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C A N A D A
PROVINCE OF QUEBEC
DISTRICT OF TERREBONNE
COURT. No.:
OFFICE No.:

S U P E R I O R C O U R T
Commercial Division

**IN THE MATTER OF A PLAN OF
ARRANGEMENT OR COMPROMISE OF:**

ENERKEM INC., a corporation incorporated pursuant to the laws of Canada, having its registered and head office at 1130 Sherbrooke Street West, Suite 600, Montreal, Quebec.

ENERKEM ALBERTA BIOFUELS G.P. INC., a corporation incorporated pursuant to the laws of Alberta, having an office at 1130 Sherbrooke Street West, Suite 600, Montreal, Quebec.

ENERKEM LIMITED (UK), a private limited company incorporated pursuant to the laws of England and Wales, having its registered office at c/o Stikeman Elliott LLP, 36 Cornhill, London, England EC3V 3NG.

ENERKEM CORPORATION (DELAWARE), a corporation incorporated pursuant to the laws of the State of Delaware, having its registered office at c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801.

ENERKEM SPAIN HOLDINGS, SOCIEDAD LIMITADA (SPAIN), a company incorporated under the laws of Spain, having its registered office at calle Muntaner, number 292, 4o-2a, 08021 Barcelona.

9390-1783 QUEBEC INC., a corporation incorporated under the laws of the Province of Quebec, having its registered office at 1130 Sherbrooke Street West, Suite 600, Montreal, Quebec.

Applicants

-and-

ENERKEM ALBERTA BIOFUELS L.P., a limited partnership formed pursuant to the laws of Alberta, having an address at 1130 Sherbrooke Street West, Suite 600, Montreal, Quebec.

Mise-en-cause

-and-

DELOITTE RESTRUCTURING INC., a corporation incorporated pursuant to the laws of Canada, having a place of business at 1190 Avenue des Canadiens-de-Montréal, suite 500, Montreal, Quebec

Proposed Monitor

**FIRST REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED MONITOR**
(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. Enerkem Inc. ("**Enerkem Canada**"), Enerkem Alberta Biofuels Inc. ("**EAB GP**"), Enerkem Limited UK ("**Enerkem UK**"), Enerkem Corporation (Delaware) ("**Enerkem Delaware**"), Enerkem Spain Holdings, Sociedad Limitada (Spain) ("**Enerkem Spain**") and 9390-1783 Quebec Inc. ("**9390**") (collectively, "**Enerkem**", the "**Company**" or the "**Applicants**") have filed an *Application for the Issuance of an Initial Order, an Amended and Restated Initial Order and an Order Approving a Sale and Investment Solicitation Process* (the "**Application**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**"), before the Superior Court of Quebec (the "**Court**") seeking the appointment of Deloitte Restructuring Inc. ("**Deloitte**") as the CCAA monitor in these proceedings (the "**Proposed Monitor**") and various other reliefs.
2. This report (the "**First Report**") has been prepared by the Proposed Monitor prior to its appointment as monitor in the contemplated CCAA proceedings (the "**CCAA Proceedings**") to provide information to the Court for its consideration in respect of the Application including the proposed sale and investment solicitation process ("**SISP**") and the proposed Restructuring Transaction (as defined below) with the Ad Hoc Committee and addresses only those matters set out in the proposed first day initial order (the "**Proposed First Day Initial Order**") and the proposed order approving the SISP ("**Proposed SISP Order**") sought pursuant thereto.
3. If the Proposed First Day Initial Order is granted, the Applicants intend to return to Court to seek the issuance of the amended and restated initial order sought in the Application (the "**Proposed Amended and Restated Initial Order**") and the Proposed Monitor will file a supplemental report if needed to provide additional information and its views in respect of the Proposed Amended and Restated Initial Order being sought by the Applicants.
4. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

PURPOSE OF THIS REPORT

5. The purpose of the First Report of the Proposed Monitor is to provide information to the Court with respect to:
 - (i) Deloitte's qualifications to act as monitor;
 - (ii) The business, financial affairs and financial results of Enerkem;
 - (iii) Enerkem's creditors;

- (iv) The Restructuring Transaction and Restructuring Process;
 - (v) The SISP;
 - (vi) Enerkem's cash flow forecast;
 - (vii) The request for a stay of proceedings;
 - (viii) The Interim Financing;
 - (ix) The Key Employees Retention Program;
 - (x) The Charges sought in the Proposed First Day Initial Order and the Proposed Amended and Restated Initial Order; and,
 - (xi) The Proposed Monitor's conclusions and recommendations.
6. In preparing the First Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon, unaudited financial information, Enerkem's books and records and financial information prepared by Enerkem and discussions with management ("**Management**") of Enerkem (collectively, the "**Information**"). Except as described in this First Report in respect of the Applicants' Cash Flow Statement (as defined below):
- (i) The Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and,
 - (ii) Some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants Canada Handbook, has not been performed.
7. Future oriented financial information referred to in this First Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
8. Unless otherwise indicated, the Proposed Monitor's understanding of factual matters expressed in the First Report concerning Enerkem and their business is based on the Information, and not independent factual determinations made by the Proposed Monitor.

DELOITTE'S QUALIFICATIONS TO ACT AS MONITOR

9. Deloitte is a licensed insolvency trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada) and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.
10. Deloitte was first retained by the Company in 2019 to provide certain financial advisory services. In December 2023, the Proposed Monitor was retained once again by the Company to act as a consultant to, *inter alia*, review the operations and financial position of Enerkem. The mandate included the following matters:

- (i) Obtain a detailed understanding of the Company's assets, liabilities, operations and projected earnings and cash flows of the Company;
 - (ii) Validate and analyze the assumptions underlying the financial projections in view of establishing Enerkem's financing requirements;
 - (iii) Advise management with respect to potential enhancements to the cash flow and financial forecasts to enhance their utility and to facilitate the identification of potential alternative financial sources, including validating and identifying various options/levers that could be implemented quickly by Enerkem; and,
 - (iv) Work with management to develop different working scenarios and options that could be implemented by Enerkem.
11. Since December 2023, the Proposed Monitor has been involved with the Company on a periodic basis as its financial advisor. The Proposed Monitor has reviewed cash flow results compared to forecasts, participated in numerous discussions relating to the financing of the Company and other strategic discussions between Enerkem and its various stakeholders.
12. In the context of the foregoing, the Proposed Monitor has acquired material knowledge of Enerkem and its business acting as financial advisor during the period preceding the filing of the Application. The Proposed Monitor has spent time with Management understanding the operations and financial structure as more fully described in this First Report. Deloitte is, therefore, in a position to act without delay as Court-appointed monitor of Enerkem in an efficient and diligent manner in the CCAA proceedings for the benefit of all stakeholders.
13. The Proposed Monitor has retained Osler, Hoskin & Harcourt LLP ("**Osler**") to act as its independent counsel in the CCAA Proceedings.

