, the salient terms related to the Proposal are as follows:
  - a. certain security will be granted in connection with the funding advanced pursuant to the lending agreement. This includes a general security agreement granting Apex a security interest in all of the present and after acquired assets and property of Beta, as well as a guarantee from Kaden of all of the obligations under the Apex Lending Agreement, secured by a general security agreement granted by Kaden. The Proposal Trustee has conducted an initial review of a copy of the proposed general security agreements and guarantee, and notes that they appear standard;

- b. Beta is required to use the available funds it receives from Apex to advance senior secured loans to Kaden for the purposes of satisfying the obligations under the Proposal, and only once Kaden has satisfied all of its outstanding liabilities under the Proposal, is Beta permitted to use the remaining funds for general working capital, corporate or future development purposes;
- c. the funds available to Beta to advance to Kaden pursuant to the Apex Lending Agreement are more than sufficient to fund the payments to creditors detailed in the Proposal;
- d. interest will accrue on the outstanding principal amount at an annual rate equal to 10% (simple interest), and if there is an event of default, the interest rate will increase to 15% per annum;
- e. the event of default provisions contained in the Apex Lending Agreement are customary terms that one would typically see in a lending agreement of this nature;
- f. the general security interest granted to Apex is intended to rank in priority to any other security interests on the assets of the Company, save and except for any parties holding capital or finance leases or liens on any property or assets which is created, issued or assumed to secure the unpaid purchase price of that property or asset. The Proposal Trustee understands that this is designed to provide for the subordination of the Apex financing to existing leases registered at the personal property registry; and

- g. the security that is to be advanced by Kaden pursuant to the Apex Lending Agreement will be provided along with the execution of the agreement, notwithstanding that advances will be made under to the Apex Lending Agreement over a period of approximately 24 months (from October 1, 2024 to October 1, 2026, being the “Commitment Period” as defined therein). In the event of a default through the term of the Apex Lending Agreement, Apex will be fully secured for any amounts outstanding to it by Kaden and Beta. In that circumstance, the unpaid creditors would have recourse against Kaden on an unsecured basis and in a position subordinate to Apex’s security.

### **TERMS OF THE PROPOSAL**

14. The key terms of the Proposal are summarized below:
  - a. *Unaffected Creditors* – the secured creditors and the creditors with amounts owing as a result of goods and services rendered to the Company subsequent to the NOI Filing Date (the “**Post-Filing Creditors**”) are unaffected by the Proposal. Secured creditors will be paid in accordance with arrangements existing between the parties and the Post-Filing Creditors will be paid in the ordinary course of business;
  - b. *Affected Creditors* – all unsecured creditors with proven claims are affected by the Proposal and will therefore be entitled to vote (other than those in the Deemed Convenience Class and the Elected Convenience Class, both as defined below, which will be included in a convenience class group of creditors who will be deemed to have voted in favor of the Proposal as further discussed below) and participate in a distribution under the Proposal;

- c. *Settlement Funds* – the Settlement Funds (as defined in the Proposal) are the funds that will be available to satisfy the terms of the Proposal. The Company is required to remit the Settlement Funds to the Proposal Trustee on the Implementation Date (as defined below) for the first tranche of payments under the Proposal and at least five days prior to the end of each month for the amounts necessary to pay those electing the 12 Month Payment Option and those electing the 24 Month Payment Option (both as defined below);
- d. *Implementation Date* – subject to other conditions contained in the Proposal, the Implementation Date is the date on which the Company is required to send the first tranche of Settlement Funds to the Proposal Trustee for distribution under the Proposal. The Proposal provides that the Company is to send this first tranche 10 days following the Court’s approval of the Proposal. A Court application is currently scheduled for September 10, 2024. The Proposal Trustee will make the distribution from the first tranche of Settlement Funds to the Affected Creditors as soon as practicable after receipt of the Settlement Funds;
- e. *Proposed distribution to and election by unsecured creditors* – the proven unsecured creditors will be entitled to a distribution under the Proposal as follows:
  - i. proven unsecured claims totalling \$10,000 or less are deemed to be included in a convenience class (the “**Deemed Convenience Class**”) and will be entitled to receive a distribution payment up to a maximum of their proven claim upon the Implementation Date;
  - ii. proven unsecured claims in excess of \$10,000 may elect one of the following four distribution options under the Proposal:
    - 1. to be included in the convenience class (the “**Elected Convenience Class**”) and be entitled to receive a maximum distribution payment of \$10,000 as full and final settlement of their claim upon the Implementation Date; OR



2. to be entitled to receive a distribution payment equal to \$0.25 for every \$1.00 of proven claim upon the Implementation Date (the “**Immediate Payment Election**”);  
OR
3. to be entitled to receive a distribution payment equal to \$0.60 for every \$1.00 of proven claim as follows (the “**12 Month Payment Election**”):
  - a. \$0.10 for every \$1.00 of proven claim upon the Implementation Date; and
  - b. the remaining amount to be distributed equally over the following 12 months commencing on or around October 31, 2024; OR
4. to be entitled to receive a distribution payment equal to \$0.80 for every \$1.00 of proven claim to be distributed equally over 24 months commencing on or around October 31, 2024 (the “**24 Month Payment Election**”);

If no election is made at or before the commencement of the Creditors’ Meeting (by selecting either the Elected Convenience Class, the Immediate Payment Election, the 12 Month Payment Election or the 24 Month Payment Election) on the Election Form that is distributed by the Proposal Trustee, **an unsecured creditor is deemed to have elected the 12 Month Payment Election.**

- f. Voting by unsecured creditors –
  - i. the unsecured creditors in the Deemed Convenience Class and the Elected Convenience Class (collectively the “**Convenience Class Creditor**” group as defined in the Proposal) are deemed to have voted in favor of the Proposal for the entire amount of their respective proven claim; and

- ii. all other proven unsecured creditors will be entitled to attend and vote on the Proposal at the Creditors' Meeting or may alternatively submit a voting letter to the Proposal Trustee (along with the election made as discussed above) prior to the commencement of the Creditors' Meeting;
  - g. Acceptance of the Proposal – in order for the Proposal to be accepted it must be approved by both:
    - i. a majority in number and 2/3 in dollar value of those creditors with proven unsecured claims voting on the Proposal (the “**Statutory Majority of Creditors**”); and
    - ii. the Court. As detailed above, an application for Court approval of the Proposal has been scheduled for September 10, 2024 in the event that the Proposal is approved by the Statutory Majority of Creditors;
  - h. Preferences and transfers at undervalue – the Proposal includes a provision that sections 95-101 of the Act or similar provincial statutory relief will not apply to the Proposal. The Proposal Trustee offers additional commentary below in respect of this provision; and
  - i. OSB Levy – distributions under the terms of the Proposal, which will be made by the Proposal Trustee, are subject to the levy payable to the OSB as prescribed by S.147 of the Act.
15. In the event that the Proposal is approved, the Proposal Trustee will be responsible for issuing distribution payments to the creditors under the terms of the Proposal. Following receipt of the Settlement Funds from the Company, the Proposal Trustee will take reasonable steps to issue the distributions in accordance with the Proposal as soon as reasonably practicable thereafter.
16. The Proposal Trustee understands that it will be paid its professional fees associated with administering the Proposal from the general revenues from the Company's operations and the Proposal Trustee will continue to rely upon the Administration Charge granted pursuant to an order of the Court dated April 2, 2024.

**ESTIMATED LIQUIDATION ANALYSIS IN A BANKRUPTCY SCENARIO**

17. In the event the Proposal is not approved by the Statutory Majority of Creditors or the Court, the Company will automatically become bankrupt.
18. As such, the Proposal Trustee has prepared the following liquidation estimate of Kaden's assets in a bankruptcy scenario so that Affected Creditors may evaluate the Proposal as against the alternative option, being a bankruptcy liquidation.
19. This is an estimate as at the date of the Report on the Proposal based on key assumptions and/or information available to the Proposal Trustee. Readers are cautioned that actual results will vary from the estimates and such variances could be significant. The Proposal Trustee has not conducted an audit, review, or other verification of the Information. Furthermore, the Proposal Trustee notes that it has relied on certain Management representations and/or the third-party valuation estimates discussed below.

<b>Liquidation Estimate in a Bankruptcy Scenario</b>			
	<b>Approximate Book Value</b>	<b>Liquidation Estimate</b>	
		<b>Low Recovery</b>	<b>High Recovery</b>
<b>Current Assets</b>			
Cash	\$ 1,090,839	\$ 1,090,839	\$ 1,090,839
Accounts receivable	965,565	262,337	524,674
Prepays and deposits	217,835	-	-
<b>Total current assets</b>	<b>\$ 2,274,238</b>	<b>\$ 1,353,175</b>	<b>\$ 1,615,512</b>
ARO deposits	656,853	-	328,427
Oil and gas assets	45,943,194	6,600,000	10,750,000
<b>Est. realizable value</b>	<b>\$ 48,874,285</b>	<b>\$ 7,953,175</b>	<b>\$ 12,693,939</b>
<b>Less: Est. additional priority amounts and liquidation costs</b>			
Additional clean up costs		(325,000)	(1,300,000)
Kaden Royalty Corp.		(329,661)	(329,661)
Bidell Gas Compression Ltd.		(27,549)	(27,549)
Est. liquidation costs			
Professional costs		(300,000)	(150,000)
Commission		(198,000)	(107,500)
<b>Est. net realizable value available for distributic</b>	<b>\$</b>	<b>\$ 6,772,965</b>	<b>\$ 10,779,228</b>
Unsecured debt		\$ 11,506,521	\$ 11,506,521
<b>Estimated % recovery to unsecured creditors</b>		<b>58.9%</b>	<b>93.7%</b>

20. The foregoing liquidation estimate is based on the following key assumptions or estimates:
- a. Book value – the approximate book value is based on the Company's unaudited internal financial information as of July 31, 2024 as supplied by Management. The Proposal Trustee notes that book value may not be indicative of market value;
  - b. Liquidation estimate – this is the range of estimated values that may be realizable in a bankruptcy liquidation based on various liquidation valuation estimates, as more particularly outlined below;
  - c. Cash – the cash balance is based on the Company's actual cash balance as of July 31, 2024;
  - d. Accounts receivable – Management advises that accounts receivable less any post filing accounts payable due as of July 31, 2024 approximates \$965,565. This has then been adjusted for over 60-day accounts and/or potentially uncollectible balances, with a further assumption that 75% would be collectible in the high recovery scenario and 50% in the low recovery scenario to factor in possible issues in collections that are often encountered in a bankruptcy. It is also assumed that any post filing accounts payable would be paid prior to a bankruptcy (or the unsecured claims would increase by the same amount);
  - e. Prepaid expenses – recoveries of prepaid expenses are generally not material in a liquidation/bankruptcy scenario based on the Proposal Trustee's past experience and therefore \$Nil has been assumed in both scenarios;
  - f. Asset Retirement Obligations ("**ARO**") deposits – this represents the cash deposits held as required by the Alberta Energy Regulator (the "**AER**") and Canadian Natural Resources Limited ("**CNRL**") to secure any future abandonment obligations that may become due in respect of the Company's oil and gas properties. The liquidation analysis presented above assumes the ARO deposits would be 50% recoverable in the high recovery scenario and \$Nil in the low recovery scenario. The Proposal Trustee notes in its experience, however, that any potential purchaser would likely require a dollar-for-dollar reduction in the purchase price to the extent that security is required, which will depend in part on the

purchaser's standing with the AER (or CNRL). The Proposal Trustee is of the view that there is a risk that some or all the ARO deposits would not remain in place for the benefit of any prospective purchaser in a liquidation scenario;

- g. Oil and gas assets –
  - i. the estimated liquidation value of the Company's oil and gas assets presented in the table above are based on an average of the two low and the two high valuation estimates presented to or available to the Proposal Trustee at this date:
    - 1. an estimated liquidation value as obtained by the Proposal Trustee from Sayer Energy Advisors ("**Sayer**") dated July 9, 2024 (the "**Sayer Valuation**"). Based on the assumptions contained in the Sayer Valuation, Sayer estimated a liquidation value in the approximate range of \$7.5 million to \$13.2 million; and
    - 2. an alternative estimated liquidation value as obtained by the Company from FTI Consulting Inc. ("**FTI**"), dated August 6, 2024 (the "**FTI Valuation**"). Based on the assumptions contained in the FTI Valuation, FTI estimated a liquidation value of Kaden's oil and gas assets in the approximate range of \$5.7 million to \$8.3 million; and
  - ii. based on the foregoing valuation estimates, which identify a significant range in potential liquidation values of approximately \$5.7 million to \$13.2 million, there is a high amount of uncertainty in respect to what may potentially be recoverable in a bankruptcy liquidation of Kaden's oil and gas properties. The Proposal Trustee provides some additional commentary below;
- h. Additional clean-up costs – the Company advises that a spill occurred that is yet to be cleaned up. Based on cost estimates provided by Management, the clean-up of the spill is estimated to range between approximately \$325,000 and \$1.3 million. It is likely that a trustee in bankruptcy would be required to remedy this spill and incur the related clean-up costs;
- i. Kaden Royalty Corp ("**KRC**") – KRC has asserted a secured claim in the

amount of \$329,661 which the Proposal Trustee notes is yet to be finalized pursuant to the Court approved Claims Procedure;

- j. Bidell Gas Compression Ltd. (“**Bidell**”) – Bidell has asserted a secured claim in the amount of \$27,549 which the Proposal Trustee notes is yet to be finalized pursuant to the Court approved Claims Procedure (as defined below);
- k. Estimated liquidation costs –
  - i. Professional fees and costs – based on an estimated range of professional fees and other costs in the amount of \$150,000 to \$300,000 in relation to the administration of a bankruptcy proceeding; and
  - ii. Commission on a sale of the oil and gas assets – based on an estimated 1% to 3% sales commission on the estimated liquidation value of the oil and gas assets presented in the table;
- l. Unsecured debt – this number is calculated based on the proven unsecured claims as at the date of the Report on the Proposal pursuant to the Claims Procedure; and
- m. Estimated recovery to unsecured creditors – based on the foregoing, it is estimated that a distribution to unsecured creditors in an alternative bankruptcy scenario may range from approximately \$6.77 million or 58.9% to \$10.78 million or 93.7%.

21. As referenced above, there are different liquidation value estimates provided in the Sayer Valuation and the FTI Valuation. This is due to differing key assumptions utilized in the estimates, as of a specific date, primarily related to pricing inputs and the valuation method and/or weighting of the valuation method utilized. Accordingly, a change in the key assumptions or circumstances, including but not limited to a change in oil and gas pricing in the market (or related projected future pricing), could materially impact the liquidation value estimates.

