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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-1(b)

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Proposed Attorneys for Debtors

In Re:

POOLIN TECHNOLOGY PTE. LTD., *et al.*,[1]

Debtors.

Case No. 26-18325 (EJO)

Chapter 11

(Jointly Administered)

Judge: Eamonn J. O'Hagan

DEBTORS' OMNIBUS REPLY IN SUPPORT OF THE PROPOSED SALE AND IN RESPONSE TO THE OBJECTION OF ABBAUER INDUSTRIES, LLC AND CES ACQUISITIONS LLC

Poolin Technology Pte. Ltd. ("Poolin") and its affiliated debtors and debtors-in-possession: Lonestar Dream Inc. ("LSD"); and Lonestar Taproot, LLC ("LST" and collectively, the "Debtors"), hereby respectfully submit this omnibus reply (this "Reply") in support of their proposed sale and in response to (i) the *Objection to Proposed Sale*

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtors' federal tax identification number, are: Poolin Technology Pte. Ltd., a Singapore Private Limited Company; Lonestar Dream Inc. (5105); and Lonestar Taproot LLC (4118). The location of the Debtors' service address for purposes of these Chapter 11 Cases is: c/o Michael DuFrayne, CRO, 2564 US Highway 1, PMB #16884166, Lawrence, NJ 08648.

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[Docket No. 221] and the *Supplemental Objection of Abbauer Industries, LLC to the Proposed Sale* [Docket No. 250] each filed by Abbauer Industries, LLC ("AI") (together, the "AI Objection"); (ii) the *Objection of CES Acquisitions LLC to the Proposed Sale* [Docket No. 251] together with the earlier *Limited Joinder* to the AI Objection [Docket No. 227] each filed by CES Acquisitions LLC ("Crusoe")[2] (together, the "Crusoe Objection" and, with the AI Objection, the "Objections"), and (iii) the joinders of Lin Liang [Docket No. 225] and Yu Chong Leong [Docket No. 223].[3] This reply is supported by the accompanying Declaration of Michael DuFrayne (the "DuFrayne Declaration"). The Debtors respectfully state as follows:

PRELIMINARY STATEMENT

1. Neither objector belongs in this dispute. AI is not a creditor and is not a bidder; it is a would-be developer that was invited into the Debtors' marketing process, given several weeks of pre-petition data room access, asked to bid, and afforded every opportunity to conduct diligence, yet chose not to submit a Qualified Bid. Crusoe stands in the same position: it too was engaged before the Petition Date—its energy team as early as April 2026—received ample access to the diligence materials and chose not to submit a Qualified Bid. Each now asks this Court to undo its own decision to sit out. AI asks the Court to adjourn the Sale Hearing, rewrite the Court-approved Bidding Procedures, order the Debtors to hire AI, borrow AI's money, direct the Debtors to exercise a $6 million option the estate cannot fund, and defer the disposition of the estate's most valuable assets while AI attempts a speculative development plan. AI's proposal amounts to nothing more

[2] Together the AI Objection and the Crusoe Objection are referred to herein as the "Objections."

[3] The joinders filed on behalf of Mr. Liang and Mr. Leong do not raise any additional facts or arguments and should be overruled for the reasons set forth herein.

than speculation and vaporware. Crusoe, having watched the Auction from the sidelines, asks the Court to set aside a signed, enforceable sale and reopen bidding around agreements it prepared only after seeing the results. Neither may be heard, and neither is correct on the merits.

2. The Court should overrule the Objections for several reasons that are independent and dispositive. First and foremost, neither AI nor Crusoe has standing. Whatever label they adopt— "party in interest," "Potential Bidder," "backup bidder," or otherwise—the fact remains that they are not creditors and have no contract with the estates. Their only "interest" is a hoped-for acquisition profit that the Bankruptcy Code does not protect. The parties that would benefit from their proposals are Crusoe and AI, not the Debtors' creditor body. Because they are not persons aggrieved, they may not be heard. Second, even if the Court were inclined to credit them, all of their arguments fail on the merits. The September 30 option deadline is a real constraint the estate cannot resolve on its own; despite all the verbiage that the option deadline is illusory, no party has proposed a viable solution. Third, the attacks on certain aspects of the Bidding Procedures, including that they required cash bids, are untimely challenges to this Court's Bid Procedures Order, which neither AI nor Crusoe ever opposed despite having notice. Fourth, the sale is the product of a competitive, Court-approved auction and the Debtors' and the Committee's considered business judgment, and neither the Court's equitable powers nor section 105(a) authorizes the Court to set that judgment aside and hand control to latecomers. That would be a futile exercise resulting in the forfeiture of an existing, good-faith, enforceable deal and leaving the estates to negotiate once again from a position of weakness.