THE BUSINESS, FINANCIAL AFFAIRS AND FINANCIAL RESULTS OF ENERKEM

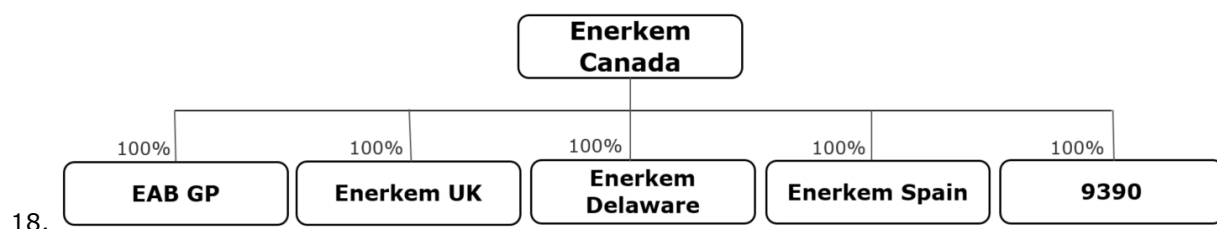
Historical overview

14. Founded in 2000, Enerkem specializes in converting heterogeneous waste and biomass materials into a diverse range of clean fuels and circular chemicals, using proprietary patented technology.
15. In 2014, Enerkem launched the world's first full-scale waste-to-biofuels and chemicals facility in Edmonton, Alberta (the "**Alberta Plant**"). This project was led by the mise-en-cause Enerkem Alberta Biofuels L.P. ("**EAB LP**"). While this facility successfully achieved its technology demonstration objectives at commercial scale, the Alberta Plant was retired at the end of January 2024, for a variety of reasons. Most notably, the local regulatory landscape was not favorable for low-carbon fuels and the Alberta Plant was subject to increased costs due among other things to global market conditions. Further details in connection with the decommissioning of the plant and the wind-down of activities are provided below.
16. Enerkem is also involved in the following two major projects:
- (i) Varennes Carbon Recycling ("**Varennes Facility**"), Varennes, Quebec, Canada: This is a new facility being built in Varennes by Varennes Cellulosic Ethanol L.P. ("**VCE**"), with whom Enerkem has agreements to license its proprietary patented technology (such as Enerkem's innovative process to produce biofuels and circular chemicals from non-recyclable waste and residual biomass) and to provide core proprietary equipment as well as engineering, procurement and other services. As a result of significant cost overruns in respect of the ongoing construction of the Varennes Facility and insufficient financing, VCE filed its own CCAA proceedings on March 11, 2025, in an effort to restructure its balance sheet. These CCAA proceedings are still ongoing.

- (ii) Ecoplanta plant ("**Ecoplanta Plant**"), El Morell, Tarragona, Spain: Enerkem has an agreement with Ecoplanta Molecular Recycling Solutions S.L. ("**Ecoplanta**") to license its proprietary patented technology in connection with a new facility to be constructed near Tarragona, Spain. The Proposed Monitor understands that this project will be the first of its kind in Spain dedicated to the commercial production of bio and circular methanol from non-recyclable waste and residual biomass. It is projected that Ecoplanta will process around 360,000 tonnes of waste and produce 285 million litres of methanol. There have been substantial delays for a variety of reasons in the execution of binding commercial agreements for the supply of engineering services and proprietary equipment to Ecoplanta.

Corporate structure

17. Enerkem corporate structure is reflected in the organization chart below:



Enerkem Canada

19. Enerkem Canada is a Quebec-based company with its head office located in Montreal, Quebec and is the ultimate parent of all the entities which form part of the Enerkem Group.
20. Enerkem Canada holds a complete portfolio of patents, know-how and intellectual property, including all the intellectual property relevant to its proprietary technology that recycles the carbon contained in non-recyclable waste into a pure synthesis gas, which can then be turned into methanol, cellulosic ethanol and other circular fuels and chemicals, using commercially available catalysts.

EAB GP / EAB LP

21. EAB GP is a wholly owned subsidiary of Enerkem Canada, and its head office is in Edmonton, Alberta.
22. EAB GP is the general partner of EAB LP, a limited partnership also located in Edmonton, Alberta. Enerkem Canada, as limited partner, holds 99.9999% of the units in EAB LP and EAB GP holds the remaining 0.0001% of the units in EAB LP.

Enerkem UK

23. Enerkem UK is a wholly owned subsidiary of Enerkem Canada and its head office is in London, England. It has no assets, bank account or operations, and only serves to process payroll remittances for one UK-based employee.

Enerkem Delaware

24. Enerkem Delaware is a wholly owned subsidiary of Enerkem Canada and its head office is in Delaware, USA.
25. Enerkem Delaware has no assets or operations, other than to act as the employer or payroll processor for three US-based employees.

26. Enerkem Delaware holds 100% of the units in both Enerkem Maryland LLC and EMB Holdings LLC. Enerkem Maryland LLC and EMB Holdings LLC are dormant limited liability corporations incorporated under the laws of Delaware, with no assets or operations, which are in the process of being liquidated outside of these CCAA proceedings.

Enerkem Spain

27. Enerkem Spain is a limited liability corporation, and its head office is in Barcelona, Spain.
28. Enerkem Spain has no assets or operations. It was created solely to act as a holding company for Enerkem's interest in the Ecoplanta Plant.
29. Enerkem Spain's equity interest in Ecoplanta was sold to Enerkem Spain's partner in the project, Repsol Química, S.A. ("**Repsol**"), on or around December 14, 2023. Repsol is currently the sole shareholder of Ecoplanta.