22. The Sayer Valuation and FTI Valuation are confidential based on the applicable engagement letters and contain confidential information in respect of the value of the oil and gas assets of Kaden. However, both will be submitted to the Court on a confidential basis, and subject to a proposed Sealing Order, in advance of the Court application to seek approval of the Proposal, and to assist in the Court’s consideration of the Proposal.

23. The Proposal Trustee provides the following additional factors, among others, which could impact the liquidation value of Kaden's oil and gas assets in a bankruptcy scenario:
- a. the potential market for Kaden's oil and gas assets has not been formally tested through a competitive process. In the event that these assets were marketed through a formal process in a bankruptcy liquidation scenario, actual realizations may differ from the estimated figures presented herein, and these variations may be material;
  - b. actual oil and natural gas pricing in the market (and/or futures strip pricing) at the time of a bankruptcy liquidation sale;
  - c. potential factors that may positively impact the liquidation value of Kaden's oil and gas assets include:
    - i. the Company has a relatively high license liability rating ("**LLR**") as of April 6, 2024, of approximately 16.87 with deemed assets of \$45.4 million and deemed liabilities of \$2.7 million. This could be an attractive selling feature to certain interested parties wanting to improve their LLR. A high LLR also suggests that a company has a strong asset base to cover its estimated future abandonment and reclamation obligations;
    - ii. based on the most recent reserve report issued to the Company by McDaniel & Associates Consultants Ltd., there is significant potential upside in the Company's proven undeveloped reserves and total proved plus probable reserves. However, the Proposal Trustee understands that considerable investment would be required to develop these reserves approximating between \$120 million and \$238 million and that potential purchasers in the current market are not assigning much or any value to this potential upside. This is particularly true in a bankruptcy liquidation scenario based on the Proposal Trustee's experience in such liquidation sales;

d. potential factors that may negatively impact the liquidation value of Kaden's oil and gas assets include:

- i. certain of Kaden's oil and gas production is being processed at third party processing facilities, which can result in less control and potential higher processing costs. This could impact the price a prospective purchaser would be willing to pay, particularly in a bankruptcy liquidation;
- ii. certain of Kaden's interests are located in an area within the Caribou Protection Plan, which creates some limitations for the Company's drilling and other operational activities. As a result, prospective purchasers may take this into account in valuing the assets;
- iii. in a bankruptcy liquidation scenario, in order to obtain license transfer approval, the AER requires that all of a company's oil and gas assets be sold, as opposed to selling only a portion of the assets. Thus, a prospective purchaser would likely price in the cost of acquiring certain less desirable properties thus reducing their overall valuation of the assets;
- iv. a bankruptcy liquidation can often lead to lower bids due to perceived or actual distress in a bankruptcy process; and
- v. some potentially interested parties may not participate in an insolvency process due to the added complexity and delayed timing, given that any sale would be on a strictly "as is, where is" basis with no representations or warranties, creating some risk for potential parties, notwithstanding the vesting order acts to mitigate certain of these factors.

24. Overall, it is difficult to assess the exact liquidation value of the Company's assets for all of the foregoing reasons without testing the market and therefore, it is possible that the results of a bankruptcy liquidation could vary from the range provided in the table above.



25. With respect to the potential timing of a liquidation sale in a bankruptcy scenario, the Proposal Trustee notes that in its experience, although this is subject to a number of factors or circumstances to a specific insolvency proceeding, including but not limited to receiving direction from the creditors, a distressed bankruptcy sales process of oil and gas assets would typically range from approximately three to six months from the commencement date, with any distributions to creditors following the completion of any asset realizations and regulatory approvals for the transfer of such assets being obtained.

#### **EXCLUSIONS OF 95-101 OF THE ACT**

26. Pursuant to section 50(10)(b) of the Act, the Proposal Trustee is to provide its opinion as to the reasonableness of a decision to include a provision that section 95 to 101 of the Act do not apply to any proposal.
27. The Proposal Trustee is not aware of any potential preferences or transfers at undervalue with the exception of certain pre-filing amounts issued to unsecured creditors during the NOI period which were previously reported on and approved by the Court in these proceedings on the basis that they constituted critical supplier payments.
28. Furthermore, notwithstanding that unsecured creditors will receive different payment amounts under the terms of the Proposal based on their election or deemed election in either of the Convenience Class, the Immediate Payment Election, the 12 Month Payment Election or the 24 Month Payment Election, all unsecured creditors are included in one class, entitled to vote on the Proposal (or deemed to have voted), and will be treated equitably based on their election. Therefore, no creditor is viewed by the Proposal Trustee as being preferred pursuant to the terms of the Proposal.
29. Based on the foregoing, the Proposal Trustee believes that it is reasonable and appropriate to include this clause in the Proposal.

**CREDITORS' MEETING AND VOTING PROCEDURES**

30. As noted above, the Creditors' Meeting is currently scheduled to take place at 11:00 a.m. MT on September 6, 2024 by virtual teleconference. Any reference to attendance at the Creditors' Meeting refers to virtual attendance by way of telephonic or electronic dial-in.
31. The Proposal Trustee is required to send the notice of Creditors' Meeting, a condensed statement of assets and liabilities, a copy of the Proposal, the Report on the Proposal and a voting letter to all creditors (the "**Creditors Package**"). As a claims process has already been completed pursuant to the Claims Process Order granted by the Court on April 2, 2024, the Proposal Trustee does not intend to reissue and reconsider proofs of claim. An update on the Claims Procedure is outlined further below.
32. Creditors with Proven Claims are entitled to participate in the Creditors' Meeting, either by attending the meeting or by submitting the Voting Letter in advance of the Creditors' Meeting.
33. The Proposal Trustee will chair the Creditors' Meeting (the "**Chair**") and as such will determine the most suitable way to conduct the Creditors' Meeting. The Chair will start the Creditors' Meeting once quorum is reached, which means that at least one Creditor with a Proven Claim is in attendance. If a quorum is not present or if the Creditors' Meeting is postponed, the Creditors' Meeting will be adjourned by the Chair to such time and place determined by the Chair.
34. As part of the Creditors' Meeting, the Chair is required to direct a vote on the resolution to approve the Proposal, and any amendments or variations to the Proposal. Each Affected Creditor with a Proven Claim shall be entitled to one vote equal to the dollar value of its Proven Claim and can either vote for or against the Proposal.

35. If the Affected Creditor does not wish to, or is not able to attend the Creditors' Meeting, the Affected Creditor may submit the Voting Letter to the Proposal Trustee, which must be submitted prior to the commencement of the Creditors' Meeting to be valid. If the Affected Creditor submits the Voting Letter to the Proposal Trustee without designating whether the Affected Creditor is voting "for" or "against" the Proposal, the Affected Creditor shall be deemed to vote in favour of the Proposal. If the Affected Creditor does not elect which payment option it is electing as provided in the Election Letter, the Affected Creditor will be deemed to have elected the 12 Month Payment Election.
36. In order for the Proposal to be approved, the Statutory Majority of Creditors must vote in favour of the Proposal. The results of the votes at the Creditors' Meeting shall be binding on all Affected Creditors, whether or not such creditor is present or voting at the Creditors' Meeting.
37. Any unsecured creditors with a claim that has not been either (i) finally determined to be a claim provable in bankruptcy pursuant to the Act against the Company; or (ii) finally determined to be invalid or disallowed (together, "**Unresolved Claims**"), shall be entitled to vote at the Creditors' Meeting. However, the Unresolved Claims will be tabulated separately and will not be counted for the purposes of determining approval of the proposal by the Statutory Majority of Creditors, unless such Unresolved Claim is determined to be a Proven Claim by the Proposal Trustee.

#### **UPDATE ON THE CLAIMS PROCEDURE AND PROVEN CLAIMS**

38. As creditors are aware, on April 2, 2024, the Company sought and obtained the Claims Procedure Order approving a process to adjudicate creditor claims in advance of the filing of the Proposal by the Company (the "**Claims Procedure**").
39. Pursuant to the Claims Procedure, a "negative claims process" was conducted by the Proposal Trustee which commenced May 10, 2024. The Claims Procedure is materially complete, with the exception of the two creditor claims which are yet to be finalized pursuant to the Claims Procedure Order.

40. As of the date of the Report on the Proposal, total proven secured claims have been accepted in the amount to \$357,211. Total proven unsecured claims have been accepted in the amount of \$11,506,521. A schedule of proven claims that have been accepted by the Proposal Trustee is attached as **Appendix "A"**.
41. As a result of the Claims Procedure, the Proposal Trustee notes that creditors will not be required to submit a "Proof of Claim" to the Trustee as typically required in order to vote on and partake in the Proposal. For clarity, the creditor claims that have been accepted by the Proposal Trustee pursuant to the Claims Procedure are considered proven claims for the purposes of the Proposal.

## **CONCLUSION**

42. Based on the foregoing, the Proposal Trustee notes the following:
- a. the Proposal includes the statutory provisions required pursuant to the Act;
  - b. Management of the Company has been acting in good faith in the restructuring of the Company and in the development of the Proposal;
  - c. Affected Creditors are treated equitably in that they may elect their payment option and creditors in each election category will be treated on a similar basis;
  - d. the 24 Month Payment Election, if selected by creditors, falls within, or on the higher end, of the bankruptcy liquidation estimate provided herein, although it is unclear based on the estimated liquidation values obtained and considered by the Proposal Trustee as to whether a sale in a bankruptcy would result in lesser or greater realizations for creditors depending on the recovery option elected by the creditors and the results of any liquidation conducted by a bankruptcy trustee;
  - e. the Proposal allows the Company to restructure its balance sheet and enhances its ability to address its reclamation and environmental liabilities as they arise (including addressing the spill noted above);
  - f. the Proposal provides sufficient certainty to creditors in respect of the amount and timing of distribution payments related to the indebtedness owed by the Company;

- g. the Proposal allows the Company to continue operating in the ordinary course and developing its oil and gas assets, which benefits the Company's employees and approximately 30 contractors and the surrounding community, including certain of the Affected Creditors who are suppliers; and
- h. on balance, given the reasons detailed above, the Proposal submitted by the Company is viewed as reasonable based on the information made available to the Trustee by the Company and other third party sources, and on this basis, the Proposal Trustee is supportive. The ultimate decision will be based on the creditors who cast their votes, and it will be subject to the ratification of the Court.

All of which is respectfully submitted this 26<sup>th</sup> day of August, 2024.

**BDO Canada Limited,**

In its capacity as the Proposal Trustee of Kaden Energy Ltd.  
and not in its personal capacity

Per:



---

Breanne Scott, CPA, CA, CIRP, LIT  
Vice President

# APPENDIX “A”

# Convertible Note Funding Agreement

Agreement for a private placement of up to CDN\$12,000,000  
by way of senior secured convertible notes

Dated: August 23, 2024

**BETA ENERGY CORP.**

as Company

**APEX OPPORTUNITIES FUND LTD.**

as Investor

**Contents**

- 1 Definitions and Interpretation 4**
  - 1.1 Definitions 4
  - 1.2 Interpretation 9
- 2 Convertible Notes 10**
  - 2.1 Purchase of Convertible Notes 10
  - 2.2 Closing Dates 10
  - 2.3 Interest 11
- 3 Repayment 11**
  - 3.1 Maturity Date 11
  - 3.2 Accelerated Maturity 11
  - 3.3 Payment at Maturity 11
- 4 Conditions Precedent to Closing 12**
  - 4.1 Conditions Precedent to Closing – Investor 12
  - 4.2 Conditions Precedent to Closing – Company 13
- 5 Conversion of the Convertible Notes 13**
  - 5.1 Conversion of the Convertible Note 13
- 6 Additional Conditions to Investor’s Equity Securities 14**
  - 6.1 Conditions to issue of Investor’s Equity Securities 14
  - 6.2 Consequence of failure to meet conditions 14
- 7 Representations and Warranties by the Company 15**
  - 7.1 Representations and Warranties 15
  - 7.2 Investor’s reliance 20
  - 7.3 Construction of representation and warranties 20
  - 7.4 Disclosures and limitations. 20
  - 7.5 Notice 20
- 8 Representations and Warranties of the Investor 20**
  - 8.1 Representations and warranties 20
  - 8.2 Company’s reliance 22
  - 8.3 Construction of representation and warranties 22
  - 8.4 Notice 22
- 9 Use of Proceeds 22**
  - 9.1 Permitted Use 22
  - 9.2 Drawdown Loan Agreement 23
- 10 Additional Covenants and Agreements 23**
  - 10.1 Ranking of the Investor’s Equity Securities 23
  - 10.2 Ranking of Investor’s interest in the Convertible Note 23
  - 10.3 Security 23
  - 10.4 Rights of Investor 24
  - 10.5 Compliance with Laws 24
  - 10.6 Prohibited Transactions 24
  - 10.7 Set-Off 24
  - 10.8 Set-Off Exclusion 24
  - 10.9 Miscellaneous Negative Covenants 25
  - 10.10 Withholding Gross-Up 25
- 11 Taxes 25**



<b>12</b>	<b>Default</b>	<b>26</b>
	12.1 Events of Default	26
	12.2 Investor Right to Investigate an Event of Default	27
<b>13</b>	<b>Notice and Cure Provisions</b>	<b>28</b>
<b>14</b>	<b>Rights of the Investor upon an Event of Default</b>	<b>28</b>
<b>15</b>	<b>Termination</b>	<b>29</b>
	15.1 Events of Termination	29
	15.2 Effect of Termination	29
<b>16</b>	<b>Survival and Indemnification</b>	<b>30</b>
	16.1 Survival	30
	16.2 Indemnification of Investor	30
<b>17</b>	<b>Miscellaneous</b>	<b>31</b>
	17.1 Time of the essence	31
	17.2 No partnership or advisory or fiduciary relationship	31
	17.3 Remedies and injunctive relief	31
	17.4 Successors and assigns	32
	17.5 Counterparts and e-mail	32
	17.6 Notices	32
	17.7 Amendments and waivers	33
	17.8 Legal Costs	33
	17.9 Payments under this Agreement	33
	17.10 Financial calculations	33
	17.11 Non circumvention	34
	17.12 Good Faith	34
	17.13 Publicity and confidentiality	34
	17.14 Severability and supervening legislation	35
	17.15 Illegality and impossibility	35
	17.16 Change in Law	35
	17.17 Entire Agreement	35
	17.18 Governing Law	35
	17.19 Jurisdiction	35
	Exhibit A – Advance Notice	38

**THIS CONVERTIBLE SECURITY FUNDING AGREEMENT** is made as of August 23, 2024

**BETWEEN:**

**BETA ENERGY CORP.**, a company incorporated under the laws of British Columbia, with an address of 1450 – 789 W. Pender St., Vancouver, BC V6C 1H2

(the *Company*)

**AND:**

**APEX OPPORTUNITIES FUND LTD.**, a company incorporated under the laws of British Columbia, with an address of 900 – 885 West Georgia St., Vancouver, BC V6C 3H1

(the *Investor*)

**WHEREAS:**

- A. the Investor wishes to invest up to C\$12,000,000 in the Company; and
- B. the Company has agreed to issue Convertible Notes (as defined herein) to the Investor in accordance with the terms and subject to the conditions of this Agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the mutual covenants, conditions and premises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties do hereby covenant and agree as follows:

## **1 Definitions and Interpretation**

### **1.1 Definitions**

The following definitions apply unless the context requires otherwise.