RELEVANT BACKGROUND

3. On July 22, 2026 (the "Petition Date"), the Debtors each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of New Jersey (the "Court"), thereby commencing the above-captioned cases (these "Cases" or these "Chapter 11 Cases"). The Debtors continue to manage their assets as debtors in possession.

4. On August 12, 2026, the United States Trustee for the District of New Jersey (the "U.S. Trustee") appointed an official committee of unsecured creditors (the "Committee") pursuant to section 1102 of the Bankruptcy Code [Docket No. 112].

5. Additional factual background regarding the Debtors' current and historical business operations and the events leading to these Chapter 11 Cases is set forth in the *Declaration of Michael DuFrayne in Support of Debtors' Chapter 11 Petitions and First Day Motions* [Docket No. 2] (the "First Day Declaration") which is incorporated by reference herein. The First Day Declaration also describes the pre-petition sale efforts spearheaded by Mr. DuFrayne.

6. As set forth in the First Day Declaration, the Debtors' assets consist principally of two West Texas sites, Pyote and Tarbush. First Day Decl., ¶¶27-40.

7. The Tarbush site is served by an option to purchase an adjacent parcel (the "Option") that expires September 30, 2026, with no available extension (despite the baseless suppositions of these non-parties). The Option carries an approximately $6 million purchase price that the buyer, not the estate, is to fund. DuFrayne Declaration ¶ 7. The Debtors cannot preserve the Option by exercising it in a vacuum. Exercise would obligate the estate to the significant purchase price it cannot afford and would expose it to a $6 million liability with no committed buyer behind it. The Option can be preserved only

through an approved sale to a buyer that will fund and close on it. DuFrayne Declaration ¶ 7. Stated simply, the Debtors cannot exercise the Option unless they have a binding, Court-approved agreement with a buyer even if closing is to occur beyond the Option deadline and the Debtors are the party that will actually exercise the Option.

8. On August 17, 2026, the Court entered the *Order (I) Approving Bidding Procedures for the Sale of Substantially All of the Debtors' Assets, (II) Authorizing the Debtors to Designate the Stalking Horse Bidder, (III) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (IV) Approving Procedures for the Assumption and Assignment of or Rejection of Designated Executory Contracts and Unexpired Leases, (V) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof, and (VI) Granting Related Relief* [Docket No. 138] (the "Bid Procedures Order"), which, among other things, approved the procedures attached to the Bid Procedures Order as Exhibit 1 (the "Bidding Procedures") and set the timeline for marketing, auction, and sale.

9. The Bidding Procedures required each bid to set forth "Cash Consideration" and to be a "Topping Bid" measured by consideration at closing, required that bids could not be "… subject to contingencies of any kind, including, without limitation, contingencies related to financing, internal approval, or due diligence," and provided that a Qualified Bid would be "valued by the Debtors based upon any and all factors that the Debtors deem pertinent in their reasonable business judgment," including risk and timing. Bidding Procedures, §2.

10. The Bid Procedures Order and Bidding Procedures also expressly and conspicuously reserved the Debtors' right to modify or waive the procedures in their

reasonable business judgment consistent with maximizing value. Bid Procedures Order, ¶2; Bidding Procedures, §2(xiii). Neither AI nor Crusoe objected to the Bidding Procedures Order.

11. On August 18, 2026, the Debtors served the Notice of Sale by Auction and Sale Hearing (the "Sale Notice") on both AI and Crusoe by email. DuFrayne Declaration ¶ 9 & Ex. A (the Sale Notice and proof of its service on AI and Crusoe). The Sale Notice set forth each governing deadline, including the August 27, 2026 deadline for indications of interest, the September 8, 2026 Bid Deadline, the September 10, 2026 Auction, and the September 18, 2026 Sale Hearing. *Id.* Both AI and Crusoe therefore had actual, written notice of the process and every deadline in it.