9390

30. 9390 is a wholly owned subsidiary of Enerkem Canada, and its head office is in Montreal, Quebec.
31. 9390 is a dormant entity with no assets, employees or operations.

Financial analysis

32. The following table sets out selected financial information for the periods indicated. The selected financial information below has been derived from the corresponding financial statements of Enerkem:

Income Statement For the period ended in 000's CAD	Audited 31-Dec-22 12 months	Audited 31-Dec-23 12 months	Unaudited 31-Dec-24 12 months
Revenue	51,092	73,242	52,632
Cost of sales	47,084	90,990	87,569
Gross profit (loss)	4,008	(17,748)	(34,938)
<i>Gross margin</i>	8%	-24%	-66%
Operating expenses	41,537	171,931	8,387
Research and development expenses	3,499	5,183	3,723
Impairment loss	-	-	5,954
Operating income (loss)	(41,028)	(194,862)	(53,002)
<i>Operating margin</i>	-80%	-266%	-101%

33. As appears above, in 2023, Enerkem increased its revenue by 43%, from \$51M in 2022 to \$73M in 2023. However, revenues dropped in 2024 totaling \$53M. The Proposed Monitor has been advised by management that the decrease in the results is due to timing of revenue recognition related to the Varennes Project, delays in the advancement of the Ecoplanta Project as well as the slowdown of certain other smaller projects.
34. In order to manage its limited liquidities, in January 2024, Enerkem announced the closure of the Alberta Plant and implemented various workforce-reductions and other cost-cutting measures.
35. Ultimately, given the significant amount of capital required to operate its business, as well as its significant debt-load and cash burn rate, Enerkem has been unable to be profitable as a business thus far.
36. As described in the table above, Enerkem has sustained operating losses over the last 3 years.

37. The table below illustrates Enerkem's historical balance sheet:

Balance Sheet For the period ended in 000's CAD	Unaudited 31-Mar-25 12 months
Cash	11,164
Trade and other receivables	4,124
Prepaid and deferred expenses	832
Deposits and other assets	63
Current assets	16,183
Property, plant and equipment	2,157
Intangible assets	100
Assets held for sale	6,000
Other non-current assets	1,820
Total assets	26,261
Trade and other payables	34,588
Other current liabilities	47,802
Convertible promissory notes	12,880
Short-term financing	73,197
Current portion of lease liabilities	703
Current portion of long-term debt	16,888
Current portion of other debts	220,434
Current liabilities	406,492
Lease liabilities	1,799
Other non-current liabilities	23,882
Total liabilities	432,173
Equity (deficit)	(405,912)
Total liabilities and equity	26,261

38. Enerkem's principal assets, as of March 31, 2025, are the following (*all values hereinafter are stated for indication purposes only*):

- (i) Cash of \$11.2M, has deteriorated since March 31, 2025, and amounts to approximately \$7.4M as of May 4, 2025;
- (ii) Trade and other receivables of \$4.1M, composed of \$9.6M of trade receivables, \$(9.1)M of allowance for expected credit losses, \$3.1M of sales tax receivable and \$0.5M of other receivables;
- (iii) Prepaid and deferred expenses of \$0.8M;
- (iv) Deposits and other assets of \$0.06M; and
- (v) Property, plant and equipment of \$2.2M, composed of \$1.5M of building and land and \$0.7M of lab equipment, computer equipment, office furniture, leasehold;
- (vi) Intangible assets totaling \$0.1M, reflecting mainly the capitalization of software licenses;

39. Other non-current assets of \$1.8M are essentially the right-of-use of assets of \$1.7M, primarily composed of 5-year leases for different offices, and \$0.1M of non-current portion of deposits and other assets and \$6M of Alberta Plant assets held for disposal.

Overall situation

40. As of the date of this First Report, and as explained in further detail below, Management estimates that Enerkem's working capital is not sufficient to allow it to meet its financial obligations, commitments and necessary budgeted expenditures for the foreseeable future.

ENERKEM'S CREDITORS

41. According to Enerkem's books and records, the following table summarizes the obligations of the Company to secured and unsecured creditors as of December 31, 2024:

Summary of debts			
As at March 31, 2025			
in 000's CAD			
	Secured	Unsecured	Total
Trade and other payables	-	31,568	31,568
Accrued salaries and vacation pay	-	3,020	3,020
Lease liabilities	-	2,502	2,502
Convertible debentures and promissory notes	220,434	12,880	233,314
Other current liabilities	-	12,936	12,936
Contract liabilities	-	48,529	48,529
Asset retirement obligation	-	10,219	10,219
Deferred credits	-	-	-
Short-term financing	73,197	-	73,197
Long term debt			
Fiera - Loan facility secured and guaranteed	16,275	-	16,275
FCM - Loan facility secured and guaranteed	613	-	613
Total secured and unsecured debt	310,520	121,654	432,173

Secured creditors

42. As illustrated in the table above, Enerkem has advised the Proposed Monitor that its principal secured creditors are as follows:
- (i) Repsol, ESC Sustainable Solutions Fund, L.P. ("**Eyre Street**") and certain funds managed by Monarch Alternate Capital LP ("**Monarch**", and collectively with Repsol and Eyre Street, the "**Noteholders**"); and
 - (ii) Fiera Private Debt Fund IV LP (formerly known as Integrated Private Debt Fund IV LP) ("**Fiera**") and Federation of Canadian Municipalities ("**FCM**").
43. On March 31, 2022, Enerkem Canada entered into a note purchase agreement and related documentation with the Noteholders for the issuance by Enerkem Canada and the purchase by the Noteholders of new senior secured convertible notes of an aggregate principal amount of \$95M and aggregate principal amount of US\$48M (the "**Convertible Notes**"), which note purchase agreement was amended and restated on February 16, 2024, to provide for certain amendments to the terms and conditions of the Convertible Notes, and to provide for the issuance of the Superpriority Notes (as described below). As at March 31, 2025, the aggregate principal amount owing in respect of the Convertible Notes was \$222M including accrued and capitalized interest. The amounts outstanding under the Convertible Notes are secured by a first ranking charge on all assets of Enerkem Canada and a second-ranking charge on the assets of EAB GP and EAB LP.
44. As part of the amendment and restatement of the note purchase agreement with the Noteholders in February 2024, Enerkem Canada issued and the Noteholders agreed to purchase a senior secured, superpriority notes of up to a maximum principal amount of the U.S. dollar equivalent of \$75M (the "**Superpriority Notes**"), secured by the same security package as the Convertible Notes. As at March 31, 2025, the aggregate principal amount outstanding in respect of the Superpriority Notes was approximately \$71.5M including accrued and capitalized interest.
45. Enerkem Canada, EAB GP and EAP LP are parties to a loan agreement with Fiera and FCM dated September 24, 2014, as amended on April 20, 2015, and March 31, 2022, pursuant to which Fiera and FCM made loans to Enerkem Canada (with EAB GP and EAP LP as guarantors) for an aggregate original principal amount of \$39,000,000 which was disbursed in two tranches (the "**Loan Facility**"). The Loan Facility is secured by a first lien on the assets of EAB GP and EAB LP and a second lien on the assets of Enerkem Canada. The