**1933 Act** means the *United States Securities Act of 1933*, as amended.

**Accelerated Maturity Date** has the meaning given to that term in Section 3.2.

**Advance** shall mean any issuance and sale of Convertible Notes from the Company to the Investor pursuant to Article 2 hereof.

**Advance Amount** has the meaning given to that term in Section 2.2(b)(ii).

**Advance Notice** means a written notice in the form of Exhibit A attached hereto to the Investor executed by an officer of the Company and setting forth the Principal Amount of Convertible Notes that the Company wishes to issue and sell to the Investor.

**Advance Notice Date** shall mean each date the Company is deemed to have delivered (in accordance with Section 2.2(a) of this Agreement) an Advance Notice to the Investor, subject to the terms of this Agreement.

**Affiliate** has the meaning ascribed to the terms “affiliate” and “affiliated” under the *Securities Act* (British Columbia).

**Agreement** means this agreement.

**Amount Outstanding** means the then-outstanding Principal Amount of all Convertible Notes issued and sold by the Company to the Investor pursuant to the terms of this Agreement that have not otherwise been repaid by the Company to the Investor pursuant to Article 3 or converted into Equity Securities by the Investor pursuant to Section 5.1.

**Anti-Corruption Laws** means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding bribery or any other corrupt activity, including the U.S. *Foreign Corrupt Practices Act*, the U.K.

*Bribery Act 2010, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and the Corruption of Foreign Public Officials Act (Canada).*

**Anti-Money Laundering Laws** means any law or regulation in a U.S. or any non-U.S. jurisdiction regarding money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes, including the *Currency and Foreign Transactions Reporting Act of 1970* (otherwise known as the *Bank Secrecy Act*) and the *USA PATRIOT Act*.

**Business Day** means any day of the year, other than a Saturday, Sunday or a statutory holiday in Vancouver, British Columbia.

**Business Hours** means 9:00AM to 5:00PM (local time).

**CDN\$ (or C\$)** means Canadian dollars, the legal currency of Canada.

**Change in Law Termination Event** means:

- (i) a change in an interpretation or administration of a Law;
- (ii) compliance by the Investor or any of its Affiliates with a Law or an interpretation or administration of a Law; or
- (iii) a change after the date of this Agreement in a Law or an interpretation or administration of a Law,

which has, in the reasonable opinion of the Investor, directly or indirectly, the effect of:

- (iv) varying the duties, obligations or liabilities of the Company or the Investor in connection with any Transaction Document or Contemplated Transactions such that the Investor's rights, powers, benefits, remedies or economic burden (including any Tax treatment in the hands of the Investor) are materially adversely affected; or
- (v) otherwise materially adversely affecting rights, powers, benefits, remedies or the economic burden of the Investor (including by way of delay or postponement),

provided that the definition of Change in Law Termination Event excludes for this purpose any applicable Law regarding maximum permitted rates of interest, including the *Criminal Code* (Canada) regarding a criminal rate of interest.

**Class A Pref Shares** means Class A Preferred shares in the capital of the Company.

**Closing** has the meaning given to that term in Section 2.2(a).

**Closing Date** means the date of Closing, as defined in Section 2.2(a).

**Commitment Period** means the period commencing on October 1, 2024 and expiring on October 1, 2026.

**Common Shares** means common shares in the capital of the Company.

**Contemplated Transactions** means the transactions contemplated in this Agreement.

**Conversion** means the conversion of all issued and outstanding Convertible Notes in accordance with Section 5.1.

**Conversion Date** means a date specified by the Investor in a Conversion Notice.

**Conversion Equity Securities** has the meaning given to that term in Section 5.1(d).

**Conversion Notice** means a notice given by the Investor to the Company pursuant to Section 5.1(a).

**Convertible Notes** means senior secured notes of the Company convertible into Equity Securities on the terms and subject to the conditions contained in this Agreement.

**Corporations Act** means the *Business Corporations Act* (British Columbia) and the regulations thereunder.

**Debt Proceeds** has the meaning given to that term in Section 10.2(b).

**Drawdown Loans** has the meaning given to that term in Section 9.1(a).

**E-mail Time** has the meaning given to that term in Section 17.6(c)(i).

**Entire Amount Outstanding** means an amount equal to the Amount Outstanding, any accrued and unpaid interest thereon and any other amounts outstanding from the Company to the Investor pursuant to the terms of this Agreement.

**Equity Securities** means equity securities of the Company, including Shares and equity securities convertible into Shares, but excluding debt securities convertible into Shares.

**Event of Default** means an event of default as set out in Section 12.1.

**Environmental Laws** has the meaning given to that term in Section 7.1(p).

**Execution Date** means the date of mutual execution of this Agreement, or where one Party executes this Agreement on a date prior to another Party, means the date upon which the second Party executes this Agreement.

**Frustration Termination Event** means there comes into being an applicable Law which, or an official or reasonable interpretation of which, in the Investor's reasonable opinion, makes it illegal or impossible for the Investor or the Company to undertake any of the Contemplated Transactions, in accordance with this Agreement, or renders consummation of any of the Contemplated Transactions in accordance with this Agreement unenforceable, void, voidable or unlawful, or contrary to or inconsistent with any Law; provided that the definition of Frustration Termination Event excludes for this purpose any provisions in the *Criminal Code* (Canada) regarding criminal rates of interest.

**Funding Amount** means up to C\$12,000,000.

**Governmental Authority** means any United States, Canadian or other (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, bureau or agency, domestic or foreign, (b) any subdivision, agent, commission, board, or authority of any of the foregoing, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and any stock exchange or self-regulatory authority and, for greater certainty, includes the Securities Commissions and the Investment Industry Regulatory Organization of Canada.

**IFRS** means the International Financial Reporting Standards as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards.

**Insolvency Event** means the commencement by the Company or any Subsidiary of a voluntary proceeding under applicable bankruptcy or insolvency legislation (**Bankruptcy Laws**) or the commencement by any person of involuntary proceedings under Bankruptcy Laws against the Company or any Subsidiary that are not dismissed within sixty (60) days after commencement thereof, or a receiver or administrator is appointed for or takes charge of all or substantially all of the property of the Company or any Subsidiary, or the Company or any Subsidiary commences any other proceeding under any proposal, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar Law of any jurisdiction whether now or hereafter in effect relating to the Company or any Subsidiary, or the Company or any Subsidiary is adjudicated insolvent or bankrupt, or any order or relief or other order approving any such case or proceeding is entered, or the Company or any Subsidiary makes a general assignment for the benefit of creditors, excluding the Kaden Proceedings.

**Interest Rate** has the meaning given to that term in Section 2.3(a).

**Interest Rate upon Default** has the meaning given to that term in Section 14(e).

**Investor's Equity Securities** means the Conversion Equity Securities and any Equity Securities otherwise issued or issuable to the Investor under this Agreement.

**Investor Indemnified Person** has the meaning given to that term in Section 16.2(a).

**Kaden** means Kaden Energy Ltd.

**Kaden Proceedings** has the meaning given to that term in Section 9.1(a).

**Law** means Securities Laws and all other statutes, regulations, statutory rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or license, or any judgment, order, decision, ruling, award, policy or guideline, of any Governmental Authority, and the term **applicable** with respect to such Laws and in the context that refers to one or more persons, means that such Laws apply to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the person or persons or its or their business, undertaking, property or securities.

**Lien** means a lien, charge, mortgage, security interest, encumbrance, right of first refusal, or pre-emptive right.

**Liquidation Event** means, in respect of the Company:

- (a) if any Person, or group of Persons acting jointly or in concert (as contemplated by Securities Laws), shall at any time have acquired more than 50% of the issued and outstanding voting securities; or
- (b) the transfer or the sale or other disposition by the Company in a single transaction, or in a series of transactions, of more than 50% of the Company's consolidated assets.

**Liquidation Event Deemed Company Value** means the value of the Company implied by the net proceeds payable to the Company or the shareholders of the Company, as applicable, pursuant to a Liquidation Event.

**Liquidation Event Notice** has the meaning given to that term in Section 5.1(a).

**Lock-Up Period** means the period during which the Investor may not trade Conversion Equity Securities, being the period commencing from a Closing Date and ending on the date that is four (4) months and one (1) calendar day following such Closing Date, provided the relevant provisions of NI 45-102 are otherwise complied with.

**Losses** has the meaning given to that term in Section 16.2(a).

**Material Adverse Effect** means a material adverse effect on:

- (a) the assets, liabilities, results of operations, condition (financial or otherwise), business or prospects of the Company and its Subsidiaries taken as a whole; or
- (b) the ability of the Company to perform its obligations under this Agreement.

**Material Subsidiary** means one of, and **Material Subsidiaries** means collectively, Kaden and Voltaic.

**Materials** has the meaning given to that term in Section 7.1(t)(i).

**Maturity Date** has the meaning given to that term in Section 3.1.

**Money Laundering Laws** has the meaning given to that term in Section 7.1(s).

**most recent financial statements** means the annual or interim financial statements of the Company most recently released to the market and made available in the Public Record.

**NI 45-102** means National Instrument 45-102 - *Resale of Securities*.

**NI 45-106** means National Instrument 45-106 - *Prospectus Exemptions*.

**Party** means a party to this Agreement.

**Percentage Interest** means the lesser of (a) 75%, and (b) the percentage obtained as follows:

$$\frac{A \times B}{C}$$

x 100

where:

A = the Entire Amount Outstanding;

B = four (4); and

C = the Liquidation Event Deemed Company Value.

**Permitted Liens** means Liens securing Purchase-Money Security Interests.

**Principal Amount** means the principal amount of any Convertible Notes sold and issued by the Company to the Investor.

**Proceeding** has the meaning given to that term in Section 16.2(a)(vi).

**Prohibited Transaction** means a transaction with a third party or third parties (other than the Investor and its Affiliates) in which the Company issues or sells (or arranges or agrees to issue or sell):

- (a) any debt, equity or equity-linked securities (including options or warrants) that are convertible into, exchangeable or exercisable for, or include the right to receive Shares at a conversion, repayment, exercise or exchange rate or other price that is subject to being reset at some future date after the initial issuance of such debt, equity or equity-linked security or upon the occurrence of specified or contingent events (other than a Share consolidation or Share split); or
- (b) any securities in a capital or debt raising transaction or series of related transactions which grant to an investor the right to receive additional securities based upon future transactions of the Company on terms more favourable than those granted to such investor in such first transaction or series of related transactions,

and are deemed to include transactions generally referred to as equity lines of credit, "at-the-market" distributions, and stand-by equity distribution agreements, and convertible securities and loans having a similar effect. For the avoidance of doubt, rights issuances, shareholder purchase plans, deferred share unit plans, employee share ownership plans, convertible securities, or equity issuances, each at a fixed price per Share, are not Prohibited Transactions.

**Public Record** means the documents filed by the Company with the Canadian securities regulatory authorities under the Company's profile on the SEDAR Plus website ([www.sedar+.com](http://www.sedar+.com)).

**Purchase-Money Security Interest** means, with respect to a person (a) any lease of (or other agreement conveying the right to use) any real or personal property, or a combination thereof, by such person that, in conformity with IFRS, is or should be accounted for as a capital lease or finance lease on the balance sheet of that person, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with IFRS, or (b) a Lien on any property or asset which is created, issued or assumed to secure the unpaid purchase price thereof, provided that such Lien is restricted to such property or asset and secures an amount not in excess of the purchase price thereof and any interest and fees payable in respect thereof.

**Relevant Information** has the meaning given to that term in Section 17.14(a).

**Securities** means each of the Investor's Equity Securities and the Convertible Notes, and all of the Investor's Equity Securities and the Convertible Notes collectively.

**Securities Commissions** means, collectively, the securities commissions or other securities regulatory authorities in the provinces of British Columbia, Alberta and Ontario.

**Securities Laws** means all applicable securities laws in each of the provinces of British Columbia, Alberta and Ontario emanating from Governmental Authorities including the respective rules and regulations made thereunder together with applicable published national and local instruments, policy statements, notices, blanket rulings and orders of the Securities Commissions, all discretionary rulings and orders, if any, of the Securities Commissions, all as the same are in effect at the date hereof.

**Securities Termination Event** means a banking moratorium has been declared with respect to the Company in Canada and is continuing for a consecutive period of greater than three (3) Business Days.

**Security Documents** means all documents contemplated by Section 10.3.

**Shares** means Common Shares and Class A Pref Shares and includes (where applicable) Shares comprising the Investor's Equity Securities.

**Subsidiary** has the meaning given to that term in the Corporations Act.

**Tax** means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority on or in respect of amounts of the type described in Section (a) above or this Section (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other person or as a result of being a transferee or successor in interest to any Party.

**Term** means the period commencing on a Closing Date and ending on the earlier of the date on which (a) the applicable Convertible Notes mature in accordance with Section 3.1 or Section 3.2, as applicable, and (b) the Amount Outstanding has been fully converted and/or fully repaid in accordance with the terms hereof.

**Transaction Documents** means this Agreement, all Convertible Note certificates issued under this Agreement and all Security Documents.

**U.S. Person** means a "U.S. person" as defined in Rule 902(k) of Regulation S under the 1933 Act.

**Voltaic** means Voltaic Minerals (USA) Inc.

## 1.2 Interpretation

The following rules apply unless the context requires otherwise.

- (a) Headings and sub-headings used in this Agreement are used for convenience only and do not affect interpretation.
- (b) The singular includes the plural, and the converse also applies.
- (c) A gender includes all genders.
- (d) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (e) A reference to a Section is a reference to a Section of this Agreement.
- (f) Mentioning anything after “includes”, “including”, “for example”, or similar expressions, does not limit what else might be included.
- (g) A reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, supplemented or novated.
- (h) Each reference to the word “person” in this Agreement will be deemed to include an individual, corporation, partnership, trust, incorporated or unincorporated association or body, joint venture, limited liability company, joint stock company, government (or any agency or subdivision), and other entity of any kind.
- (i) As used in this Agreement, references to the Recitals, Articles, Sections, subsections and Exhibits are references, respectively, to the Recitals of, Sections of, subsections of and the Exhibits to, this Agreement unless otherwise indicated.
- (j) The Exhibits identified in this Agreement are incorporated in this Agreement by reference and made a part of this Agreement.
- (k) Where a Closing Date falls on a day that is not a Business Day, such Closing will occur on the day that is the next day that is a Business Day.
- (l) Where a Conversion Date falls on a day that is not a Business Day, the relevant Conversion will occur on the next Business Day.
- (m) Any reference to time on a given day, excluding in connection with the meaning of Business Hours herein, shall be a reference to the local time in Vancouver, British Columbia on such day.
- (n) This Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

## **2 Convertible Notes**

### **2.1 Purchase of Convertible Notes**

- (a) Subject to Section 2.1(b), at any time during the Commitment Period, the Company, at its sole discretion, shall have the right, but not the obligation, to issue and sell to the Investor, and the Investor shall purchase from the Company, such number of Convertible Notes having an aggregate principal amount up to the Funding Amount by the delivery to the Investor of a duly completed Advance Notice.
- (b) Notwithstanding any other provision of this Agreement, the Investor shall not be obligated to purchase from the Company Convertible Notes that, together with all other Convertible Notes issued and sold by the Company to the Investor pursuant to the terms of this Agreement, have an aggregate principal amount that exceeds the Funding Amount.