12. AI was introduced to the Debtors on June 25, 2026, before the Petition Date, executed a non-disclosure agreement, and received data room access. *See Certification of Noah Cawley in Support of Objection of Abbauer Industries, LLC to Proposed Sale* ("Cawley Certification") annexed to the AI Objection, ¶¶ 3-4. AI's data room access was suspended, like all bidders other than the Stalking Horse, but was restored upon request on August 28, 2026, after it submitted its indication of interest. *Id.* at ¶¶ 5-7. AI and its representatives had the opportunity to, and actually did, extensively review the diligence materials, and the Debtors and the CRO promptly answered AI's questions, provided the diligence AI requested, and worked to facilitate AI's access and diligence. DuFrayne Declaration ¶ 11 & Ex. B (Abbauer data room access log). AI had the same, if not better, opportunity to prepare and submit a Qualified Bid compared to the other bidders.

13. AI's non-binding indication of interest identified Galaxy Digital Inc. as its "preferred development partner and exclusive debt capital partner." DuFrayne Declaration

¶ 13. AI did not submit a Qualified Bid by the September 8, 2026 Bid Deadline. *Id.* Even up until the Bid Deadline itself, AI promised that it was prepared to and intended to submit a Qualified Bid. AI transmitted certain bid materials, which were accepted by the Debtors after the passing of the Bid Deadline. The Debtors, consistent with their reserved discretion to waive procedural requirements in the exercise of business judgment, made clear they were prepared to consider a Qualified Bid from AI even if submitted after the deadline. *Id.* ¶ 12. **No Qualified Bid ever came**. Only late in the evening before the Auction—for the first time—did AI shift from stating its intent to bid to complaining that the process was unfair. *Id.* It is noted that Galaxy Digital Inc. was included on all correspondence from AI up until after the Bid Deadline when AI's correspondence changed from promising the submission of a Qualified Bid to complaining about the process, at which time they were dropped from the emails.

14. Crusoe was also engaged long before the Petition Date. Beginning in or about April 2026, months before the Bidding Procedures existed, Crusoe was provided the Project Falcon Confidential Information Memorandum and was advised that data room credentials would issue upon return of a signed data room/site access agreement. DuFrayne Declaration ¶ 14. Crusoe's counsel declined to have Crusoe execute the site access agreement, proposing instead that individual users "accept" it. *Id.* Crusoe and its representatives nonetheless obtained and used data room access, reviewing site, property, energy, and related diligence materials, including as late as the Bid Deadline. *Id.* ¶ 15 & Ex. C (Crusoe data room access log). Like AI, Crusoe never submitted a Qualified Bid. *Id.* ¶ 15.

15. The Auction proceeded on September 10, 2026. Several parties submitted Qualified Bids in compliance with the Court-approved Bidding Procedures and competed at the Auction; AI and Crusoe did not. DuFrayne Declaration ¶ 16. The Bidding Procedures expressly provided that a Qualified Bid would be valued "based upon any and all factors that the Debtors deem pertinent in their reasonable business judgment," including risk and timing, and reserved the Debtors' right to select the "highest or otherwise best" bid. The nominally highest number announced at the Auction was $180 million from the Stalking Horse Bidder, Thor. This was not an enforceable, closing-ready obligation. Thor thereafter declined to agree to the closing-date accommodation that every other bidder accepted. DuFrayne Declaration ¶¶ 20, 23. Consistent with their fiduciary duties, the Debtors and the Committee accordingly worked with the Qualified Bidders after the Auction to finalize asset purchase agreements and to identify the bid that was highest and otherwise best measured in part by the certainty and enforceability of the buyer's obligation to close. DuFrayne Declaration ¶¶ 19–20.