amount outstanding as at March 31, 2025, under the Loan Facility was approximately \$17M including accrued interest.

46. The Loan Facility and the Convertible Notes are set to mature in August 2025 and March 2026 respectively.
47. The Superpriority Notes matured on November 30, 2024, and the amounts owing in respect thereof are still outstanding, although the Noteholders have not yet demanded repayment thereof. As of the date of this First Report, Enerkem is unable to repay the amount owed under the Superiority Notes.
48. The above-noted secured indebtedness is more fully described in the Application.
49. The Proposed Monitor has asked Osler to conduct an independent review of the security granted to the various secured creditors over Enerkem's assets. This review is currently underway. Once completed, the Proposed Monitor will report to the Court accordingly.

Unsecured creditors

50. Enerkem has advised the Proposed Monitor that its principal unsecured liabilities, which are estimated to be in the aggregate of approximately \$122M as of March 31, 2025, as per the books and records of Enerkem, mostly consist of:
 - (i) Trade payables and accruals;
 - (ii) Accrued salaries and vacation pay;
 - (iii) Lease obligations;
 - (iv) Promissory notes;
 - (v) Other current liabilities, mainly composed of Alberta Innovates' repayable grant and;
 - (vi) Asset retirement obligations.
51. According to Management, payroll obligations are current, and the Applicants intend to continue to fulfill their payroll obligations as a going concern with respect to the current employees. Payments are made on a biweekly basis. Payroll management is outsourced to a third party, namely *Desjardins*. As per Management, all source deductions are current.
52. Over the last months, Enerkem faced several challenges, such as collection delays on outstanding accounts receivable from VCE, delays in current and future projects and lack of financing given its current balance sheet and the current market challenges. Therefore, the Proposed Monitor is of the view that Enerkem is insolvent.

THE RESTRUCTURING TRANSACTION AND RESTRUCTURING PROCESS

53. As appears from the Application, while there were significant efforts undertaken by the Company and the Noteholders to implement a comprehensive out-of-court restructuring. It was ultimately determined that an out-of-court solution was not feasible in the circumstances.
54. More recently, the Company engaged with a committee comprised of each of the three Noteholders (the "**Ad Hoc Committee**") and was able to reach an agreement on the principal terms of a comprehensive credit bid restructuring transaction to be implemented pursuant to proceedings under the CCAA (the "**Restructuring Transaction**"), the whole as detailed in the binding restructuring term sheet entered into by the Company and the Ad

Hoc Committee on May 9, 2025 (the “**Restructuring Term Sheet**”).

55. As further detailed in the Application, the Restructuring Transaction will allow for the going concern operations of the Company better positioned to achieve success with a healthier balance sheet achieved primarily through a credit bid of the Convertible Notes and Superpriority Notes, as detailed in the Restructuring Term Sheet. The Restructuring Transaction will also provide for a significant reduction in funded indebtedness and the provision of up to \$25 million in committed financing made available by the members of the Ad Hoc Committee consisting of the Interim Facility and the Exit Facility. It is also expected to better position the Company to execute the Ecoplanta agreements and achieve future success and growth.
56. Accordingly, the primary objective of the CCAA proceedings is to allow the Applicants to work with the Ad Hoc Committee to finalize definitive documentation in connection with the Restructuring Transaction while conducting, in parallel, with the assistance of the Monitor and Deloitte Corporate Finance (“**Deloitte CF**”) and under the supervision of this Court, the SISP, to determine if there is a superior third-party transaction that will provide for the repayment in full in cash of all DIP Facility Claims (as defined in the Restructuring Term Sheet) and claims in respect of the Convertible Notes and Superpriority Notes or an alternative transaction that is otherwise acceptable to the Company and the Ad Hoc Committee (a “**Superior Transaction**”). Should no Superior Transaction emerge from the SISP, the SISP shall be terminated and the Ad Hoc Committee and the Company will seek court approval in order to implement the Restructuring Transaction.
57. The Company will also take this opportunity to further restructure its business from an operational standpoint and implement additional cost-cutting measures, including, inter alia, further reducing operating costs through the review of contracts or leases and other restructuring measures to be determined and defined.
58. Accordingly, considering the foregoing and its limited cash resources, Enerkem, in consultation with the Proposed Monitor and its principal secured creditors, believes that the CCAA proceedings constitute the only available option allowing for the implementation of the Restructuring Transaction and the concurrent implementation of a SISP to determine if there is a Superior Transaction should one emerge from the SISP.
59. The Proposed Monitor will provide a more fulsome report to the Court in connection with the Restructuring Transaction if and when it is presented to the Court for approval.

THE SISP

60. Enerkem, in consultation with the Proposed Monitor, believes that implementing a robust SISP to solicit a wide range of potential offers to identify a Superior Transaction as provided for under the Restructuring Transaction is the most appropriate course of action to maximize the value for the benefit of creditors and various other stakeholders.
61. The SISP was developed by the Company, in consultation with the Proposed Monitor, the proposed Interim Lender and the Ad Hoc Committee.
62. The SISP is intended to solicit interest in executable transaction alternatives that would constitute a Superior Transaction, including a sale in respect of Enerkem’s businesses through one or multiple transactions and/or an investment, recapitalization, refinancing or other form of reorganization transaction(s). For clarity, the Restructuring Transaction is not subject to the SISP.
63. The Company’s limited liquidity requires the implementation of a SISP within a short and critical timeframe, the whole as provided for in the Restructuring Transaction Term Sheet and the Interim Facility. Accordingly, subject to the issuance of the Proposed SISP Order by the Court, the SISP is expected to be launched as soon as possible. The Proposed Monitor

supports the Applicants' request that the SISP be approved concurrently with the issuance of the Proposed First Day Initial Order, in the best interests of all stakeholders.