### **2.2 Closing Dates**

On the terms and subject to the conditions of this Agreement, and subject to the satisfaction or waiver by the Investor of the conditions set forth in Section 4.01:



- (a) the closing of each Advance (each, a **Closing**) shall take on the Business Day immediately following the sixth (6<sup>th</sup>) day after each Advance Notice Date (each, a **Closing Date**); and
- (b) at each Closing:
  - (i) pursuant to the wire instructions provided in the applicable Advance Notice, the Investor shall pay to the Company cash in an amount equal to the Principal Amount of the Convertible Notes to be issued and sold by the Company to the Investor pursuant to the applicable Advance Notice (each, an **Advance Amount**); and
  - (ii) the Company shall issue (and at the Closing will be deemed to have issued) to the Investor an uncertificated senior secured convertible note with a face value equal to the applicable Advance Amount (each, a **Convertible Note**).

### 2.3 Interest

- (a) Interest shall accrue on the outstanding Principal Amount of any Convertible Notes at an annual rate equal to 10.0% (simple interest) (the **Interest Rate**), which Interest Rate shall increase to an annual rate of 15% upon the occurrence and during the continuance of any Event of Default pursuant to Section 14(e). Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed, to the extent permitted by applicable law.
- (b) If as a result of a Conversion, if any, it is determined by the Investor or a court of competent jurisdiction that the effective rate of interest paid or payable on the Amount Outstanding is an effective rate of interest greater than the maximum prescribed in section 347(1)(b) of the *Criminal Code* (Canada), then the Parties shall take such steps, and modify this Agreement in such manner, so that the effective rate of interest paid or payable does not contravene such section and that the resulting amount of interest received by the Investor does not result in an effective rate of interest greater than the maximum prescribed in section 347(1)(b) of the *Criminal Code* (Canada).

## 3 Repayment

### 3.1 Maturity Date

Each tranche of Convertible Notes issued and sold by the Company to the Investor pursuant to Section 2.2 shall mature on the date that is five (5) years from the applicable Closing Date (each, a **Maturity Date**).

### 3.2 Accelerated Maturity

In the event that the Company is subject to a Liquidation Event and

- (a) the Investor has not elected to convert all of the issued and outstanding Convertible Notes into Equity Securities pursuant to Section 5.1(b); or
- (b) the Investor has elected to convert all of the issued and outstanding Convertible Notes into Equity Securities pursuant to Section 5.1(b), but subsequently revokes the applicable Conversion Notice pursuant to Section 5.1(e),

all of the Convertible Notes issued and sold by the Company to the Investor pursuant to Section 2.2 that have not otherwise matured or been repaid shall mature concurrently with the closing of the Liquidation Event (the **Accelerated Maturity Date**).

### 3.3 Payment at Maturity

- (a) On each Maturity Date, as applicable, the Company shall pay to the Investor the Principal Amount of the applicable Convertible Notes plus any accrued and unpaid interest thereon pursuant to payment instructions to be provided by the Investor.

- (b) On the Accelerated Maturity Date, if any, the Company shall pay to the Investor the Entire Amount Outstanding pursuant to payment instructions to be provided by the Investor.

## **4 Conditions Precedent to Closing**

### **4.1 Conditions Precedent to Closing – Investor**

The Investor will have no obligation to pay or advance the amounts under Section 2.2 to the Company or to effect any Closing, unless and until the following conditions are fulfilled, or waived in writing by the Investor, by no later than the day immediately prior to such Closing:

- (a) The Company has delivered or caused to be delivered to the Investor, and the Investor has received, the following:
  - (i) a copy of the resolutions duly adopted by the board of directors of the Company authorizing the execution and delivery of the Transaction Documents and the performance by the Company of its obligations thereunder, in form acceptable to the Investor, acting reasonably;
  - (ii) an executed copy of each of the documents required by Section 10.3(a);
  - (iii) copies of such additional documents (including evidence demonstrating all relevant approvals have been obtained from each person who is a party to an agreement with the Company where the transactions contemplated by the Closing would otherwise contravene, breach or constitute an event of default under that agreement with such person, as applicable), certificates, payments, assignments, transfers and other deliveries as the Investor or its legal counsel may reasonably request and as are customary in Canada to effect a closing of the matters contemplated at the Closing under this Agreement; and
  - (iv) a valid Advance Notice duly completed by the Company, substantially in the form set out in Exhibit A.
- (b) If such Closing, or the issue of the applicable Convertible Notes, may not be effected under Securities Laws or the Corporations Act in the absence of shareholder approval, the Company has obtained all shareholder approvals for the purposes of the Corporations Act and any Securities Laws and delivered to the Investor, and the Investor has received, documentary evidence (reasonably satisfactory to the Investor) of such shareholder approval having been obtained.
- (c) The representations and warranties of the Company contained in this Agreement are true and correct in all respects as of the dates as of which they are made or deemed to be made under this Agreement.
- (d) Any and all consents, permits, approvals, registrations, waivers and documents, that, in the reasonable opinion of the Investor, are necessary or appropriate for the consummation of those Contemplated Transactions that would be consummated at such Closing (including, but not limited to, the approval of Kaden's creditors pursuant to the Kaden Proceedings), have been received by the Investor and remain in full force and effect.
- (e) The Investor is of the opinion, acting reasonably, that:
  - (i) no Event of Default has occurred; and
  - (ii) no Event of Default would result from the Closing being effected.
- (f) The Company has performed or complied in all respects with all agreements and covenants required by this Agreement to be performed or complied with by the Company as at or prior to the Closing.

- (g) The Investor has received each of the documents required to be delivered, or which evidences satisfaction of the conditions, in accordance with paragraphs (a) – (f) of this Section 4.1 in connection with such Closing.

The Investor may, but is not required to, deem the absence of any notification by the Company prior to such Closing that any conditions to such Closing have not been fulfilled to be an assurance that all conditions to such Closing have been fulfilled.

#### **4.2 Conditions Precedent to Closing – Company**

The Company will have no obligation to effect any Closing, unless and until the following conditions are fulfilled, or waived in writing by the Company, by no later than immediately prior to such Closing:

- (i) The Investor has performed or complied in all respects with all agreements and covenants required by this Agreement to be performed or complied with by the Investor as at, or prior to, such Closing.
- (ii) The representations and warranties of the Investor contained in this Agreement are true and correct in all respects as of the dates as of which they are made or deemed to be made under this Agreement.

### **5 Conversion of the Convertible Notes**

#### **5.1 Conversion of the Convertible Note**

Upon the occurrence of a Liquidation Event, the Investor shall be permitted to convert all of the issued and outstanding Convertible Notes issued by the Company to the Investor into Equity Securities, subject to the following terms and conditions:

- (a) At least 10 Business Days prior to a Liquidation Event, the Company shall provide to the Investor a written notice describing the Liquidation Event in reasonable detail, including, but not limited to, the type of transaction, the type and value of any consideration payable and the timeline for such transaction (a **Liquidation Event Notice**).
- (b) Within five (5) Business Days of Investor's receipt of any Liquidation Event Notice, the Investor may elect, in its sole discretion, to provide the Company with a conversion notice under this Section 5.1(b) indicating that it requires a Conversion of the Entire Amount Outstanding (a **Conversion Notice**) into Equity Securities. For the avoidance of doubt, the Investor shall not be permitted to convert any lesser portion of the issued and outstanding Convertible Notes than the Entire Amount Outstanding.
- (c) A Conversion Notice delivered pursuant to Section 5.1(b) will specify the date by which the Investor requires Conversion to occur (**Conversion Date**) (which shall be no less than four (4) Business Days from the date that the Conversion Notice is delivered to the Company), the Percentage Interest and the manner in which the Percentage Interest was calculated by the Investor. For the avoidance of doubt, notwithstanding any other provision of this Agreement, the Percentage Interest shall not be reduced in any way to account for Equity Securities already owned or controlled by the Investor prior to the Conversion.
- (d) Prior to the Conversion Date the Company will take all actions required under Securities Laws in order for the Conversion to occur on the Conversion Date; *provided that*, the Parties acknowledge and agree that the Investor may revoke any Conversion Notice, at its sole discretion, until such time as the Company has actually effected the requested Conversion.
- (e) Subject to Section 17.11, following receipt by the Company of a Conversion Notice delivered pursuant to Section 5.1(b), the Company will effect a Conversion of the Entire Amount Outstanding using the applicable Percentage Interest, by issuing and delivering

Equity Securities in the number determined pursuant to Section 5.1(f) (**Conversion Equity Securities**) to the Investor on the Conversion Date.

- (f) The number and type of Conversion Equity Securities that the Company shall issue and deliver on a Conversion shall be such number and type of Conversion Equity Securities as the board of directors of the Company determines, in its sole discretion, acting reasonably and in good faith, will cause the Investor to receive the Percentage Interest of the Company's Equity Securities that are issued and outstanding on the Conversion Date; *provided that*, if the resultant number contains a fraction, such number will be rounded down to the next lowest whole number.
- (g) The Company shall deliver to the Investor on the Conversion Date the Conversion Equity Securities to which it is entitled under this Section 5.1, and where the Conversion Date is on or prior to the end of the Lock-Up Period, the applicable Conversion Equity Securities will be delivered as physical certificates or DRS statements bearing a restrictive legend if required under applicable securities laws.

## **6 Additional Conditions to Investor's Equity Securities**

### **6.1 Conditions to issue of Investor's Equity Securities**

The obligation of the Investor to accept an issuance of Investor's Equity Securities, will be subject to the fulfilment on or before the issuance date of each of the conditions set out below.

- (a) All shareholder and regulatory approvals, consents, permits, other approvals, registrations and waivers necessary or appropriate for the issuance of the Investor's Equity Securities, including under Securities Laws, have been issued and received by the Company and remain in full force and effect.
- (b) The representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the dates as of which they are made or deemed to be made.
- (c) The Company has performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the issuance date.
- (d) No Event of Default has occurred or would result from the Contemplated Transactions occurring on such issuance date being effected.
- (e) The issue and delivery of such Investor's Equity Securities would not result in the Company being in breach of Securities Laws or the Corporations Act.

### **6.2 Consequence of failure to meet conditions**

- (a) The Company shall not issue Equity Securities to the Investor pursuant to Article 5 without the prior written consent of the Investor if, on the issue of the relevant Equity Securities, any of the conditions in Section 6.1 have not been fulfilled.
- (b) If the Company issues Equity Securities in breach of Section 6.2(a):
  - (i) the relevant Equity Securities will be deemed not to have been accepted by the Investor and the Equity Securities will be surrendered by the Investor for and repurchased for cancellation by the Company, unless prohibited by applicable Law, and the Investor agrees to co-operate to effect such repurchase and cancellation. The costs of such repurchase and cancellation will be borne by the Company and the Company shall indemnify the Investor in respect of any liability arising to the Investor in accordance with Section 16.2; and

- (ii) the obligation of the Company to deliver Equity Securities in accordance with Section 5 will be deemed not to have been discharged.

## 7 Representations and Warranties by the Company

### 7.1 Representations and Warranties

The Company represents and warrants to the Investor, on the Execution Date, at each Closing and at the Conversion Date, if any (in each case where qualified by an express reference to the representation or the warranty being given on a particular other date or dates, on that date or dates), that the following statements in this Section 7.1 are true and correct and not misleading, including by omission:

- (a) **(Existence)** The Company is a corporation incorporated and validly existing in good standing under the laws of the Province of British Columbia, with all requisite corporate power and authority to own, use, lease and operate its properties and conduct its business in the manner presently conducted, and is duly qualified to transact business in each jurisdiction where it is so required.
- (b) **(Authorisation)** The execution and delivery of, and performance by the Company of this Agreement, including, without limitation, to:
  - (i) enter into, authorise, execute and deliver the Transaction Documents, including obtaining any shareholder approval required for the issue (as and when required to be issued in accordance with the terms of the Transaction Documents) of the Convertible Notes and the Investor's Equity Securities; and
  - (ii) enter into, and authorise the performance of, all obligations of the Company as and when required under the Transaction Documents and the Contemplated Transactions, including issuing the Investor's Equity Securities,has been authorized by all necessary corporate action on the part of the Company and no further corporate action is required by the Company, its officers, its board of directors, or its security holders in connection with the Transaction Documents or the relevant Contemplated Transactions (except as may be required by Securities Laws).
- (c) **(No contravention)** The entry into the Transaction Documents by the Company and the undertaking of the Contemplated Transactions will not cause the Company to breach or contravene:
  - (i) its notice of articles, articles or any of its other constating documents;
  - (ii) any agreement it has with any other third party and does not constitute an event of default under any such agreement; or
  - (iii) any applicable Law;
- (d) **(Securities)** The Company is authorized to issue (i) an unlimited number of Common Share, of which 91,872,192 Common Shares are issued and outstanding as of the Execution Date, and (ii) an unlimited number of Class A Pref Shares, of which 12,500,624 Class A Pref Shares are issued and outstanding as of the Execution Date, and is not authorized to issue any other class of equity or voting securities.
- (e) **(Binding Obligations)** This Agreement has been duly executed and delivered by the Company, and this Agreement and each Transaction Document constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.