16. On September 22, 2026, after around-the-clock negotiations with all bidders since the conclusion of the Auction, the Debtors, **with the full support of the Committee,** identified the $140 million all-cash bid of Hut8 Corp. ("Hut8") as Winning Bid, and Digipower X Inc. as Back-Up Bidder with respect to the Pyote property and filed the *Notice of Auction Results (Winning Bidder and Backup Bidder)* [Docket No. 237], which was amended on September 23, 2026 [Docket No. 239] once the Debtors finalized their agreement with Fluidstack Ltd. (and its designee-purchasers) as Back-Up Bidder with respect to the Tarbush Property. DuFrayne Declaration ¶ 24. **As the fiduciary charged with protecting creditors, the Committee selected the $140 million in cash over a**

higher, $180M alternative bid proposed by Hut8 that carried deferred consideration and greater risk. The certainty and enforceability of the buyer's obligation to close are material components of value. DuFrayne Declaration ¶¶ 23, 25. The Debtors' analysis of comparable transactions confirms that the cash consideration of the Hut8 deal is fair on a price-per-megawatt basis. The Hut8 consideration sits at the upper end of comparable sales. DuFrayne Declaration ¶¶ 27-30. The Debtors and Committee also considered Hut8's reputation as a public company with an established record of completing comparable acquisitions, its demonstrated financial capability as evidenced by its proof of funds, and its good faith conduct throughout the negotiations. DuFrayne Declaration ¶ 25. It is correct to point out that Hut8 provided no parent guaranties; Crusoe, for its part, offers no parent guaranty of its own in its last-minute offer.

17. AI now objects, asserting that the assets are worth "hundreds of millions" to billions of dollars based on its own self-serving development projections and a Binance news article. Stripped of its rhetoric, AI's filing is not an objection but a demand that the Court affirmatively restructure these cases around AI. AI asks the Court to order the Debtors: to adjourn the Sale Hearing; to rewrite the Court-approved Bidding Procedures to admit non-cash, contingent, and plan-based bids; to hire AI to perform predevelopment services; to accept AI's proposed debtor-in-possession financing; and to defer disposition of the assets (or to pursue an AI-designed reorganization) until after the claims bar date has passed. Failing all of that, AI asks the Court to wield its equitable powers to impose these measures.

18. AI's plan is speculative to say the least. AI projects some pipe dream of hypothetical value modeled on an unrelated third party's transaction it holds out as its

comparable. The plan wholly depends on a chain of things that do not yet exist: offtakers and letters of intent still to be identified, leases still to be negotiated and drafted, institutional development capital still to be sourced, and engineering studies still to be commissioned. Even the financing AI says would fund this vision is, by its own account, no more than a term sheet it might later deliver. In short, AI asks the estate to surrender committed, substantial present value in exchange for AI's management (for a fee) of a hypothetical development plan. The Debtors cannot countenance AI's speculative plan, particularly where it chose not to bid, consistent with their fiduciary duties to the estate and its creditors.

19. Crusoe (an affiliate of Crusoe, Inc.), which concedes it "did not participate in the Auction," filed the Crusoe Objection asking this Court to upend the completed sale process in its favor. Crusoe Objection at 2. Crusoe asserts that its own, newly prepared asset purchase agreements deliver a "higher, better, and safer" offer of $155 million, as against the $140 million Hut8 transaction. Crusoe Objection at 2. On that premise, Crusoe asks the Court to (i) decline to approve the Hut8 transaction on the present record; (ii) reopen bidding on a seven-day schedule, with Crusoe's agreements as the baseline and a Sale Hearing before December 10, 2026; or (iii) in the alternative, adjourn the Sale Hearing for twenty-one days so that the Debtors and the Committee may evaluate Crusoe's offer and Crusoe may complete the diligence needed to remove its remaining conditions. Crusoe Objection at 4-5. Crusoe invokes the Court's equitable powers under section 105(a) as the asserted basis for that relief.

20. In substance, Crusoe also asks the Court to restructure the sale process around a non-party. Having watched the Auction from the sidelines and prepared its

agreements only after the Auction concluded and its results were disclosed, Crusoe would have the Court set aside a signed, enforceable transaction with a good-faith purchaser and conduct a new auction using Crusoe's own agreements as the baseline—an outcome that would benefit Crusoe, not the Debtors' creditors.

21. Crusoe also contends that the Hut8 transaction is conditioned in part on approvals associated with ERCOT's Batch Zero interconnection process, and that those approvals are unlikely to be obtained on schedule. Crusoe Objection at 3; *Certification of Bharath Kumar Ravulapati in Support of Limited Objection of CES Acquisitions LLC to the Proposed Sale of Substantially all of the Debtors' Assets* ("*Ravulapati Certification*") at 4. The Debtors are advised on the Batch Zero approvals by their energy counsel, Baker Botts L.L.P., and have considered the associated risks in their selection of Hut8. DuFrayne Declaration ¶ 26. The contrary statements of Bharath Kumar Ravulapati, a Senior Director of Crusoe, in his supporting Certification are self-serving and unsupported.