64. The Monitor intends to be supported by Deloitte CF for the SISP. The Deloitte CF duties and obligations requested by the Monitor include:
- a) Assist in drafting certain marketing materials ("**Marketing Materials**") that describe the Business.
 - b) Assist in identifying parties that meet the Company's specifications that may have an interest in a transaction, approach identified parties that have been approved by Management with respect to their potential interest in a transaction and assist in assessing the financial and strategic appeal of approved parties.
 - c) Deliver Marketing Materials, on behalf of the Company, to those approved parties who have indicated a level of interest in a transaction ("**Interested Parties**").
 - d) Assist with the coordination of the due diligence process with Interested Parties (including by assisting with the execution of non-disclosure agreements between the Company and such parties) and facilitate Management presentations with selected Interested Parties.
 - e) Assist in the analysis of potential structures of a potential transaction, provide consultation to the Company in connection with structuring alternatives of a Transaction, assist in analyzing estimates of potential value of the Business, and advise the Company in connection with negotiation of the financial elements of a Transaction (including by reading and providing business comments on certain Transaction documents prepared by the Company's or counterparty's legal counsel).
65. The SISP Procedures contemplate a two (2) phase bidding process. In the event that there is no non-binding LOI that provides for a Superior Transaction, or no Binding Offer that provides for a Superior Transaction, the SISP will terminate and the parties will work to implement the Restructuring Transaction, in accordance with the terms and conditions of the Restructuring Term Sheet, including Court approval.
66. The terms of the SISP are more fully set out in the SISP Procedures; a summary of the key milestones is provided below:

<u>Event</u>	<u>Date</u>
PHASE 1	
1. <u>Solicitation Letter</u> Financial Advisor to distribute a Solicitation Letter to potential interested parties	Starting May 12, 2025
2. <u>CIM and VDR</u> Applicants to prepare and have available the CIM and VDR for parties having executed the NDA (Potential Bidders	By no later than May 14, 2025

<u>Event</u>	<u>Date</u>
3. <u>Phase 1 Qualified Bidders & Bid Deadline</u> Phase 1 Bid Deadline (for delivery of non-binding LOIs by Phase 1 Qualified Bidders in accordance with the requirements of paragraph 10 of the SISP Procedures)	By no later than June 19, 2025, at 5:00 pm (ET)
4. <u>Phase 1 Satisfactory Bid</u> Financial Advisor to notify each Phase 1 Qualified Bidder in writing as to whether its bid constituted a Phase 1 Satisfactory Bid	By no later than June 26, 2025
If applicable, termination of SISP if none of the non-binding LOIs by Phase 1 Qualified Bidders provide for a Superior Transaction.	
PHASE 2	
5. <u>Phase 2 Bid Deadline & Qualified Bidders</u> Phase 2 Bid Deadline (for delivery of definitive offers by Phase 2 Qualified Bidders in accordance with the requirement of paragraph 24 of the SISP Procedures)	By no later than August 1, 2025, at 5:00 pm (ET)
If applicable, termination of SISP if none of the Binding Offers by Phase 2 Qualified Bidders provide for a Superior Transaction.	
6. <u>Selection of final Successful Bid(s)</u> Deadline for selection of final Successful Bid(s)	By no later than August 8, 2025
7. <u>Definitive Documentation</u> Completion of definitive documentation in respect of Successful Bid(s)	By no later than August 15, 2025
8. <u>Approval Application - Successful Bid(s)</u> Filing of Approval Application in respect of Successful Bid(s)	By no later than August 22, 2025
9. <u>Closing - Successful Bid(s)</u> Anticipated deadline for closing of Successful Bid(s)	By no later than August 29, 2025

Event	Date
10. Outside Date – Closing Outside Date by which the Successful Bid must close	By no later than September 5, 2025

67. The Proposed Monitor is of the view that the SISP including the timeline set forth above is reasonable and appropriate in the circumstances, particularly in light of the extensive financing efforts that have already been undertaken prior to the CCAA Proceedings and the limited liquidity of the Company.

ENERKEM'S CASH FLOW FORECAST

68. Enerkem, with the assistance of the Proposed Monitor, has prepared the statement of projected cash flow (the "**Cash Flow Statement**") for the 16-week period from May 5, 2025, to August 22, 2025 (the "**Cash Flow Period**") for the purpose of forecasting Enerkem's estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Statement is provided in **Appendix A** of this First Report.
69. The Cash Flow Statement has been prepared by Enerkem using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.
70. The Proposed Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions need not to be supported, the Proposed Monitor's procedures were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Proposed Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.
71. Based on the Proposed Monitor's review and the foregoing qualifications and limitations, nothing has come to its attention that causes it to believe that, in all material respects:
- (i) The hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
 - (ii) As at the date of this First Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of Enerkem or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or
 - (iii) The Cash Flow Statement does not reflect the probable and hypothetical assumptions.
72. Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no opinion as to whether the projections in the Cash Flow Statement will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report. Neither does the Proposed Monitor express any opinion as to the performance of Enerkem's statutory obligations with regard to projected payments to be made in accordance with the Cash Flow Statement, *inter alia* the payment of wages, the government remittances and the payroll deductions to be made by Enerkem.

73. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement, and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.
74. The key assumptions used in the Cash Flow Statement are based on the Company's most recent sales and costs trends prior to the issuance of the Proposed First Day Initial Order. Enerkem's consolidated cash balance as of May 4, 2025, is approximately \$7.4M.
75. The Cash Flow Statement demonstrates that the liquidity level will not be sufficient to fund the current level of operations during the initial 16-week period without access to interim financing.
76. The Interim Lender (as defined herein) has agreed to provide the Company with interim financing during the CCAA proceedings.
77. Management anticipates more restrictive payment terms for purchases from suppliers following the announcement of the CCAA proceedings. As such, Management has anticipated certain "cash on delivery" purchases.
78. As appears from the Cash Flow Statement and the Application, in order to preserve the value of its operations during the SISP, Enerkem intends to continue to pay its trade creditors for services rendered and goods supplied in the normal course of business during these CCAA proceedings.
79. Management has advised the Proposed Monitor that it believes that the forecast reflected in the Cash Flow Statement is reasonable.

THE REQUEST FOR A STAY OF PROCEEDINGS

80. Should the Court grant the First Day Initial Order, First Day Initial Order will provide for a 10-day Stay Period. The Applicants, in their Proposed Amended and Restated Initial Order are seeking at the comeback hearing an extension of the Stay Period until August 22, 2025, in order to pursue the Restructuring Transaction and pursue the SISP, under the supervision of this Court.
81. The Proposed Monitor is informed that the Applicants intend to continue to pay their trade creditors for services rendered and goods supplied in the normal course of business during the CCAA Proceedings.
82. As described in this First Report, the Cash Flow Statement indicates that the Applicants should have sufficient liquidity to continue to meet their obligations in the ordinary course of business, with access to the Interim Financing.

THE INTERIM FINANCING

83. As it appears from the Cash Flow, interim financing is required during the course of these CCAA Proceedings to advance the Restructuring Transaction and to continue and complete the SISP.
84. In order to implement the contemplated restructuring, the Company and Repsol (the "**Interim Lender**"), have agreed on the terms of interim financing, the terms and conditions of which are set out in the Interim Financing Term Sheet (the "**Interim Facility**").
85. More specifically, the Interim Financing Term Sheet provides for the following material terms and conditions (and all capitalized terms not otherwise defined hereunder have the meaning ascribed to them in the Interim Financing Term Sheet):

- a) **Interim Facility:** A senior secured superpriority debtor-in-possession, non-revolving multiple draw credit facility up to a maximum principal amount of \$12.5 million.
- b) **Interest Rate:** 15% per annum.
- c) **Security:** Super-priority charge (i.e. the “**Interim Lender’s Charge**”) against the Property of the Applicants, subordinate to the Administration Charge, the KERP Charge and the D&O Charge, as set out in the draft Initial Order and ARIO, in order to secure all advances to be made under the Interim Financing Term Sheet. Such super-priority charge will not secure obligations incurred prior to the commencement of these CCAA Proceedings;
- d) **Permitted Purposes:**
 - i) to pay (i) the reasonable and documented legal and financial advisory fees and expenses of the Interim Lender, (ii) the reasonable and documented sale and financial advisory fees and legal fees and expenses of the Obligors (including, without limitation, any fees and expenses of Stikeman Elliott LLP), (iii) amounts pursuant to the Approved KERP, (iv) the reasonable and documented fees and expenses of the Monitor and its legal counsel, and (v) the reasonable and documented fees and expenses of the Ad Hoc Committee Advisors;
 - ii) to pay the other fees and interest owing to the Interim Lender;
 - iii) to fund the Obligors’ general corporate and working capital purposes, including funding the CCAA Proceedings and the pursuit of the SISP; and
 - iv) advance and implement the Restructuring Transaction pursuant to the terms of the Restructuring Transaction Term Sheet and pay for fees and expenses of advisors in accordance thereto.
- e) **Maturity Date:** On the earliest occurrence of, *inter alia*, the following events:
 - i) the occurrence of any Event of Default which is continuing and has not been cured or waived in writing, and a demand for repayment in writing having been made by the Interim Lender to Energem Canada with a copy to the Monitor;
 - ii) in respect of any Obligor, the termination of the CCAA Proceedings and/or the conversion thereof into a proceeding under the *Bankruptcy and Insolvency Act* (Canada) other than with the prior consent of the Interim Lender;
 - iii) in respect of any Obligor, the implementation of a plan of arrangement under the CCAA other than with the prior consent of the Interim Lender; and
 - iv) September 9, 2025.
- f) **Material Conditions:** Issuance by the Court of the Initial Order, as well as the other conditions listed in the Interim Facility Term Sheet.

86. The Interim Facility, if it is authorized, will allow the Applicants to benefit from the funding they require to maintain their operations and implement the Restructuring Transaction and the SISP. It will allow the Company to fund its operations and these CCAA Proceedings for the benefit of its stakeholders.
87. It is a condition of the Interim Facility that it be approved and authorized upon issuance of the First Day Initial Order even though the Company is not expected to draw on the Interim Facility until a later date.
88. The Proposed Monitor supports the Company's request for interim financing for the following reasons:
- (i) No creditor will be materially prejudiced as a result of the Interim Lender's Charge, as the funding is expected to allow the Company to continue its restructuring efforts and implement the Restructuring Transaction or alternatively, a superior transaction resulting from the SISP, the whole for the benefit of the stakeholders generally; and
 - (ii) The Proposed Monitor considered the terms of the Interim Facility and its costs to the Company and is of the view that same is fair, reasonable and adequate in the circumstances.
 - (iii) The Proposed Monitor further supports the approval of the Interim Facility and the Interim Lender's Charge as at the issuance of the First Day Initial Order as the Interim Facility is an integral part of the Restructuring Transaction Agreement, the SISP is intended to commence as soon as possible following the issuance of same and it is essential that the Company have access to sufficient liquidities in order to pursue and complete the SISP and the Restructuring Transaction in parallel.

KEY EMPLOYEES' RETENTION PROGRAM

89. The Proposed Monitor understands that certain Enerkem employees are specialized and have key knowledge about the Company's proprietary technology and operations, as well as the business and the industry in which it operates, and it would be challenging for the Company to replace should they pursue other employment opportunities.
90. Accordingly, Management has developed and implemented over the last year a key employee retention plan (the "**KERP**") to encourage key employees to remain employed by Enerkem. Management and the Proposed Monitor believe that retaining certain key employees is essential to the successful restructuring of Enerkem and the SISP and that in the absence of the KERP, such employees are likely to seek other employment opportunities.
91. A copy of the KERP has been presented as **Appendix B under seal**.
- As mentioned, the KERP is already in place and a first payment was made thereunder in the previous months. As per the terms of the KERP, an additional payment is planned in June 2025, totaling approximately \$0.85M.
92. The Proposed Monitor has reviewed the KERP and believes that it is necessary and appropriate in the circumstances.