- (f) **(Security structure)**
- (i) No person is entitled, or purports to be entitled, to any right of first refusal, pre-emptive right, right of participation, or any similar right, to participate in the Contemplated Transactions or otherwise with respect to any securities of the Company.
  - (ii) Other than Permitted Liens and the Liens granted by the Company and Material Subsidiaries to the Investor under this Agreement, the Company and Material Subsidiaries have not granted security with respect to any indebtedness or other equity.
  - (iii) The issuance and sale of any of the Investor's Equity Securities will not obligate the Company to issue Equity Securities or other securities to any other person and will not result in the adjustment of the exercise, conversion, exchange, or reset price of any outstanding security.
  - (iv) Except as disclosed in the Public Record or in connection with the transactions explicitly permitted hereunder:
    - (A) there are no outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which the Company or any Subsidiary is, or may be, obligated to issue any equity, equity securities or equity-linked securities of any kind;
    - (B) there are no voting, buy-sell, outstanding or authorised stock appreciation, right of first purchase, phantom stock, profit participation or equity-based compensation agreements, options or arrangements, or like rights relating to the securities of the Company or agreements of any kind between the Company and any person; and
    - (C) as of the Execution Date, there is no indebtedness of the Company that will be senior to, or *pari passu* with, the Convertible Notes in right of payment, whether with respect to interest or upon liquidation or dissolution, or otherwise, except for indebtedness of the Company secured by Permitted Liens.
  - (v) The Public Record sets out all debt facilities and ordinary course liabilities of the Company that are due and payable within the ninety (90) days prior to the Execution Date which have not been repaid in full.
- (g) **(Valid issuance)** All Shares comprising the Investor's Equity Securities to be issued by the Company pursuant to this Agreement have been duly authorized for issuance and sale by all necessary corporate action on the part of the Company and, when issued and delivered by the Company against payment of the consideration thereof pursuant to this Agreement, will be issued as fully paid and non-assessable Shares, and will not have been issued in violation or subject to any pre-emptive rights or other contractual rights to purchase securities issued by the Company or in violation of any Securities Laws, and will be free and clear of all Liens and restrictions, except for restrictions on transfer imposed by Securities Laws.
- (h) **(Reporting Issuer)** The Company is a "reporting issuer" under Securities Laws in each of the provinces of British Columbia, Alberta and Ontario, and is not currently noted in default of any filing requirement under such securities laws.
- (i) **(Consents)** Prior to the Closing, there are no consents, approvals, authorizations, orders or agreements of any Governmental Authorities or any other persons which may be required for the execution, delivery and performance by the Company of the Transaction Documents and the offer, issuance and sale of the Securities.

- (j) **(Regulatory Issues)** No order ceasing or suspending trading in securities of the Company nor prohibiting the sale of such securities has been issued to and is outstanding against the Company and, to the Company's knowledge, no investigations or proceedings for such purposes are pending or threatened. Other than as described in the Public Record, to the Company's knowledge, there is no fact or circumstance that may cause the Company to request or any Governmental Authority to impose any order ceasing or suspending trading in securities of the Company nor prohibiting the sale of such securities.
- (k) **(Subsidiaries)** The Material Subsidiaries are all of the Subsidiaries of the Company. The Company owns the voting and equity interests in the Material Subsidiaries. The Company and the Material Subsidiaries do, as of the Execution Date, and will at all times during the Term, own all or substantially all of the material assets of the Company, on a consolidated basis, and that are necessary to operate the business of the Company. Except as disclosed in the Public Record, the Company is the sole beneficial owner of the Material Subsidiaries and no other person holds any equity interests or securities exchangeable into securities of any Material Subsidiary or has any agreement, option, warrant, right or privilege (whether pre-emptive or contractual) being capable of becoming an agreement for the purchase, subscription or issuance of any issued or unissued shares or other securities of any Material Subsidiary. Each of the Material Subsidiaries has been duly incorporated or established and is validly existing and in good standing under the laws of its respective jurisdiction of organization with all requisite corporate power and authority to own, use, lease and operate its properties and conduct its business in the manner presently conducted, and is duly qualified to transact business in each jurisdiction where it is so required, except as described in the Public Record.
- (l) **(No Material Adverse Effect)** There has not been any material change in the assets, liabilities or obligations (absolute, contingent or otherwise) of the Company and its Subsidiaries (taken as a whole) from that set forth in the Company's most recent financial statements (as defined herein). Additionally, no event or circumstance exists or subsists which affects the Company or any of its Subsidiaries or to which any of the Company's or any of its Subsidiaries' assets are subject which would, or would be reasonably likely to, have a Material Adverse Effect, except as described in the Company's most recent financial statements.
- (m) **(Financial Statements)** Since the date of the Company's most recent financial statements:
- (i) the Company has not incurred any liabilities (contingent or otherwise) that remain outstanding, other than in the ordinary course of business;
  - (ii) the Company has not altered its method of accounting; and
  - (iii) the Company has not declared or made any dividend or distribution of cash or other property to its shareholders, or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock.

The Company's most recent financial statements have been prepared in accordance with IFRS consistently applied throughout the periods involved and present fairly the consolidated financial position and results of operation and changes in the financial position of the Company for the periods involved, and such accounts fairly present in all material respects the financial condition, financial performance and cash flows of the Company for the periods involved.

- (n) **(Litigation)** Other than as disclosed in the Company's most recent financial statements:
- (i) there are no pending actions, suits or proceedings against or affecting the Company, its Subsidiaries or any of its or their assets or properties and to the

Company's knowledge, no such actions, suits or proceedings are threatened or contemplated;

- (ii) there is no ongoing, and to the Company's knowledge there is no, pending or contemplated investigation by any Governmental Authority involving the Company, its Subsidiaries or any current or former director or officer of the Company or any of its Subsidiaries; and
- (iii) there is no agreement, judgment, injunction, order or decree binding upon the Company or its Subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing any business practice of the Company or its Subsidiaries, or any acquisition of property by the Company or any of its Subsidiaries.

(o) **(Compliance)**

- (i) Other than as disclosed in the Company's most recent financial statements, neither the Company nor any Material Subsidiary:
  - (A) is in material default under, or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a material default by the Company or any Material Subsidiary under), nor has the Company or any Material Subsidiary received notice of a claim that it is in material default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such material default or violation has been waived);
  - (B) is in violation of any order of any court, arbitrator or Governmental Authority; or
  - (C) is in violation of any Law in any material respect.
- (ii) Other than as disclosed in the Company's most recent financial statements, the Company and its Subsidiaries have received all permits, licenses and other approvals required of any of them under such Laws, rules, regulations, orders and directions for the conduct of their current business operations, and are in material compliance with all terms and conditions of such permits, licenses or approvals; and have not received any notice of the modification, revocation or cancellation of, or any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such permits, licenses or approvals.

(p) **(Environmental)** The Company and its Subsidiaries: (i) are in compliance with any and all applicable foreign, federal, provincial, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (**Environmental Laws**); (ii) have received all permits, licenses or other approvals currently required of any of them under applicable Environmental Laws to conduct their current business; and (iii) are in compliance with all terms and conditions of any such permit, licences or approval.

(q) **(Tax Returns)** Other than as disclosed in the Company's most recent financial statements:

- (i) each of the Company and its Subsidiaries has (A) correctly prepared and duly and on a timely basis filed all tax returns required to be filed by them, (B) paid all Taxes due and payable by them, (C) paid all assessments and reassessments and all other Taxes, governmental charges, penalties, interest and other fines due and payable by them and which are claimed by any Governmental Authority to be due and owing and adequate provision has been made for Taxes payable for any completed fiscal period for which tax returns are not yet required to be filed, (D)



- duly and timely withheld and remitted or caused to be withheld and remitted, all Taxes required to be withheld and remitted by them, and (E) duly and timely collected and remitted or caused to be collected and remitted, to the appropriate Governmental Authority such Taxes required by Law to be collected and remitted by them;
- (ii) there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return or payment of any Tax, governmental charge or deficiency by the Company or any of its Subsidiaries;
  - (iii) to the knowledge of the Company, there are no actions, suits, proceedings, investigations or claims threatened or pending against the Company or any of its Subsidiaries in respect of Taxes, governmental charges or assessments; and
  - (iv) there are no matters under discussion with any governmental authority relating to Taxes, governmental charges or assessments asserted by any such authority.
- (r) **(No Foreign Corrupt Practices)** None of the Company nor any of the Subsidiaries has made or will make during the Term, directly or indirectly: (i) any contribution, payment or gift of funds or property to any official, employee or agent of any Governmental Authority of any jurisdiction except as otherwise permitted under applicable Law; or (ii) any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under Anti-Corruption Laws or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to the Company or its Subsidiaries and their respective operations.
- (s) **(Anti-Money Laundering)** The operations of each of the Company and the Subsidiaries are, have been and shall be during the Term conducted at all times in compliance with all Anti-Money Laundering Laws and no action, suit or proceeding by or before any court or Governmental Authority involving the Company or its Subsidiaries with respect to any of the Anti-Money Laundering Laws is, to the best knowledge of the Company, pending, threatened or contemplated.
- (t) **(Disclosures)**
- (i) The materials delivered, and statements made, by the Company and its representatives to the Investor in connection with the Contemplated Transactions (the **Materials**) do not, as at the time delivered or made, and (in respect of materials delivered and statements made prior to the Execution Date) on the Execution Date:
    - (A) contain any untrue statement of a material fact or misleading statement; or
    - (B) omit to state a material fact necessary in order to make the statements contained in those Materials, in light of the circumstances under which they were made, not misleading.
  - (ii) The Company has disclosed to the Investor all facts relating to the Company, its business, assets, properties, intellectual property, the Transaction Documents, the Contemplated Transactions, and all other matters which are, to the Company's knowledge, material to the assessment of the nature and amount of the risk inherent in an investment in the Company.
- (u) **(Solvency)** Other than as disclosed in the Company's most recent financial statements, no Insolvency Event has been suffered or incurred by the Company or its Subsidiaries.
- (v) **(Law)** The Company has filed or delivered any documents required under Securities Laws or the Corporations Act to be filed and delivered, and in each case, within the time period

required, and the Company is otherwise in compliance with Securities Laws and the Corporations Act and no fact exists which may result in the Company not being in such compliance with Securities Laws or the Corporations Act.

- (w) **(Entitlement to rely on prospectus exemption)** The Company has complied and will comply with Securities Laws in connection with the offer, sale and issuance of the Convertible Notes and the Investor's Equity Securities to the Investor and confirms that the Convertible Notes and the Investor's Equity Securities may be issued to the Investor under Securities Laws without the requirement that the Company file a prospectus qualified under such Securities Laws.
- (x) **(Non-public information)** Neither the Company nor any person acting on its behalf has provided the Investor or its agents, representatives or counsel with any information that is a "material fact" or "material change" (as such terms are defined under Securities Laws) that has not been generally disclosed to the public, and to the Company's best knowledge, the Investor does not possess knowledge of any "material fact", "material change" with respect to the Company that has not been generally disclosed to the public (and, to the extent this warranty is breached, the Company must immediately release the relevant information to the market).
- (y) **(Prohibited Transactions)** The Company has not entered into, or agreed to enter into, a Prohibited Transaction that has not been completed.
- (z) **(Absence of Events of Default)** No Event of Default and no event which, with notice, lapse of time or both, would constitute an Event of Default, has occurred and is continuing.

## **7.2 Investor's reliance**

The Company acknowledges that the Investor has entered into this Agreement in reliance on the Company's representations and warranties set out in Section 7.1.

## **7.3 Construction of representation and warranties**

Each representation and warranty of the Company is to be construed independently of the others and is not limited by reference to any other representation or warranty.

## **7.4 Disclosures and limitations.**

The representations and warranties of the Company set out in Section 7.1 are not limited in any way by information gathered by the Investor, its advisers or representatives.

## **7.5 Notice**

The Company shall promptly notify the Investor in writing upon becoming aware of any breach or inaccuracy of any representation or warranty given by the Company under this Agreement.

# **8 Representations and Warranties of the Investor**

## **8.1 Representations and warranties**

The Investor represents, warrants, covenants and agrees, on the Execution Date, at each Closing, at the Conversion Date, if any, and on the date of issuance of any Securities (in each case, except where qualified by an express reference in this Section 8.1 as to the representation or the warranty being given on and as of a particular date or dates, only on and as of that date or dates), that the following are true:

- (a) **(Organisation, good standing and qualification)**
  - (i) The Investor is a company duly formed under the laws of the jurisdiction of its formation and has all requisite power and authority to enter into and consummate

the Contemplated Transactions and otherwise to carry out its obligations under this Agreement;

- (ii) The Investor is in good standing under the laws of the jurisdiction of its formation and has all requisite power and authority to carry out the Contemplated Transactions;
  - (iii) The Investor is not in violation or default of any of the provisions of its organisational or constating documents; and
  - (iv) The Investor is not a “non-resident” within the meaning of the *Income Tax Act* (Canada).
- (b) **(Authorization)** The execution, delivery and performance by the Investor of this Agreement have been duly authorised and will each constitute a valid and legally binding obligation of the Investor, enforceable against the Investor in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium and similar laws of general applicability, relating to or affecting creditors’ rights generally.
- (c) **(Status of Investor)** The Investor is, at the Execution Date, at each Closing and at the Conversion Date, if any, an “accredited investor” within the meaning of NI 45-106 and was not created, and is not used, solely to purchase or hold securities as an accredited investor. The Investor further acknowledges and agrees that:
- (i) no agency, governmental authority or other entity has made any finding or determination as to the merit for investment of, nor have any such agencies or governmental authorities made any recommendation or endorsement with respect to the Securities; (ii) there is no government or other insurance covering the Securities; and (iii) there are risks associated with acquiring and holding the Securities;
  - (ii) the Investor has such knowledge and experience in financial and business matters as to be capable of evaluating the merits of, and is able to bear the economic risk of loss related to, the issuance of the Securities;
  - (iii) the Investor has had the opportunity to ask questions of and receive answers from the Company regarding its acquisition of the Securities and has received all such information regarding the Company that it has requested;
  - (iv) the Investor will receive the Securities as principal for its own account for investment and not with a view to or for distributing or reselling such Securities, or any part thereof in violation of any applicable securities laws, is not a party to any contract, undertaking, agreement, direct or indirect arrangement with any Person to sell, transfer or pledge to such Person, or anyone else, such Securities, or any part thereof, or any interest therein, and has no present plans to enter into any such contract, undertaking, agreement or arrangement with any other persons to distribute or regarding the distribution of such Securities;
  - (v) the distribution of the Securities is not being accompanied by a general solicitation or advertisement, including articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
  - (vi) no prospectus or other offering document has been filed by the Company with a securities commission or other securities regulatory authority in any province or territory of Canada, or any other jurisdiction in or outside of Canada in connection with the issuance of the Securities, and such issuance is exempt from the prospectus requirements otherwise applicable under the provisions of applicable

securities laws and, as a result, in connection with receiving the Securities hereunder, as applicable:

- (vii) the Investor is restricted from using most of the protections, rights and remedies available under applicable securities laws with respect to the Securities, including, without limitation, statutory rights of rescission or damages;
- (viii) the Investor will not receive information that may otherwise be required to be provided to the Investor under applicable securities laws or contained in a prospectus prepared in accordance with applicable securities laws;
- (ix) the Investor has been advised to consult its own legal advisors with respect to the holding of and trading in the Securities and with respect to the resale restrictions imposed by applicable securities laws, and acknowledges that no representation has been made respecting the applicable hold periods imposed by applicable securities laws or other resale restrictions applicable to the Securities which restrict the ability of the Investor to resell the Securities. The Investor is solely responsible to find out what these restrictions are, and the Investor is solely responsible (and the Company is not in any way responsible) for compliance with applicable resale restrictions;
- (x) the Investor is not acting “jointly” or “in concert”, as such terms are used in applicable securities laws, with any other person;
- (xi) the Investor does not own or have any interest in (directly or indirectly), nor exercise control or direction over any securities of, the Company; and
- (xii) personal information regarding the directors, officers and other insiders of the Investor may be collected by the Company and disclosed to Governmental Authorities, and the Investor will comply with all applicable Securities Laws in connection with its holding of the Securities.

