

COURT FILE NUMBER 24-3356741

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF ENDRUM ENERGY CORPORATION

Clerk's Stamp

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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File No.: 71423.4

## NOTICE TO RESPONDENTS

This application is made against you. You are a respondent

You have the right to state your side of this matter before the Applications Judge.

To do so, you must be in Court when this application is heard as shown below:

Date: May 6, 2026

Time: 10 A.M.

Where: Edmonton Courts via WebEx, Virtual Courtroom  
<https://albertacourts.webex.com/meet/virtual.courtroom86>

Before whom: The Honourable Justice M. E. Burns

### Remedy claimed or sought:

1. The Applicant, Endrum Energy Corporation (the "**Company**"), seeks an order, pursuant to sections 50.4(9), 50.6, and 64.2(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c

B-3 (the "**BIA**"), substantially in the form of the draft First Extension Order (the "**First Extension Order**") attached as **Schedule "A"** to this Application:

- (a) abridging time for service of this Application and deeming service good and sufficient;
- (b) validating service of this Application;
- (c) authorizing service of any order resulting from this application by ordinary mail to creditors at their last known addresses, with notice of the Proposal Trustee's website where documents will be posted, and permitting service by website posting for parties who do not provide alternate service methods for all future application materials filed in these proceedings (the "**Proposal Proceedings**");
- (d) extending the 30-day period, expiring May 7, 2026, within which the Company is required under section 50.4(8) of the *BIA* to file a proposal, by an additional forty-five (45) days to 11:59 p.m. (Mountain Time) on June 21, 2026, pursuant to section 50.4(9) of the *BIA* (the "**Stay Period**");
- (e) declaring that the Company's legal counsel, Ogilvie LLP, G. Chan & Associates Inc. in its capacity as proposal trustee (the "**Proposal Trustee**"), and the Proposal Trustee's legal counsel, Witten LLP (collectively, the "**Administrative Professionals**"), shall have the benefit of a security and charge (the "**Administration Charge**") on all of the Company's present and after-acquired property (the "**Property**") as security for their reasonable professional fees and disbursements incurred both before and after the granting of the requested Order, which Administration Charge shall not exceed \$250,000, and authorizing payment to the Administrative Professionals of their reasonable fees and disbursements in connection with the Proposal Proceedings;
- (f) approving an interim lending term sheet for debtor-in-possession financing (the "**DIP Term Sheet**") between the Company and Beyond Fintech Canada Ltd. (the "**Interim Lender**"), and declaring that the Property is subject to a security and charge (the "**Interim Lender's Charge**") in favour of the Interim Lender to secure the payment and performance of the Company's indebtedness, liabilities and obligations under the DIP Term Sheet;
- (g) declaring that the Administration Charge and the Interim Lender's Charge (collectively, the "**BIA Charges**") are priority charges ranking ahead of any and all charges, security interests, liens, trusts, deemed trusts, and encumbrances against the Property, including liens and trusts created by federal and provincial legislation, and that as between themselves the BIA Charges rank in the following order of priority: (i) first, the Administration Charge; and (ii) second, the Interim Lender's Charge; and
- (h) such further and other relief as this Honourable Court may deem appropriate or necessary.

**Grounds for making this application:**

### **Background**

2. The Company is a private oil and gas producer operating in Alberta and incorporated pursuant to the laws of the Province of Alberta.
3. On April 7, 2026, the Company filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to section 50.4 of the *BIA*. G. Chan & Associates Inc. was appointed as the proposal trustee (the “**Proposal Trustee**”) of the Company at the time of filing the NOI.

### **Stay Extension**

4. Pursuant to section 50.4(8) of the *BIA*, the Company is required to put forward its proposal within 30 days from the filing of its NOI, unless granted an extension by this Honourable Court.
5. This Honourable Court has the discretionary authority pursuant to section 50.4(9) of the *BIA* to extend the time, by a period not exceeding 45 days, in which an insolvent debtor that has filed a NOI is required to put forward a proposal to its creditors. If such extension is not granted, the Company will, immediately and automatically following May 7, 2026, be deemed to have made an assignment into bankruptcy pursuant to section 50.4(8) of the *BIA*, to the detriment of all its creditors, employees, and other stakeholders.
6. The Company is likely to be able to put forward a viable proposal prior to the expiry of the aggregate 5-month maximum extension period set out in section 50.4(9) of the *BIA*. Additionally, none of the Company’s creditors or other stakeholders are likely to be materially prejudiced by the granting of an extension. Resultantly, the Applicant submits that the grant of an initial 45-day extension pursuant to section 50.4(9) of the *BIA* is justified.
7. Since filing the NOI, the Company has been diligently working toward formulating a proposal to its creditors but requires additional time to complete this process. In particular, the Company has: (a) worked cooperatively with the Proposal Trustee to manage cashflow; (b) worked diligently with the Proposal Trustee and its legal counsel to identify and quantify creditor claims; (c) actively searched for a Chief Executive Officer to manage operations of the Company and assist in formulating a proposal; and (d) acted and is continuing to act in good faith and with due diligence in completing the preliminary work and preparation with efforts to make a proposal to its creditors.