CHARGES SOUGHT IN THE PROPOSED FIRST DAY INITIAL ORDER AND THE PROPOSED AMENDED AND RESTATED INITIAL ORDER

Administration Charge sought in the Proposed First Day Initial Order

93. The Proposed First Day Initial Order provides that the Monitor, the Monitor's legal counsel (Osler), legal counsel for the Applicants (Stikeman Elliot LLP) and the Ad Hoc Committee Advisors as security for the professional fees and disbursements incurred both before and after the issuance of the Proposed First Day Initial Order in respect of the CCAA Proceedings are entitled to the benefit of a charge, hypothec and security against the assets of the Applicants (the "**Property**"), up to an initial aggregate amount of \$0.2M (the "**Administration Charge**"). The Administration Charge has been established based on the respective professionals' previous experience with restructurings of similar magnitude and complexity.
94. The Proposed Monitor believes that the Administration Charge is required and reasonable under the circumstances.

Directors' and Officers' Charge sought in the Proposed First Day Initial Order

95. The Proposed Monitor understands that the Applicants hold insurance which provides for coverage with respect to directors' and officers' liability ("**D&O Insurance**"). The D&O Insurance has not been reviewed by the Proposed Monitor as of the date hereof.
96. The Proposed Monitor understands that the directors and officers of the Applicants intend to remain in their respective roles, and their committed and continued support is key to complete the SISP and the restructuring process. In exchange for their continued service, the directors and officers are requiring indemnification against any obligations and liabilities that they may incur in such capacity.
97. The Proposed First Day Initial Order provides for a priority charge in the amount of up to \$1.4M in favor of the directors and officers of Enerkem in respect of liabilities incurred in such capacity after the issuance of the Proposed First Day Initial Order, except to the extent that such obligation or liability was incurred as a result of the directors' and officers' gross negligence, willful misconduct or gross or intentional fault ("**D&O Charge**").
98. As per the Application, the D&O Charge becomes effective only if the existing D&O Insurance is not available or is insufficient.
99. The amount of the D&O Charge has been calculated by the Proposed Monitor, taking into consideration the periodic payroll costs of existing employees, the accruing and average sales tax payments, having considered the analysis prepared by Enerkem in that regard. A detailed calculation of the potential exposure of the directors and officers that will benefit from the D&O Charge is provided in **Appendix C**.
100. The Proposed Monitor believes that the D&O Charge is required and is reasonable under the circumstances.

KERP Charge

101. The Proposed First Day Initial Order provides for a priority charge for the KERP in the amount of \$0.85M in favor of the employees covered by the KERP, as described earlier in this First Report (the "**KERP Charge**" and together with the Administration Charge, the D&O Charge and the Interim Lender Charge, the "**CCAA Charges**").
102. The Proposed Monitor believes that the KERP Charge is required and is reasonable.

Interim Lender's Charge

103. For the reasons set forth above, the Proposed Monitor supports the approval of the Interim Lender's Charge sought in the First Day Initial Order.

Increases to certain CCAA Charges sought in the Proposed Amended and Restated Initial Order

104. If the Proposed First Day Initial Order is granted, the Applicants will seek the issuance of the Proposed Amended and Restated Initial Order, which includes the following adjustments to the CCAA Charges:
- (i) An increase in the Administration Charge to the total amount of \$1.0M; and
 - (ii) An increase in the D&O Charge to a total amount of \$2.0M;
105. The Proposed Monitor is of the view that the proposed modifications to the CCAA Charges to be sought pursuant to the Proposed Amended and Restated Initial Order are reasonable and appropriate in the circumstances.
106. The priorities of the CCAA Charges as between them are set out in the Proposed First Day Initial Order and the Proposed Amended and Restated Initial Order.

THE PROPOSED MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

107. The Proposed Monitor believes that the Applicants should be granted the benefit of protection under the CCAA, in accordance with the Proposed First Day Initial Order (including granting of the CCAA Charges provided therein for the initial amounts set out above) as it will allow the Applicants the opportunity to proceed with the contemplated restructuring pursuant to the Restructuring Term Sheet and to launch the SISP without delay, in accordance with the Proposed SISP Order, the whole for the benefit of their stakeholders.
108. The Proposed Monitor believes that the Applicants should be granted a Stay Period until August 22, 2025, in order to advance in their restructuring efforts and implement the SISP.
109. The Proposed Monitor respectfully recommends that the Applicants' request for the Proposed First Day Initial Order and the Proposed SISP Order, including the ancillary relief described in this First Report be granted by this Court.
110. The Proposed Monitor respectfully submits to the Court this, its First Report.

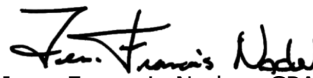
DATED AT MONTREAL, this 11th day of May 2025.

DELOITTE RESTRUCTURING INC.