(d) **(U.S. compliance)** The Investor is not a U.S. Person.

## **8.2 Company’s reliance**

The Investor acknowledges that the Company has entered into this Agreement in reliance on the Investor’s representations and warranties set out in Section 8.1.

## **8.3 Construction of representation and warranties**

Each representation and warranty of the Investor is to be construed independently of the others and is not limited by reference to any other representation or warranty.

## **8.4 Notice**

The Investor will promptly notify the Company in writing upon becoming aware of any material breach or inaccuracy of any representation or warranty given by the Investor under this Agreement.

## **9 Use of Proceeds**

### **9.1 Permitted Use**

The Company shall only use the funds received from the Investor under this Agreement:

- (a) to advance funds to Kaden by way of senior secured loans (each, a **Drawdown Loans**) to Kaden to be used by Kaden for the purposes of satisfying any of its outstanding liabilities, including by allowing Kaden to formulate a proposal (the **Proposal**) to its creditors in its notice of intention to make a proposal proceedings (the **Kaden Proceedings**) commenced by Kaden under the *Bankruptcy and Insolvency Act* (Canada) on March 6, 2024; and

- (b) if, but only if, Kaden has satisfied all of its outstanding liabilities under its Proposal, for general working capital, corporate and future development purposes that are reasonable in light of the nature of the Company's business from time to time,

and for greater certainty, must not use such funds for making any pledge payments to any third party, for dividend payments, the repayment or redemption of any indebtedness or obligations or interests held by any security holders (or similar payments) or the repayment of any debt due to a director, officer, insider or related party of the Company or any of its Subsidiaries.

## 9.2 Drawdown Loan Agreement

Prior to advancing any of the funds received from the Investor under this Agreement to Kaden by way of Drawdown Loans pursuant to Section 9.1(a), the Company shall enter into a loan agreement with Kaden in a form acceptable to the Investor, acting reasonably, which shall contain such covenants as are necessary to ensure that Kaden only uses such funds in accordance with the purpose set forth in Section 9.1(a).

## 10 Additional Covenants and Agreements

### 10.1 Ranking of the Investor's Equity Securities

- (a) The Investor's Equity Securities will rank equally in all respects with the existing Equity Securities on the date of issue of the Investor's Equity Securities.
- (b) All Investor's Equity Securities will be issued free and clear of any Liens, except for restrictions on transfer imposed by Securities Laws.

### 10.2 Ranking of Investor's interest in the Convertible Note

- (a) All Convertible Notes will constitute direct, general, and unconditional obligations of the Company and the Company represents and warrants, at the Execution Date and for the period while there is Amount Outstanding, all Convertible Notes will, unless otherwise agreed to by the Investor, rank senior to all other debt or loan obligations of the Company, including any of the Company's outstanding bank debt (if any), except for debt or loan obligations secured by Permitted Liens.
- (b) In the event the Company arranges, or obtains, any new debt (including convertible debt or preferred stock) (**Debt Proceeds**), the Company must promptly provide the Investor with full details about such arrangements, and, in its sole discretion, the Investor may direct that the Company use some or all of the Debt Proceeds as is specified by the Investor to promptly repay some or all of the Amount Outstanding or may, in its sole discretion, waive compliance with this requirement.

### 10.3 Security

- (a) On the Execution Date, the Company shall:
  - (i) grant to the investor a general security interest in all of the present and after-acquired assets and property of the Company (including all of the issued and outstanding shares of Kaden and Voltaic) in a form of agreement acceptable to the Investor, acting reasonably;
  - (ii) cause the execution of a guarantee (the **Kaden Guarantee**) by Kaden of all of the obligations of the Company under this Agreement, in one or more forms of agreement acceptable to the Investor, acting reasonably; and
  - (iii) cause Kaden to grant the Investor a general security interest in support of the Kaden Guarantee in all of its respective present and after-acquired assets and property, in a form of agreement(s) acceptable to the investor, acting reasonably.

- (b) The Liens granted by the Company to the Investor under this Section 10.3 shall be first ranking ahead of any other Lien or security interests on the assets of the Company, except for Permitted Liens.
- (c) Upon the earlier of (i) the date on which the Company pays to the Investor the Entire Amount Outstanding in cash pursuant to Article 3 or in Equity Securities pursuant to Section 5.1, and (ii) the expiry of the Term (and provided that the Amount Outstanding is NIL), at the request of the Company, the Investor shall execute, deliver and file, as applicable, all discharges, releases and financing change statements that are, in the Company's opinion and at the Company's expense, necessary or desirable to release all Liens granted by the Company to the Investor.

#### **10.4 Rights of Investor**

The right of the Investor to be issued Conversion Equity Securities in accordance with Section 5.1 and otherwise under this Agreement, will not confer on the Investor any entitlement to receive dividends or vote at a general meeting of shareholders of the Company.

#### **10.5 Compliance with Laws**

- (a) The Company and the Investor will each comply with all applicable Laws in all material respects.
- (b) Except as otherwise provided herein, the Company shall make, in a timely manner, all filings that may be required (if any) under Securities Laws in connection with the Contemplated Transactions.

#### **10.6 Prohibited Transactions**

- (a) Unless otherwise agreed in writing between the Company and the Investor, from the Execution Date until the date of termination of this Agreement, the Company shall not effect, or enter into an agreement to effect, any Prohibited Transaction unless the funds raised from such Prohibited Transaction are utilised to repay the Entire Amount Outstanding.

#### **10.7 Set-Off**

- (a) The Investor may set off any of its obligations to the Company (whether or not due for payment), against any of the Company's obligations to the Investor (whether or not due for payment) under this Agreement and/or any Transaction Document; *provided that*, the Investor shall not be permitted to set off its obligations to purchase Convertible Notes pursuant to Section 2.1.
- (b) The Investor may do anything necessary to effect any set-off undertaken in accordance with this Section 10.7 (including varying the date for payment of any amount payable by the Investor to the Company).

#### **10.8 Set-Off Exclusion**

All payments which are required to be made by the Company to the Investor will be made without:

- (a) any set-off, counterclaim or condition; or
- (b) any deduction or withholding for Tax or any other reason, unless a deduction or withholding is required by Law,

except as may otherwise be consented to by the Investor.

## **10.9 Miscellaneous Negative Covenants**

The Company shall not, and (in respect of only clauses (b) and (c) below) shall cause all of its Subsidiaries not to, directly or indirectly, without the Investor's written approval (such consent not to be unreasonably withheld):

- (a) undertake any consolidation of its share capital unless such consolidation is in connection with an application for listing on a stock exchange;
- (b) reduce its paid-up or stated capital;
- (c) transfer the jurisdiction of incorporation of the Company or any of its Subsidiaries;
- (d) make a loan to any director, officer, insider or related party of the Company or of any of its Subsidiaries; or
- (e) enter into any agreement with respect to any of the matters referred to in paragraphs (a) – (e).

In the event the Company proposes to take any action set out in paragraphs (a) to (e) above, the Company shall provide the Investor with at least ten (10) Business Days' prior written notice regardless of whether the consent of the Investor is required in the circumstances.

## **10.10 Withholding Gross-Up**

All payments made by the Company in respect of this Agreement (in respect of principal, interest or otherwise) shall, except as required by applicable Law, be made in full without set-off or counterclaim, and free of and without deduction or withholding for any present or future Taxes provided that if the Company is required by applicable Law to deduct or withhold any Taxes from or in respect of any payment or sum payable to the Investor, the payment or sum payable will be increased as necessary so that after making all such deductions or withholdings, the Investor receives an amount equal to the sum it would have received if no such deduction or withholding had been made and the Company shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.

In the event the Investor subsequently receives or recovers any deducted or withheld amount from any Canadian federal, provincial or other Governmental Authority and the Company has complied with its obligations in this Section 10.10, then the Investor shall pay such amount to the Company within twenty (20) Business Days of actual receipt.

## **11 Taxes**

- (a) Without limiting anything else in this Agreement the Company shall:
  - (i) pay any Tax required to be paid to any Governmental Authority which is payable by the Company in respect of this Agreement or any Contemplated Transaction (including in respect of the execution, delivery, performance, release, discharge, amendment or enforcement of this Agreement or any Contemplated Transaction);
  - (ii) pay any fine, penalty or other cost in respect of a failure to pay any Tax which is payable by the Company as required by this Article 11; and
  - (iii) indemnify the Investor against any amount payable by it under this Article 11.
- (b) Without limiting anything else in this Agreement:
  - (i) the Company shall pay all stamp, loan transaction, registration and similar Taxes, including fines and penalties, financial institutions duty and debits Tax that may be payable to, or required to be paid by, any appropriate authority, or determined to be payable in connection with the execution, delivery, performance or enforcement of this Agreement or any Contemplated Transaction or any payment, receipt or other transaction contemplated by this Agreement; and

- (ii) the Company shall indemnify the Investor against any loss or liability incurred or suffered by it as a result of the delay or failure by the Company to pay the Taxes under Section 11(b)(i).
- (c) Without limiting anything else in this Agreement, at all times on and from the date of this Agreement, the Company shall comply in all respects with all applicable laws relating to Tax and promptly file, or cause to be filed, all tax returns, and other Tax filings, required under applicable Tax law.

## **12 Default**

### **12.1 Events of Default**

Any of the following will constitute an Event of Default:

- (a) any of the representations or warranties, or covenants made by the Company or any of its agents, officers, directors, employees or representatives in any Transaction Document, Materials or public filing are inaccurate, false or misleading in any material respect, as of the date as of which it is made or deemed to be made, or any certificate or financial or other written statements furnished by or on behalf of the Company to the Investor, any of its representatives, or the Company's shareholders, is inaccurate, false or misleading, in any material respect, as of the date as of which it is made or deemed to be made or repeated (in each case where qualified by an express reference to the representation or the warranty being given on a particular other date or dates, on that date or dates);
- (b) the Company or any Subsidiary of the Company suffers or incurs an Insolvency Event that has not otherwise already occurred on or before the Execution Date and specifically excluding the Kaden Proceedings;
- (c) the Company or any of its Material Subsidiaries ceases, suspends, or threatens to cease or suspend, the conduct of any part of its business where such cessation or suspension would reasonably be expected to result in a Material Adverse Effect, or disposes, in a single transaction, or in a series of transactions, of all or substantially all of its assets;
- (d) the Company or any of its Material Subsidiaries takes action to reduce its capital in accordance with section 26 of the Corporations Act;
- (e) there is a cease trade order against the Company, a management cease trade order in respect of the Company;
- (f) any of the conditions set out in Section 4.1 or Section 6.1 have not been fulfilled in the time prescribed in such Sections;
- (g) the Company challenges, disputes or denies the right of the Investor to receive any Securities hereunder, or otherwise dishonours or rejects any action taken, or document delivered, in furtherance of the Investor's bona fide rights to receive any Investor's Equity Securities;
- (h) a Transaction Document or a Contemplated Transaction has been determined by a court of competent jurisdiction to be wholly or partly void, voidable or unenforceable in any respect;
- (i) a court of competent jurisdiction makes a determination in favour of any action, claim, proceeding, suit, investigation, or action against any other person or otherwise asserted before any Governmental Authority, which seeks to restrain, challenge, deny, enjoin, limit, modify, delay, or dispute, the right of the Investor or the Company to enter into any Transaction Documents or undertake any of the Contemplated Transactions;
- (j) any event, condition or development occurs or arises which in the opinion of the Investor (acting reasonably) has or could have a Material Adverse Effect;



- (k) any consent, permit, approval, registration or waiver necessary for the consummation of those Contemplated Transactions that remain to be consummated at the applicable time, has not been issued or received, or does not remain in full force and effect at the applicable time;
- (l) the Investor has not received all those items required to be delivered to it in connection with any Closing in accordance with this Agreement;
- (m) the Company subsequently becomes prohibited under Securities Laws or the Corporations Act from issuing Equity Securities to the Investor under this Agreement;
- (n) the Company fails to perform, comply with, or observe, any other term, covenant, undertaking, obligation or agreement under any Transaction Document, including without limitation, the failure to pay any cash amount owing to the Investor hereunder at the time such payment is due (subject to any applicable cure provisions set out in Article 13);
- (o) a default judgment of an amount of CDN\$250,000 or greater is entered against the Company;
- (p) the Company defaults in relation to a *bona fide* payment obligation in the amount of CDN\$250,000 or greater under any financial accommodation, including any loan, advance, debenture or other form of financing entered into with a third party (taking into account any applicable grace period agreed by the relevant third party);
- (q) if at any time after the Execution Date, the Company has any present or future liabilities, including contingent liabilities for an amount or amounts totalling more than CDN\$2,000,000 which have not been satisfied on time as invoiced or within five (5) Business Days of a first written request for payment (taking into account any applicable grace period agreed with the relevant third party to whom such liabilities are owed), or have become prematurely payable as a result of its default or breach (howsoever described);
- (r) the Company fails to comply with its obligation to deliver Conversion Equity Securities in accordance with this Agreement;
- (s) the Company or any Subsidiary fails to grant the liens or security interests or deliver the executed agreements which grant such liens and security interests, or fail to comply with their obligations under such agreements, in each case as set out in Section 10.3 and the relevant Security Documents; and
- (t) the Company contravenes Section 10.2,

*provided that*, notwithstanding any other provision in this Agreement, no Event of Default will be caused by occurrence, development or continuation of the Kaden Proceedings.

## **12.2 Investor Right to Investigate an Event of Default**

If in the Investor's reasonable opinion, an Event of Default has occurred, or is or may be continuing or likely to occur:

- (a) the Investor may notify the Company that it wishes to investigate such purported Event of Default;
- (b) the Company shall co-operate fully with the Investor in such investigation;
- (c) the Company shall comply with all reasonable requests made by the Investor of the Company in connection with any investigation by the Investor and will:
  - (i) provide all information and documents requested by the Investor (acting reasonably) in relation to the Event of Default to the Investor, provided the Investor agrees that any materially price sensitive information and/ or non-public information will be subject to confidentiality; and

- (ii) provide all such information and documents within seven (7) Business Days of such request by the Investor; and
- (d) the Company shall pay all reasonable costs in connection with any investigation by the Investor.