### **Administration Charge**

8. Section 64.2(1) of the *BIA* provides the Court with the discretionary authority to grant a Court ordered security interest or charge, ranking ahead of pre-existing security interests or charges, in the assets of a debtor who has filed an NOI to secure the fees and disbursements of the professionals retained to assist the debtor in *BIA* proceedings.
9. The continuing engagement of the Administrative Professionals is critical to the Company's chances of success in putting forward a viable proposal. The Company requires the expertise, knowledge and continuing participation of the Administrative Professionals in order to navigate the complex legal, financial and operational issues arising in the Proposal Proceedings. In order to ensure their continued participation, the

Administration Charge in the amount of \$250,000 is required to protect and secure their fees and disbursements. The proposed quantum of the Administration Charge has been determined with the assistance of the Proposal Trustee, and the Company submits that the Administration Charge is justified, appropriate, reasonable and necessary.

### **Interim Financing**

10. Section 50.6 of the *BIA* provides the Court with the jurisdiction to authorise interim financing and to order that a security or charge granted to secure the interim financing will rank in priority over the claim of any secured creditor of the debtor.
11. The Company has negotiated an interim lending term sheet with Beyond Fintech Canada Ltd. (the “**DIP Term Sheet**”) pursuant to which the Interim Lender has agreed to provide the Company with debtor-in-possession financing to fund the Company’s operations and working capital requirements during the Proposal Proceedings, as well as the professional fees and expenses incurred in connection therewith.
12. The Company’s operating cash flows alone are insufficient to fund both its ongoing operations and the professional fees and costs associated with the Proposal Proceedings. Without access to interim financing, the Company will be unable to sustain its operations and formulate a viable proposal, which would result in a bankruptcy that would produce a significantly worse outcome for creditors.
13. It is a condition of the DIP Term Sheet that the Interim Lender be granted a priority charge on the Company’s Property to secure amounts advanced thereunder. The Company seeks an Order declaring that the Property is subject to the Interim Lender’s Charge in favour of Beyond Fintech Canada Ltd.

### **Priority of BIA Charges**

14. The Company seeks a declaration from this Honourable Court that the BIA Charges rank in priority to all charges, security interests, liens, trusts, deemed trusts, and encumbrances against the Property, including liens and trusts created by federal and provincial legislation, and that the BIA Charges rank, as between themselves, in the following order of priority: (a) first, the Administration Charge; and (b) second, the Interim Lender’s Charge.
15. The proposed priority ranking is necessary and appropriate in the circumstances. The Administration Charge is ranked first because the continued engagement of the Administrative Professionals is essential to the success of the Proposal Proceedings, and these professionals would be unable to continue providing their services without adequate security for their fees. The Interim Lender’s Charge is ranked second, as Beyond Fintech Canada Ltd. has required a priority charge as a condition of providing the DIP financing, and the Company would be unable to fund its operations during the Stay Period without access to this facility.
16. The Proposal Trustee is supportive of the proposed priority ranking of the BIA Charges.

### **Material or evidence to be relied on:**

17. First Affidavit of Norman Antonio Morales, sworn April 24, 2026;
18. First Report of the Proposal Trustee;
19. Bench Brief; and
20. Such further and other material as counsel may advise.

**Applicable rules:**

21. Rules 6.3(1) and 6.9(1) of the *Alberta Rules of Court*, Alta Reg. 124/2010.

**Applicable Acts and regulations:**

22. *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3.

**Any irregularity complained of or objection relied of:**

23. Not applicable to this Application.

**How the application is proposed to be heard or considered:**

24. Via WebEx, in Virtual Courtroom 86, before the Honourable Justice M. E. Burns.

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

**SCHEDULE "A"**

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JUDICIAL CENTRE EDMONTON

IN THE MATTER OF THE *BANKRUPTCY  
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B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF  
INTENTION TO MAKE A PROPOSAL OF  
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DOCUMENT **ORDER**

ADDRESS FOR SERVICE AND  
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PARTY FILING THIS  
DOCUMENT

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File No.: 71423.4

<b>DATE ON WHICH ORDER WAS PRONOUNCED:</b>	<b>May 6, 2026</b>
<b>LOCATION WHERE ORDER WAS PRONOUNCED:</b>	<b>Edmonton, Alberta</b>
<b>NAME OF JUSTICE WHO MADE THIS ORDER:</b>	<b>Justice M.E. Burns</b>