22. Similarly, the Certification of Auden Menke filed in support of the Crusoe Objection (the "Menke Certification") is a red herring. Mr. Menke may have first learned of the transaction on August 31, 2026, but this does not negate the significant hours of time Crusoe spent in the data room beforehand. The internal lack of communication at Crusoe cannot be held to prejudice the bidders that complied with the Bidding Procedures in good faith. Furthermore, Crusoe's original joinder to the AI Objection suggested the value of the Debtors' assets "may have a value exceeding $100 million." Crusoe Joinder ¶ 2. This prediction is exactly in line with the results of the Auction that produced a deal with Hut8 involving $140 million in cash. It is bad faith to rely on hindsight and come in late with a slightly higher offer.

23. Crusoe proposes its deal is higher and better than that of Hut8. This is not obviously true considering the several risky conditions in Crusoe's proposed asset purchase agreement. Crusoe has conditions for zoning/annexation approval from Ward County (or an as-of-right determination), sufficient water rights, Phase I and Phase II environmental reports, mineral-rights resolution, and an unconditional title-insurance commitment for the full Purchase Price. CES Pyote APA, Section VII.2(j) (zoning/water/environmental/easements); Section VII.2(d) (mineral rights); Section VII.2(g) (title insurance). Critically, Hut8 has waived mineral rights reservations and environmental reports and has none of these conditions in its APA.

24. Even if AI or Crusoe had standing to object, the Objections are devoid of the well-established factual or legal principles properly raised in a sale objection.

ARGUMENT

A. AI and Crusoe Lack Standing to Object to the Sale.

25. Standing to be heard on a bankruptcy sale is confined to a "person aggrieved"—one whose property is diminished, whose burdens are increased, or whose rights are impaired, i.e., a party whose interests are "directly and adversely affected pecuniarily" by the order at issue. *In re O'Brien Env't Energy, Inc.*, 181 F.3d 527, 530 (3d Cir. 1999) (would-be bidder lacked standing to appeal the sale because it was not a creditor and had no binding contract. It was merely a disappointed would-be purchaser whose asset purchase agreement was not approved, with the debtor's assets instead going to another buyer. Bidder did not attack the intrinsic fairness of the process. Its lost hoped-for profit was "too speculative a harm" to confer standing). That standard is "more stringent than the constitutional test for standing," and it exists precisely to keep collateral participants out of the estate's core decisions. *Id.* Courts "have generally held that creditors have standing to

appeal, but disappointed prospective purchasers do not." *Id.* at 531 ("loss of the profit it hoped to gain" was "too speculative a harm to constitute injury" for standing; hoped-for acquisition profit is not cognizable injury). AI and Crusoe stand in precisely that position; neither is a creditor, neither holds a contract with the estate, and each seeks only a hoped-for acquisition or development profit. Here, the position of Crusoe and AI is weaker still; the would-be purchaser in *O'Brien* had at least negotiated a purchase agreement with the debtor yet still lacked standing; Crusoe and AI never submitted a Qualified Bid at all despite having sufficient opportunity. The lack of standing to object here is therefore even more conclusive.

26. The labels the objectors adopt do not change the analysis. The Bankruptcy Code's "party in interest" standard reaches only one "who has a legally protected interest that could be affected by a bankruptcy proceeding," and Article III and Bankruptcy Code standing are "effectively coextensive"; a speculative or neutral effect is not enough. *In re Glob. Indus. Techs., Inc.*, 645 F.3d 201 (3d Cir. 2011) (en banc) (determining insurers had standing to object to confirmation of a plan). A self-styled "backup bidder" or "potential bidder" affiliate has no greater right to be heard. Aside from a genuine challenge to the integrity of the process, "a disappointed bidder is . . . outside the 'zone of interests' protected by Section 363," and the bid-procedure protections such a party tries to invoke "are . . . intended to protect the estate rather than to protect other bidders." *In re MTE Holdings LLC*, No. 19-12269 (CTG), 2021 WL 3743201, at *8-10 (Bankr. D. Del. Aug. 17, 2021) (rejecting a self-styled backup bidder's challenge to the winning bidder's qualification and deposit as outside the zone of interests). More recently, a court confirmed that "prospective purchasers and unsuccessful bidders lack standing to challenge