### **13 Notice and Cure Provisions**

The Investor shall give notice to the Company of the occurrence, or failure to occur, at any time from the date hereof, of any event or state of facts which occurrence or failure would be likely to or could result in an Event of Default. Subject to the provisions hereof and other than with respect to an Event of Default under Section 12.1(b) or an Event of Default in respect to the issuance of Equity Securities, the Investor may only elect to terminate this Agreement or exercise its rights under Articles 14 and 15 during the continuance of such Event of Default, if:

- (a) the Investor has delivered written notice to the Company specifying in reasonable detail the event or state of facts which occurrence or failure would be likely to or could result in an Event of Default; and
- (b) if any such notice is delivered, and the Company is proceeding diligently at its own expense to cure such matter, if such matter is susceptible of being cured, the Investor may not terminate this Agreement or exercise its rights under Article 14 until the expiration of a period of five (5) Business Days from the date of such occurrence, failure to occur or the coming into existence of such event or state of facts, it being understood and agreed that (i) such five (5) Business Day cure period shall be cumulative over the Term of this Agreement with respect to each enumerated Event of Default such that any repeated or recurring Event of Default shall only have the benefit of a one time single five (5) Business Day cure period, irrespective of the number of times such Event of Default occurs and/or is continuing; and (ii) the aggregate number of cure period days with respect to all occurring and/or continuing Events of Default under this Agreement during the Term shall not exceed ten (10) Business Days.

### **14 Rights of the Investor upon an Event of Default**

- (a) Upon the occurrence or existence of any Event of Default and at any time during the continuance of such Event of Default, subject to compliance with Article 13, the Investor may:
  - (i) declare, by notice to the Company, effective immediately, all outstanding obligations by the Company under the Transaction Documents to be immediately due and payable in immediately available funds (including, without limitation, the immediate repayment of the Entire Amount Outstanding) without presentment, demand, protest or any other notice of any kind, all of which are expressly waived by the Company, anything to the contrary contained in this Agreement or in any other Transaction Document notwithstanding; and/or
  - (ii) terminate this Agreement, by notice to the Company, effective as of the date set out in the Investor's notice given to the Company under this Section 14(a)(ii).
- (b) If the Investor gives the Company a notice under Section 14(a)(i), the Company must within seven (7) Business Days after expiry of the applicable cure period in Article 13, pay to the Investor in immediately available funds the Entire Amount Outstanding.
- (c) The Investor will have no obligation to consummate any Closing under this Agreement where an Event of Default has occurred, for as long as such Event of Default continues, and the applicable Closing Date will be deemed to be postponed accordingly, unless the Investor notifies the Company otherwise in writing (which notification shall be at the sole discretion of the Investor).

- (d) In addition to the remedies set out in sub-clauses 14(a) and 14(b), subject to compliance with Article 13, upon the occurrence or existence of any Event of Default, the Investor may exercise any other right, power or remedy granted to it by the Transaction Documents or otherwise permitted to it by Law, including by suit in equity and/or by action at Law.
- (e) Notwithstanding anything to the contrary contained in this Agreement or in any other Transaction Document, in addition to the rights of the Investor specified in this Article 14, upon the occurrence of an Event of Default (subject to the cure periods in Article 13), the interest thereafter payable on all issued Convertible Notes will be at a rate of 15% per annum (***Interest Rate upon Default***), which interest will accrue from the first date the cure periods set out in Article 13 have expired in respect of such Event of Default on the Outstanding Amount of the issued Convertible Notes and will be compounded monthly, for as long as the Event of Default will not have been remedied. The Company must pay this amount of interest on the Amount Outstanding to the Investor on a monthly basis in arrears on the last day of each calendar month following the date that the cure periods set out in Article 13 have expired in respect of such Event of Default (or such other date as notified in writing by the Investor to the Company or as otherwise required under Section 14(b)).
- (f) Upon the occurrence or existence of any Event of Default, in addition to all other remedies at law and in equity, the Investor may, at its option, take all actions and remedies provided for in the security instruments and filings securing the liens described in Section 10.3 herein.

## 15 Termination

### 15.1 Events of Termination

This Agreement:

- (a) may be terminated, without limiting the generality of Article 14, but subject to Article 13:
  - (i) by the Investor on the occurrence or existence of a Securities Termination Event;
  - (ii) by the mutual written consent of the Parties, at any time;
  - (iii) by either Party, by written notice to the other Party, effective immediately, if the Closing has not occurred within ten (10) Business Days of the Execution Date or such later date as the Parties agree in writing, provided that the right to terminate this Agreement under this Section 15.1(a)(iii) is not available to any Party:
    - (A) that is in material breach of or default under this Agreement; or
    - (B) whose failure to fulfil any obligation under this Agreement has been the principal cause of, or has resulted in the failure of the Closing to occur; and
  - (iv) by the Investor, in accordance with Article 14 or Section 17.15.

### 15.2 Effect of Termination

- (a) Subject to Section 15.2(b), each Party's right of termination under Section 15.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies.
- (b) If the Investor terminates this Agreement under Section 15.1(a)(i):
  - (i) the Investor may declare, by notice to the Company, all outstanding obligations by the Company under the Transaction Documents to be due and payable (including, without limitation, the immediate repayment of any Amount Outstanding) without presentment, demand, protest or any other notice of any kind, all of which are expressly waived by the Company, anything to the contrary contained in this Agreement or in any other Transaction Document notwithstanding; and

- (ii) the Company must within five (5) Business Days after expiry of the applicable cure period in Article 13, pay to the Investor in immediately available funds the Entire Amount Outstanding.
- (c) Upon termination of this Agreement, the Investor will not be required to fund any further amount nor effect any Closing, provided that termination will not affect any undischarged obligation under this Agreement, including, for the avoidance of doubt any obligation of the Company to issue Convertible Notes.
- (d) Nothing in this Agreement will be deemed to release any Party from any liability for any breach by such Party of the terms and provisions of this Agreement or to impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement.

## 16 Survival and Indemnification

### 16.1 Survival

The provisions of Articles 1, 5 to 11, and 13 to 17 (inclusive) of this Agreement will survive, and continue in full force and effect, notwithstanding the execution of this Agreement, Closing and each repayment of any of the Amount Outstanding, and each Contemplated Transaction, and the termination of this Agreement or another Transaction Document or any related provision.

### 16.2 Indemnification of Investor

- (a) An Investor Indemnified Person will not be liable to the Company, and the Company shall indemnify and hold harmless each of the Investor, and the respective directors, officers, shareholders, partners, employees, attorneys, agents and permitted successors and assigns of each of the Investor and Affiliates of each of those parties (each, an **Investor Indemnified Person**), from and against any and all losses, claims, damages, liabilities, awards, demands and expenses (including, without limitation, all judgments, amounts paid in settlements, reasonable solicitors' fees and costs and attorney fees and reasonable disbursements and other expenses incurred in connection with investigating, preparing or defending any action, claim, proceeding, suit, investigation, or action by any Governmental Authority, pending or threatened, and the costs of enforcement) (collectively, **Losses**), that arise out of, are based on, relate to, or are incurred in connection with, any of the following:
  - (i) a breach or non-performance by the Company of its covenants under this Agreement;
  - (ii) a material breach or an inaccuracy of any of the Company's representations or warranties made in this Agreement;
  - (iii) any misrepresentation made in the Materials or the Company's Public Record;
  - (iv) any non-disclosure of any "material fact" or "material change" as such terms are defined under Securities Laws, or necessary to make the statements in the Materials or the Company's public filings, in light of the circumstances under which they were made, not misleading;
  - (v) the Company authorizing, entering into and delivering this Agreement and the Company's performance of the Contemplated Transactions, including the issuance of the Investor's Equity Securities; and
  - (vi) any inquiry, investigation or proceeding commenced or threatened by, or in, any court, administrative body, securities commission, stock exchange or other competent authority (each a **Proceeding**) based upon, or resulting from, the execution, delivery, performance or enforcement of any of the Transaction Documents or Contemplated Transactions, and whether or not the Investor is party

thereto by claim, counterclaim, crossclaim, as a defendant or otherwise, or if such Proceeding is based upon, or results from, any of those items referred to in paragraphs (i) – (v),

provided, however, that the Company shall not indemnify any Investor Indemnified Person from, or hold any Investor Indemnified Person harmless against, any Losses that result solely from:

- (vii) such Investor Indemnified Person's breach of any representation or warranty contained in this Agreement, or
  - (viii) such Investor Indemnified Person's fraud, gross negligence or wilful default in performing its obligations under this Agreement.
- (b) To the extent that the Company's undertaking in this Section 16.2 may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of all Losses that is permissible under applicable Law.
- (c) To the extent that any amount payable to an Investor Indemnified Person in accordance with this Section 16.2 is subject to Tax or withholding, then, without limiting Section 10.10 or Article 11, the Company shall increase the amount payable to the Investor Indemnified Person by such additional amount as is necessary to ensure that after making the allowance for any Tax that may be payable, the Investor Indemnified Person receives the full amount required to be paid before giving effect to such allowance for Tax.
- (d) Each indemnity set out in this Agreement:
- (i) is a continuing obligation, independent of the Company's other obligations under this Agreement;
  - (ii) continues notwithstanding any termination of this Agreement;
  - (iii) constitutes a liability of the Company separate and independent from any other liability under this Agreement and under any other agreement; and
  - (iv) will survive, and continue in full force and effect, in accordance with Section 16.1.
- (e) The Company acknowledges that the indemnity given under this Section 16.2 is directly enforceable against it by any Investor Indemnified Person. The Investor holds the benefit of this Section 16.2 on trust for any Investor Indemnified Person.

## **17 Miscellaneous**

### **17.1 Time of the essence**

With regard to all dates and time periods set out in this Agreement or referred to in any Transaction Document, time is of the essence.

### **17.2 No partnership or advisory or fiduciary relationship**

Nothing in this Agreement should be construed to create a partnership between the Parties, or a fiduciary or an advisory relationship between the Investor or any of its Affiliates and the Company and any of its Subsidiaries.

### **17.3 Remedies and injunctive relief**

- (a) The rights and remedies of the Investor set out in this Agreement and the other Transaction Documents are in addition to all other rights and remedies given to the Investor by law or otherwise.
- (b) The Company acknowledges that:

- (i) monetary damages alone would not be adequate compensation to the Investor for a breach by the Company of this Agreement; and
- (ii) the Investor may seek an injunction or an order for specific performance from a court of competent jurisdiction if:
  - (A) the Company fails to comply or threatens not to comply with this Agreement; or
  - (B) the Investor has reason to believe that the Company will not comply with this Agreement.

#### **17.4 Successors and assigns**

- (a) The rights and obligations of the Parties under this Agreement are personal and may not be assigned to any other person or assumed by any other person, except as expressly provided in this Section 17.4.
- (b) Neither this Agreement nor any of the Company's rights and obligations under this Agreement may be assigned by the Company without the prior written consent of the Investor.
- (c) Subject to Section 17.4(d), the Investor may assign this Agreement and/or any of its rights and/or obligations under this Agreement on prior written notice to the Company.
- (d) The Investor must notify the Company of any assignment or novation of any of its rights or obligations under this Agreement at least five (5) Business Days prior to the assignment or novation referred to in Section 17.4(c) taking effect.
- (e) Nothing in this Section 17.4 will be deemed to prevent the Investor from assigning, transferring, encumbering or otherwise dealing with its rights under, or in connection with, the Investor's Equity Securities without the consent of any person, subject to the Investor's compliance with applicable Laws.

#### **17.5 Counterparts and e-mail**

- (a) This Agreement may be executed in any number of counterparts, each of which will be deemed an original, and all of which together will constitute one and the same instrument.
- (b) Such counterparts may be delivered by one Party to the other by e-mail, and such counterparts will be valid for all purposes.

#### **17.6 Notices**

- (a) Except as otherwise specifically agreed, all notices and other communications made in connection with any Transaction Document will be in writing and must be delivered by a courier or another like service in person, or sent by e-mail.
- (b) When delivered by a courier or another like service in person, a notice will be deemed given, or another communication will be deemed to have been received:
  - (i) when delivered, if received during Business Hours in the place of delivery; or
  - (ii) at 9.00 am (in the place of delivery) on the Business Day immediately following the date of such delivery, if delivered outside of Business Hours in the place of delivery.
- (c) When sent by e-mail transmission, a notice will be deemed given, or another communication will be deemed to have been received:
  - (i) two hours after the time at which such transmission was sent (the ***E-mail Time***), if such time falls within Business Hours in the place of delivery; or

- (ii) at 9.00 am (in the place of delivery) on the Business Day immediately following the date of the E-mail Time, if sent to the Company or the Investor and the E-mail Time falls outside of Business Hours in the place of delivery,

unless the sender receives an automated message that the email has not been delivered.

- (d) All notices and other communications required to be delivered in accordance with this Agreement will be sent to the representatives of the Party to be notified at the addresses or e-mail addresses indicated respectively below, or at such other addresses or e-mail addresses as the Parties may from time to time by like notice specify:

- (i) If to the Company:

Beta Energy Corp.  
1450 – 789 W. Pender St.  
Vancouver, BC V6C 1H2

Attention: Brad Nichol, Chief Executive Officer  
E-mail: Brad@buckfive.ca  
CC (which shall not constitute notice) : bfast@cozen.com

- (ii) If to the Investor:

Apex Opportunities Fund Ltd.  
900 – 885 West Georgia St.  
Vancouver, BC V6C 3H1

Attention: Sean Charland, Chief Executive Officer  
E-mail: scharland@zimtu.com  
CC (which shall not constitute notice) : mpalumbo@cwilson.com

## **17.7 Amendments and waivers**

- (a) Any term of this Agreement may be amended, supplemented, or modified, only with the written consent of the Parties.
- (b) Any obligation of either Party under this Agreement may be extended or waived only by an instrument in writing signed on behalf of the Party entitled to enforce the obligation.

## **17.8 Legal Costs**

Each Party will bear its own legal, due diligence and other costs in connection with the preparation and entering into of this Agreement.

## **17.9 Payments under this Agreement**

Any payment to be made pursuant to the terms of this Agreement will be made by way of immediately available funds, except as expressly stated in this Agreement or unless the Parties agree otherwise.

## **17.10 Financial calculations**

- (a) All calculations of any Percentage Interest under this Agreement must initially be undertaken by the Investor.
- (b) The Investor must notify the amount calculated under paragraph (a) to the Company for verification and confirmation, together with the underlying calculations and other supporting information.
- (c) The Investor must:

- (i) ensure any calculation referred to in Section 17.10(a) is the result of accurate mathematical calculation; and
  - (ii) promptly provide any information reasonably requested by the Company to verify any calculation from time to time.
- (d) In the event of a dispute between the Investor and the Company as to the appropriateness or correctness of any calculation, any underlying assumption or supporting information, the Investor and the Company must meet and negotiate in good faith to settle the dispute upon notice from either Party to the other requiring the same. If the dispute is not resolved within two (2) Business Days, then in the absence of manifest error in, or a deficiency in supporting information for, the Investor's calculation, the Investor's calculation of the Percentage Interest will be used for the purpose of effecting any Conversion under this Agreement.