**UPON THE APPLICATION** of the Applicant, Endrum Energy Corporation (the "**Company**"); **AND UPON** considering the filed Application and the First Affidavit of Norman Antonio Morales, sworn April 24, 2026 and the Affidavit of Service, filed; **AND UPON** hearing representation from counsel for the Company; **AND UPON** hearing from G. Chan & Associates Inc. (the "**Proposal Trustee**") and any other parties present:

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**Service**

1. Service of the Application and supporting materials is hereby deemed to be good, timely and sufficient.
2. Service of this order may be effected by ordinary mail to creditors and other interested parties at their last known addresses.
3. Notice shall include information regarding the Proposal Trustee's website at <https://www.gcalit.ca/endrum>.
4. Any person who does not provide notice of alternate service methods to the Proposal Trustee within 10 days of receiving notice may be served future documents by posting on the Proposal Trustee's website, which posting shall constitute valid and effective service.

**Extension of time to file proposal**

5. Pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ("**BIA**"), the period within which the Company may file a proposal shall be and is hereby extended to 11:59 p.m. (Mountain Time) on June 21, 2026.
6. The general stay of proceedings against the Company imposed by section 69 of the *BIA* is extended to 11:59 p.m. (Mountain Time) on June 21, 2026.

**Administration Charge**

7. The Company shall pay the reasonable fees and disbursements of the Company's legal counsel, Ogilvie LLP, G. Chan & Associates Inc. in its capacity as proposal trustee (the "**Proposal Trustee**"), and the Proposal Trustee's legal counsel, Witten LLP (collectively, the "**Administrative Professionals**"), which are directly related to these proceedings, whether incurred before or after this Order (collectively, the "**Professional Fees**").
8. Pursuant to section 64.2(1) of the *BIA*, the Administrative Professionals shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on the Company's current and future assets, undertakings, and real or personal property of every kind whatsoever, wheresoever situate, and against all proceeds thereof (collectively the "**Property**").
9. The Administration Charge shall not exceed an aggregate amount of \$250,000.00, as security for the payment of the Professional Fees.
10. If the Administrative Professionals sharing in the benefit of the Administration Charge have claims that, in the aggregate, exceed the maximum authorized amount of that Charge, the Administrative Professionals shall share in the benefit of the Administration Charge (as between themselves) on a pro rata basis to the maximum aggregate authorized amount of the Administration Charge.

### **Interim Financing**

11. The Company is hereby authorised and empowered to obtain and borrow under the interim lending term sheet for debtor-in-possession financing (the “**DIP Term Sheet**”) between the Company as borrower and Beyond Fintech Canada Ltd. (the “**Interim Lender**”) as lender, in substantially the form attached as Exhibit “D” to the First Affidavit of Norman Antonio Morales, provided that borrowings under the DIP Term Sheet shall not exceed the principal amount of \$250,000 unless permitted by further order of this Court and agreed to by the Interim Lender.
12. The Interim Lender shall be entitled to the benefit of and is hereby granted a security and charge on the Property (the “**Interim Lender’s Charge**”) as security for the payment and performance of the indebtedness, liabilities and obligations of the Company to the Interim Lender under the DIP Term Sheet.

### **Priority of BIA Charges**

13. The filing, registration or perfection of the Administration Charge and the Interim Lender’s Charge (collectively, the “**BIA Charges**”) shall not be required, and the BIA Charges shall be enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the BIA Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
14. The BIA Charges shall constitute a security and charge on the Property and such BIA Charges shall rank in priority to all other security interests, trusts, liens, charges, deemed trusts, encumbrances and claims of secured creditors, statutory or otherwise, in favour of any person, including liens and trusts created by federal and provincial legislation (collectively, “**Encumbrances**”). The ranking as between the BIA Charges shall be as follows: (a) first, the Administration Charge; and (b) second, the Interim Lender’s Charge.
15. Except as otherwise provided herein, or as may be approved by this Honourable Court, the Company shall not grant any Encumbrances over the Property that rank in priority to, or pari passu with, any of the BIA Charges, unless the Company obtains the prior written consent of the beneficiaries of the BIA Charges or further order of this Court.
16. The BIA Charges shall not be rendered invalid, unenforceable, or otherwise be deemed to be limited in any way by: a) the Company’s assignment into bankruptcy, whether voluntary, involuntarily or by operation of law; b) any provision(s) in any federal or provincial statute(s); or c) any negative covenant, prohibition or other similar provision with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing contract, agreement, or instrument of any kind whatsoever entered into by the Company and any third-party.

### **Aid and Recognition**

17. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Company, Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are

hereby respectfully requested to make such orders as to provide such assistance to the Company and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Company, the Proposal Trustee and its agents in carrying out the terms of this Order.

18. This Order is declared to have full force and effect in all provinces and territories in Canada.

**General**

19. The Company and the Proposal Trustee may, from time to time apply, to this Court to amend this Order, to seek the advice and direction of this Court, or to seek this Court's approval of transactions.

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**J.C.K.B.A**