bankruptcy sales because the statutory scheme governing estate asset disposition protects the estate and its creditors, not disappointed bidders," and that parties "whose only stake" is self-interested fall "outside the zone of interests." *In re L. Enf't Officers Sec. Union*, 678 B.R. 34, 40 (Bankr. W.D. Pa. 2026**)** (overruling the sale objection of non-creditor potential litigant targets whose only stake was the self-interested goal of minimizing liability on the grounds of the objectors' lack of standing). Whether Crusoe calls itself a "party in interest" or a "Potential Bidder," and whether AI casts itself as a spurned developer, each is a non-creditor pursuing lost profit, and neither is aggrieved.

27. The attempt by both objectors to recast themselves as a wrongly excluded bidders is meritless. An unsuccessful bidder "whose only pecuniary loss is the speculative profit it might have made" ordinarily "lacks standing to challenge a bankruptcy court's approval of a sale transaction." *In re Colony Hill Assocs.*, 111 F.3d 269, 273 (2d Cir. 1997). *Colony Hill* distinguished a bidder deprived of the right to bid by defective notice from one excluded "based on its own failure to comply with the court-approved bidding procedures." *Id.* (exclusion for the bidder's own noncompliance confers no standing). Both AI and Crusoe fall on the wrong side of that line; they had the same, if not greater, access to diligence and invitations to bid, and simply did not do so.

28. An unsuccessful bidder has standing only where it alleges that a purchaser's conduct "destroyed the 'intrinsic fairness' of the sale transaction so that it was not a good faith purchaser." *Id.* at 274 (recognizing the narrow intrinsic-fairness exception but affirming the buyer's good-faith status). Neither AI nor Crusoe pleads fraud, collusion, or any purchaser misconduct whatsoever; they complain only of the Debtors' marketing timeline, diligence schedule, and business judgment. There are no facts alleged or in

existence that impeach the good faith conduct of Hut8. The lack of standing is therefore dispositive. Because AI and Crusoe are not persons aggrieved, they may not be heard, and the Court need not reach their arguments. The Objections should be overruled at the threshold.

B. The September 30 Option Deadline Is a Real Constraint the Estate Cannot Resolve on Its Own.

29. The AI Objection (as supplemented) rests principally on a single premise: that the September 30 Option deadline is not a real constraint because the Executed APAs assign the Option at closing, permit the buyer to acquire the adjacent parcel by other means, and contemplate a closing after September 30, 2026. This is all verbiage from outside parties who have no visibility and miss the point. It is not possible to secure an extension of the Option. It must be exercised by September 30, 2026, by written notice to Mr. Lindsay or it will be forfeited. Lindsay has advised the Debtors that he will not agree to an extension of the date for exercise of the Option. DuFrayne Declaration ¶ 7.

30. Furthermore, the Option carries an approximately $6 million purchase price to be funded by the buyer, not the estate. DuFrayne Declaration ¶ 7. The estate cannot preserve the Option by exercising it unilaterally, because exercise would saddle the estate with a $6 million obligation top purchase the Adjacent Property which it cannot fund and **has no committed buyer to satisfy**. The connection between sale approval and the Option is therefore exactly the opposite of what AI supposes: approval of a binding sale agreement to a committed buyer is what allows the Option to be exercised, and a failure to approve the sale in time leaves the estate unable to take on the liability at all. Accordingly, delay of Court approval of even a single day will destroy millions of dollars in value that belongs to creditors.

31. AI's request that the Court direct the Debtors to exercise the Option themselves is wholly improper and is tantamount to declaratory relief tucked into an objection from a part without standing. The Assignment of the Option to the Debtors is estate property, but the power to sell or perform under section 363(b) is committed to the Debtors as debtors in possession, and a court will not compel a debtor to take an affirmative act against its business judgment. *See In re Spansion, Inc.*, 426 B.R. 114, 140-41 (Bankr. D. Del. 2010) ("It is not appropriate to substitute the judgment of the objecting creditors over the business judgment of the Debtors."). Directing the estate to incur a $6 million liability with no committed buyer is not maximizing value; it is exposing the Estate to an obligation it cannot meet. Ultimately, no provision of the Bankruptcy Code, including Section 105(a), supplies authority to the contrary. *Law v. Siegel*, 571 U.S. 415, 431 (2014) (holding a bankruptcy court may not use Section 105(a) or its inherent powers to contravene a specific provision of the Code).