### **17.11 Non circumvention**

Neither Party to this Agreement shall do anything or omit to do anything that undermines or in any way circumvents, whether directly or indirectly the intent or objective of this Agreement.

### **17.12 Good Faith**

The Parties acknowledge that they have negotiated the terms of this Agreement in good faith and each Party must act in good faith towards each other and use their commercially reasonable best efforts to comply with the spirit and intention of this Agreement.

### **17.13 Publicity and confidentiality**

- (a) The Company shall not, (and will use its commercial best efforts to ensure that none of its Affiliates or any persons acting on behalf of the Company and any of its Affiliates), issue any public release or announcement concerning this Agreement, its subject-matter or content, or the Contemplated Transactions, or disclose any information provided by the Investor (including the terms of any Transaction Documents) (**Relevant Information**), without the prior written consent of the Investor (which consent will not be unreasonably withheld or delayed), subject to Section 17.13(c).
- (b) In any public release or announcement proposed to be made in connection with the Kaden Proceedings or pursuant to Securities Laws, where the proposed public release or announcement proposes to make a reference to the Investor or the Contemplated Transactions, the Company shall provide a copy of the proposed announcement to the Investor for review prior to release, subject to Section 17.13(c).
- (c) If the Company is required to make a disclosure concerning Relevant Information in connection with the Kaden Proceedings, pursuant to Securities Laws or by an order of a Governmental Authority, and the Company (acting reasonably) in order to comply with its legal or regulatory obligations does not have sufficient time to discuss the form of disclosure with the Investor or provide the Investor with a copy of the disclosure prior to making such disclosure, then the Company must:
  - (i) ensure that any disclosure made regarding Relevant Information is restricted and limited in content and scope to the maximum extent permitted by Law to meet the relevant disclosure requirement; and
  - (ii) provide a copy of such disclosure (where it is public information) to the Investor as soon as possible.

For the avoidance of doubt, if the Company has sufficient time to discuss the form of disclosure with the Investor or provide a copy of the disclosure to the Investor prior to making the disclosure, it must do so in accordance with its obligations in Section 17.13(a).



- (d) For the avoidance of doubt, the Investor acknowledges that the Company may be required to file a copy of this Agreement with the Securities Commissions under the Company's SEDAR profile at [www.sedarplus.ca](http://www.sedarplus.ca) and agrees to such filing (subject to permitted redactions in accordance with Securities Laws).

#### **17.14 Severability and supervening legislation**

Every provision of this Agreement is intended to be severable, and any provision of this Agreement that is illegal, invalid, prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective only to the extent of such illegality, invalidity, prohibition or unenforceability, without invalidating the remaining provisions, but will be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable Law, and any such illegality, invalidity, prohibition or unenforceability in any jurisdiction will not affect the legality, validity, permissibility or enforceability of the remainder of this Agreement in that jurisdiction, or invalidate or render illegal, invalid, prohibited or unenforceable, such or any other provision of this Agreement in any other jurisdiction.

#### **17.15 Illegality and impossibility**

- (a) If there is a Frustration Termination Event, the Investor may, but is not obligated to, in accordance with the terms of this Section 17.15, by giving a notice to the Company, suspend or cancel some or all of its obligations under this Agreement (including, without limitation, to fund any further amount to the Company or effect any future Closing), or terminate this Agreement, as indicated in such notice.
- (b) If the Investor gives a notice to terminate this Agreement in accordance with this Section 17.15, the Company must within ten (10) Business Days of such notice being received, subject to limitations that may be imposed pursuant to the Frustration Termination Event, if any, pay to the Investor in immediately available funds the Entire Amount Outstanding.

#### **17.16 Change in Law**

- (a) If there is a Change in Law Termination Event, the Investor may, in accordance with the terms of this Section 17.16, by giving a notice to the Company, suspend or cancel its obligation to fund any further amount to the Company or effect any future Closing.
- (b) Such suspension or cancellation will apply only to the extent necessary to avoid the event or circumstance which triggered the Change in Law Termination Event.

#### **17.17 Entire Agreement**

This Agreement (including its Exhibits) and the instruments referenced in this Agreement supersedes all prior agreements, understandings, negotiations and discussions, both oral and written, between the Parties, their Affiliates and persons acting on their behalf with respect to the subject matter of this Agreement and constitutes the entire agreement among the Parties with respect to the subject matter of this Agreement.

#### **17.18 Governing Law**

This Agreement is governed by the laws of the Province of British Columbia and the federal laws of Canada applicable thereunder.

#### **17.19 Jurisdiction**

With respect to any legal action or proceedings arising out of or in any way related to this Agreement or its subject matter, other than the Security Documents, the Parties irrevocably and unconditionally:

- (a) submit to the non-exclusive jurisdiction of the courts with jurisdiction in British Columbia sitting in Vancouver; and

(b) waive any right to object to the venue on any ground.

***[Remainder of page intentionally left blank.]***

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the date first written above.

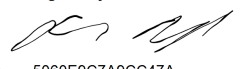
**BETA ENERGY CORP.**

Signed by:  
  
By: D04ADD4F289040C...

Name: Brad Nichol

Title: Chief Executive Officer

**APEX OPPORTUNITIES FUND LTD.**

Signed by:  
  
By: 5060F9C7A9CC47A...

Name: Sean Charland

Title: Chief Executive Officer

**Exhibit A**

**Advance Notice**

Reference is made to the convertible note funding agreement, dated ●, 2024 (the **Funding Agreement**) between Beta Energy Corp. (the **Company**) and Apex Opportunities Fund Ltd. (the **Investor**). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Funding Agreement.

Pursuant to Section 2.1 of the Funding Agreement, the Company hereby requires the Investor to purchase from the Company, on the terms and subject to the conditions of the Funding Agreement, a Convertible Note with an aggregate principal amount of CDN\$\_\_\_\_\_ (the **Principal Amount**).

The Company irrevocably authorises the Investor to distribute funds in the amount of the Principal Amount at the applicable Closing to the following bank account:

Beneficiary Bank: ●  
Swift code: ●  
ABA/Routing ●  
Account # ●

Beneficiary name and address: ●

Yours sincerely,

**BETA ENERGY CORP.**

By: \_\_\_\_\_

Name:

Title:

## APPENDIX “B”

**Kaden Energy Ltd.**  
**Summary of Claims**

<b>#</b>	<b>Creditor Name</b>	<b>Secured Claims</b>	<b>Unsecured Claims</b>
1	20/20 ND TECHNOLOGY INC.	-	46,278.25
2	2174348 AB LTD	-	29,924.69
3	360 EEC LTD	-	13,403.25
4	799430 AB LTD.	-	80,000.00
5	ADVANTAGE NORTH SERVICES LTD.	-	2,259.29
6	AIM ENGINEERING & PROJECT MANAGEMENT LTD	-	98,154.00
7	AIM LAND SERVICES LTD	-	26,650.92
8	ALBERTA GOLD ENERGY & RENTALS CORP.	-	72,087.44
9	ALBERTA GROUND CONTROL INC.	-	2,026.92
10	APEX OILFIELD SERVICES (2000) INC.	-	17,246.25
11	ARC RESOURCES LTD.	-	49,329.03
12	ASENIWUCHE WINEWAK NATION	-	4,200.00
13	ASTRO OILFIELD RENTALS LTD.	-	37,068.15
14	AURORA ENERGY CONTROLS LTD	-	632,848.39
15	BARON OILFIELD SUPPLY	-	54,084.90
16	BD&P LAW	-	66,482.90
17	BER-NOR TRUCKING (1987) LTD	-	1,911.00
18	BIDELL GAS COMPRESSION LTD.	27,549.21	92,821.67
19	BIG OIL RENTALS LTD.	-	133,030.08
20	BLACK GOLD EMERGENCY PLANNERS INC.	-	26,648.42
21	BLUESKY WIRELINE SERVICES LTD.	-	12,442.50
22	BONNET'S ENERGY CORP.	-	62,683.37
23	BOREAL WELL SERVICES	-	15,852.60
24	BRIGADE OILFIELD SERVICES LTD	-	7,738.50
25	BRONCO SLICKLINE SERVICES LTD	-	7,498.06
26	CALFRAC WELL SERVICES	-	1,569,462.60
27	CANADA REVENUE AGENCY	-	1.00
28	CANADIAN CASING ACCESSORIES INC.	-	2,335.20
29	CANADIAN ENERGY SERVICES LP	-	1,172,299.21
30	CANADIAN FOREST PRODUCTS LTD.	-	4,171.34
31	CDN CONTROLS LTD	-	18,579.62
32	CENOVUS ENERGY INC.	-	102,816.94
33	COMPASS ACCESS SOLUTIONS LTD.	-	35,697.38
34	COMPASS BENDING LTD.	-	49,033.25
35	CONTROL TECH GP LTD	-	264,249.24
36	COZEN O'CONNOR LLP	-	10,629.36
37	D&D WELL SERVICES	-	60,000.00
38	DIRECT PRESSURE	-	42,338.47
39	DRILFORMANCE ULC	-	38,850.00
40	DSL OILFIELD SERVICES LTD.	-	8,127.00
41	DYNAMIC ENERGY GROUP INC.	-	79,221.92
42	ENERGY WORKS MANAGEMENT LTD.	-	125,708.94
43	FLUIDPRO OILFIELD SERVICES LTD.	-	544,080.36
44	FRACTION ENERGY SERVICES	-	366,317.10
45	FULL FORCE VENTURES	-	10,099.49
46	GARRY WILSON TRUCKING LTD.	-	251,775.84
47	GEN7 ENVIRONMENTAL SOLUTIONS LTD.	-	9,234.84
48	GEOVERRA INC.	-	3,350.87
49	GFL ENVIRONMENTAL INC.	-	1,625.36
50	GOLIATH NITROGEN SERVICES LTD.	-	17,886.07

**Kaden Energy Ltd.**  
**Summary of Creditor Claims**

<b>#</b>	<b>Creditor Name</b>	<b>Secured Claims</b>	<b>Unsecured Claims</b>
51	GROUP 10 ENGINEERING LTD.	-	8,988.00
52	HEATWORKS CONSTRUCTION LTD	-	117,261.97
53	HUB'S LIGHT OILFIELD HAULING INC	-	3,570.00
54	IDEAL COMPLETION SERVICES	-	114,487.64
55	IRON SLINGER INC.	-	33,985.88
56	IRON WING TANK AND VAC LTD	-	30,975.00
57	KADEN ROYALTY CORP.	329,661.48	8,158.08
58	K.L.R. VENTURES LTD.	-	2,047.50
59	KBC VENTURES LTD	-	10,237.50
60	KEYERA ENERGY LTD.	-	61,954.08
61	KINETIC ENERGIES INC.	-	267,875.84
62	KIWETINOHK RESOURCES CORP.	-	2,122.25
63	LITTLE GOLDEN BOY TRUCKING LTD.	-	2,320.50
64	LS OILFIELD SAFETY SERVICES LTD	-	10,268.16
65	MEDALLION ENERGY SERVICES INC.	-	466,901.88
66	MILLENNIUM HEAT	-	7,016.10
67	MOORE PIPE 2015 INC	-	7,150.82
68	MUD CREEK MEDICS LTD.	-	128,700.00
69	NEXSOURCE POWER SALES & RENTAL INC	-	1,551.19
70	NORTHLAND LOGISITICS	-	54,464.90
71	NRG OILFIELD CONSTRUCTION LTD.	-	12,635.70
72	OCULUS TRANSPORT LTD.	-	10,000.00
73	OP FIRE & SAFETY INC.	-	5,381.25
74	PARAGON OILFIELD SUPPLY L.P.	-	63,355.22
75	PASCO ENERGY SERVICES INC.	-	585,586.80
76	PASON SYSTEMS CORP.	-	22,000.00
77	PEMBINA GAS SERVICES LIMITED PARTNERSHIP	-	439,249.28
78	PERRON VENTURES LTD.	-	38,920.89
79	PLATINUM CHEMICAL SOLUTIONS INC.	-	51,334.50
80	PURECHEM SERVICES (SUBSIDIARY OF CESLP)	-	19,526.12
81	PURNELL ENERGY SERVICES	-	169,726.67
82	QUICK SILVER WIRELINE LTD.	-	6,130.79
83	R.4.U CONTRACTING LTD	-	4,808.47
84	REDNECKZ WIRELINE	-	8,263.95
85	REZONE WELL SERVICING LTD.	-	10,000.00
86	RIGHT CHOICE CAMPS & CATERING	-	435,303.75
87	SANJEL ENERGY SERVICES INC.	-	81,691.81
88	SPARTAN CONTROLS LTD.	-	4,638.64
89	STAMPEDE DRILLING INC.	-	464,662.54
90	STURGEON LAKE CREE NATION, CONSULTATION	-	12,025.00
91	SUNDOWN OILFIELD SERVICES LTD.	-	287,706.66
92	SWIFT OILFIELD SUPPLY INC.	-	130,000.00
93	T.E.M.P. SERVICES LTD.	-	6,247.50
94	TANGO PRODUCTION SERVICES LTD.	-	1,270.40
95	TERRACORE RENTALS LTD.	-	2,151.35
96	THATCHWOOD VENTURES	-	45,000.00
97	TITAN ENERGY SERVICES LTD.	-	30,000.00
98	TKS CONTROLS LTD.	-	187,340.48
99	TNT ENGINEERING LTD.	-	463,786.56
100	TOTAL DEPTH VACUUM SERVICES	-	15,597.75

**Kaden Energy Ltd.**  
**Summary of Creditor Claims**

<b>#</b>	<b>Creditor Name</b>	<b>Secured Claims</b>	<b>Unsecured Claims</b>
101	TRYTON TOOL SERVICES	-	29,817.15
102	UNIFIED VALVE GROUP	-	7,083.26
103	UNIVAR SOLUTIONS CANADA LTD.	-	22,751.35
104	VALARD CONSTRUCTION LP	-	31,717.18
105	VERTEX PROFESSIONAL SERVICES LIMITED	-	8,862.03
106	VISTA GEOMATICS LTD.	-	35,082.81
107	WASTE TREATMENT SOLUTIONS LTD.	-	5,000.00
108	WESTERN PIPELINE COMPLIANCE CORP.	-	30,323.80
109	WEYERHAEUSER	-	942.31
		<b>357,210.69</b>	<b>11,506,521.24</b>