In its capacity as Proposed Court-Appointed Monitor of
the Petitioners



Benoit Clouâtre, CPA, CIRP, LIT
Senior Vice President



Jean-François Nadon, CPA, CIRP, LIT
President

APPENDIX A

CASH FLOW STATEMENT

ENERKEM INC.																		
Weekly cash-flow for the 16-week period ending August 24, 2025																		
in \$CAD																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16		
Week ending	Forecast 11-May	Forecast 18-May Phase 1	Forecast 25-May Phase 1	Forecast 1-Jun Phase 1	Forecast 8-Jun Phase 1	Forecast 15-Jun Phase 1	Forecast 22-Jun Phase 1	Forecast 29-Jun	Forecast 6-Jul Phase 2	Forecast 13-Jul Phase 2	Forecast 20-Jul Phase 2	Forecast 27-Jul Phase 2	Forecast 3-Aug Phase 2	Forecast 10-Aug Closing	Forecast 17-Aug Closing	Forecast 24-Aug Closing	Total 16-week	
Receipts																		
DIP Financing	-	-	-	2,000	-	-	2,000	-	2,000	-	2,000	-	2,000	-	-	2,000	12,000	
Total receipts	-	-	-	2,000	-	-	2,000	-	2,000	-	2,000	-	2,000	-	-	2,000	12,000	
Disbursements																		
Payroll	(800)	-	(800)	-	(800)	-	(800)	-	(800)	-	(800)	-	(800)	-	(800)	-	(6,400)	
Wages/Vacation payout	(475)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(475)	
Tax equalization	-	(38)	(50)	-	(25)	(25)	(25)	-	-	-	-	-	-	-	-	-	(163)	
KERP	-	-	-	-	-	-	-	-	(841)	-	-	-	-	-	-	-	(841)	
Project Delivery	(10)	-	(10)	-	(10)	-	(10)	-	(10)	-	(10)	-	(10)	-	(10)	-	(80)	
Contractors	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(720)	
R&D	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(400)	
Rent	-	-	-	-	(105)	-	-	-	-	(101)	-	-	-	(101)	-	-	(307)	
IT licences, security and others	-	(208)	(192)	(245)	-	-	(232)	-	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(46)	(1,245)	
Consultants	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(400)	
Professional fees	(395)	(175)	(125)	(175)	(180)	(175)	(175)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(250)	(2,650)	
Travel	(12)	(12)	(12)	(14)	(12)	(12)	(12)	(14)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(13)	(204)	
Administrative	(244)	(30)	(30)	(30)	(36)	(311)	(36)	(37)	(36)	(36)	(36)	(36)	(36)	(36)	(36)	(36)	(1,042)	
DIP Financing costs	-	-	-	-	(24)	-	-	-	(40)	-	-	-	(57)	-	-	-	(121)	
Contingency	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(480)	
Total disbursements	(2,061)	(588)	(1,344)	(589)	(1,317)	(648)	(1,415)	(301)	(2,036)	(446)	(1,155)	(345)	(1,212)	(446)	(1,155)	(470)	(15,528)	
Net cash flow	(2,061)	(588)	(1,344)	1,411	(1,317)	(648)	585	(301)	(36)	(446)	845	(345)	788	(446)	(1,155)	1,530	(3,528)	
Net cash (Shortfall) - Beginning	7,378	5,317	4,729	3,385	4,796	3,479	2,831	3,416	3,115	3,079	2,633	3,478	3,133	3,921	3,475	2,320	7,378	
Net cash (Shortfall) - End	5,317	4,729	3,385	4,796	3,479	2,831	3,416	3,115	3,079	2,633	3,478	3,133	3,921	3,475	2,320	3,850	3,850	

NOTES TO THE CASH FLOW STATEMENT

NOTE A – PURPOSE

The purpose of these cash flow projections is to determine the liquidity requirements of Enerkem during the CCAA proceedings until August 22, 2025.

NOTE B

The Cash Flow Statement has been prepared by Enerkem using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.

The Proposed Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Proposed Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.

NOTE C - DEFINITIONS

(1) CASH FLOW STATEMENT:

In respect of a company, means a statement indicating, on a weekly basis (or such other basis as is appropriate in the circumstances), the projected cash-flow of the company as defined in section 2(1) of the Act based on Probable and Hypothetical Assumptions that reflect the company's planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS:

Means assumptions with respect to a set of economic conditions or courses of action that are not necessarily the most probable in the company's judgment, but are consistent with the purpose of the Cash Flow Statement.

(3) PROBABLE ASSUMPTIONS:

Means assumptions that:

- (i) The company believes reflect the most probable set of economic conditions and planned courses of action, **Suitably Supported** that are consistent with the plans of the company; and
- (ii) Provide a reasonable basis for the Cash Flow Statement.

(4) SUITABLY SUPPORTED:

Means that the Assumptions are based on either one or more of the following factors:

- (i) The past performance of the company;
- (ii) The performance of other industries/market participants engaged in similar activities as the company;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each Assumption, and an assessment as to the reasonableness of each Assumption, will vary according to circumstances and will be influenced by factors such as the significance of the Assumption and the availability and quality of the supporting information.

NOTE C – ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
<u>Opening Cash Balance</u>	Based on current bank balances	X	
<u>Exchange Rate</u>	Exchange rate used by management is the following: <ul style="list-style-type: none"> US \$/Cnd \$ = 1.35 EUR \$/Cnd \$ = 1.55 	X	
<u>Forecasted Cash Receipts:</u>			
DIP financing	Based on the cash-flow requirement	X	
<u>Forecasted Cash Disbursements:</u>			
Payroll	Based on the expected level of employees	X	
Wages/Vacation payout	Calculation based on the selected resources to be terminated	X	
Tax equalization	Based on statutory payments for foreign assignments of employees and former employers		X
KERP	Based on the KERP Agreement	X	
Project Delivery	Based on the Company's historical costs and Management's estimate for non-personnel related project – related costs and support		X
Contractors	Based on the Company's historical costs and Management's estimate for key contractors supporting projects		X
R&D	Based on Management's estimate for the coming weeks		X
Rent	As per scheduled payments based on actual contracts	X	
IT licences, security, apps, hardware	Based on the Company's historical costs and Management's estimate for the coming weeks	X	
Consultants	External resources for corporate support based on historical data and contracts		X

Professional fees	Based on estimate of professional fees to be incurred in the following months		X
Travel	Based on Management's estimate for the coming weeks		X
Administrative	Bases on historical costs and actual contracts for commercial insurance, group health insurance, office and SG&A	X	
DIP Financing costs	Based on the DIP term sheet	X	
Contingency	Contingency of \$30K per week		X

APPENDIX B

KEY EMPLOYEES RETENTION PROGRAM
("KERP")

(UNDER SEAL)

APPENDIX C

Directors and Officers Charge
("D&O Charge")

Initial Order:

Energem inc.		
Estimated D&O Charge Calculation		
<i>in '000 CAD</i>	Amount	Comments
Salaries	1,200	Representing 3 weeks
Vacations	120	Accrual for 3 weeks
Total	1,320	

Amended and Restated Initial Order:

Energem inc.		
Estimated D&O Charge Calculation		
<i>in '000 CAD</i>	Amount	Comments
Salaries	1,200	Representing 3 weeks
Vacations	720	Accrual for the CCAA period (19 weeks)
Total	1,920	