32. AI's remaining process complaints do not warrant delay. AI seeks an adjournment, but a compressed sale timeline is not a cognizable defect in the Bidding Procedures that confers standing under *Colony Hill*. AI, like Crusoe, was engaged well before the Petition Date and had weeks—if not months—of access to the diligence materials, while other bidders operating under the same timeline became Qualified Bidders. Its request that the Court direct a prompt claims bar date is not a basis to withhold approval of a value-maximizing sale; the Debtors intend to seek a bar date after the sale, and the size of the creditor body does not bear on whether the Hut8 bid is the highest and best.

C. The Objectors' Challenge to the Bidding Procedures Is an Untimely, Improper Collateral Attack on the Bid Procedures Order, Which Neither Opposed.

33. To the extent AI and Crusoe attack the *design* of the Bidding Procedures—including that they required cash bids and excluded non-cash, contingent, and plan-based proposals—that challenge is an untimely, improper collateral attack on the Bid Procedures Order entered August 17, 2026. Both AI and Crusoe were engaged before that Order was entered, each had notice of the proposed procedures, and neither objected. A party cannot sit silent when the bidding procedures are approved and then attack their design at the Sale Hearing. *See In Re Big M, Inc.*, No. 13-10233 (DHS), 2014 WL 5822655 (Bankr. D.N.J. Nov. 6, 2014) (landlord with notice that failed to file a cure-amount objection by the deadline set in the bidding procedures order was precluded from asserting the claim later). The cash-bid requirement, the Bid Deadline, and the auction format were fixed by that Order, and the objectors' belated quarrel with them is not properly before the Court.

34. AI does not merely oppose the sale; it unbelievably asks the Court to *order* the Debtors to amend the Bidding Procedures, engage AI for predevelopment services, accept AI's approximately $20 million in debtor-in-possession financing, and defer the sale to pursue AI's reorganization plan. AI Objection at 21. Failing that, AI improperly invokes the Court's "equitable powers" and section 105(a). *Id.* The request is improper. Neither the Court's general equitable powers nor section 105(a) authorizes an order compelling the Debtors to engage AI, borrow AI's money, or abandon a value-maximizing sale. Section 105(a) "does not allow the bankruptcy court to override explicit mandates of other sections of the Bankruptcy Code," *Law v. Siegel*, 571 U.S. at 421.

35. The Debtors cannot be forced to accept a competing proposal in spite of the proper exercise of business judgment. *See In re Spansion, Inc.*, 426 B.R. 114, 140-41

(Bankr. D. Del. 2010) (confronted with objectors demanding that a debtor accept an allegedly superior competing proposal for equity financing in a chapter 11 plan, a court held that "[i]t is not appropriate to substitute the judgment of the objecting creditors over the business judgment of the Debtors."). The court will not supplant the debtors' judgment "absent some demonstrable impropriety" in the process. *Id.* at 142. The same rule governs the choice among bids. *See In re After Six, Inc.*, 154 B.R. 876 (Bankr. E.D. Pa. 1993) (approving sale to the debtor's chosen bidder and refusing to compel acceptance of a competing bid). Even where a court disagrees with how the debtor weighed the options, it "must defer to the Debtor's discretion" absent abuse. *Id.* at 884. Here, there is nothing in the Objection or in fact that could constitute "impropriety" or an abuse of the Debtors' business judgment discretion. The Objection must be overruled in full.

D. The Sale Reflects a Sound Exercise of the Debtors' and the Committee's Business Judgment, and Neither the Court's Equitable Powers nor Section 105(a) Authorizes Setting It Aside to Hand Control to Latecomers.

36. The sale is evaluated under the business-judgment standard, which in this District turns on four factors: a sound business reason, good faith, adequate and reasonable notice, and a fair and reasonable purchase price. *In re Sea Oaks Country Club, LLC*, No. 20-17228 (CMG), 2020 WL 6588412, at *10 (Bankr. D.N.J. Nov. 10, 2020) (finding good faith and approving the debtors' sale). That test "is deferential to debtors," and a court "will not 'substitute [its] views for those of the [debtor] if the latter's decision can be attributed to any rational business purpose.'" *In re Vill. Roadshow Ent. Grp. USA Inc.*, 676 B.R. 504, 509 (Bankr. D. Del. 2025). The Debtors satisfy each *Sea Oaks* factor, and AI's and Crusoe's disagreement with the Debtors' judgment is no basis to override it. Even if the proposals of AI and Crusoe were timely and proper, the Debtors would still exercise their sound business judgment to pursue the significant transaction already in hand with a

committed buyer that yields a fair price and is the result of an open, Court-approved, competitive Auction. Based on the Debtors' latest communications with the Committee, the voice of the creditors and real parties in interest in these cases, the Committee supports this decision. DuFrayne Declaration ¶ 31; *see In re Pursuit Cap. Mgmt., LLC*, 874 F.3d 124, 136-37 (3d Cir. 2017) (open, court-approved, competitive auction is "the best possible determinant of the value" of estate assets, such that "the integrity of the auction process, by far, trumps any potential higher bid"; affirming § 363 sale; auction result controls over an objector's conclusory assertion of higher value).

37. Crusoe and AI have not met (and cannot meet) their burden to overcome the Debtors' business judgment. Their disagreement with the Debtors' process does not implicate the good-faith requirement, which the Third Circuit has confined to a purchaser's "fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders," none of which AI or Crusoe alleges here. *In re Pursuit Cap. Mgmt., LLC*, 874 F.3d 124, 136 (3d Cir. 2017) (quoting *In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 147 (3d Cir. 1986)).

38. Crusoe's conclusion that the record shows "no appraisal, no valuation," and that $140 million is simply less than the $180 million announced at the Auction is wrong on the facts and the law. The Debtors' valuation analysis establishes that, on a price-per-megawatt basis, the Hut 8 consideration sits at the upper end of comparable transactions. DuFrayne Declaration ¶¶ 27-30. The $180 million Thor number was never an enforceable, closing-ready obligation. Thor declined the reasonable limitations on unfettered walk-away rights every other bidder accepted. DuFrayne Declaration ¶¶ 20, 23. When weighted for risk, the Hut8 bid is the highest or otherwise best deal. The Committee agrees and fully

supported the Debtors accepting the Hut 8 Cash bid over a higher $180,000,000 bid from Hut 8 due to risk factors on the $80M "back end" payment part of the purchase price. On the law, a "highest" bid is not always the "highest and best" bid; the likelihood of closing is part of the equation. Where a debtor, in business judgment, selects a more certain cash bid over a higher-nominal, more contingent one, courts defer. *See e.g.*, *In re Vill. Roadshow Ent. Grp. USA Inc.*, 676 B.R. 504 (Bankr. D. Del. 2025) (upholding the debtors' selection of a lower, more certain cash bid over a higher-nominal, later bid, and finding no exceptional circumstance to justify substituting the court's judgment for the debtors').

39. Crusoe's attack on the certainty of the Hut8 deal fails. The Hut8 APAs are signed, enforceable agreements supported by a deposit and binding obligations to close. The Debtors consider that Hut8 is a public company with an established record of comparable acquisitions, and it demonstrated financial capability through proof of funds and its conduct in the negotiations. DuFrayne Declaration ¶ 25. Crusoe, notably, offers no guaranty of its own. Nor is the Hut8 transaction obviously riskier. Hut8 accepted mineral-rights waivers. Yet, the CES agreements are conditional on zoning, water rights, Phase I *and* Phase II environmental reports, **mineral-rights resolution**, unconditional title insurance, and on securing a Tarbush site through either a ground lease or the adjacent-parcel purchase. Crusoe's November 30, 2026 closing date has no extension mechanism and is its outside date, leaving any unsatisfied condition by that date for Crusoe's to terminate its so-called higher and better offer. These are not "minor" contingencies.

40. Crusoe's regulatory-risk argument, advanced through the Ravulapati Certification, is interested-party advocacy, not neutral expertise. Mr. Ravulapati is a Senior Director of Crusoe; his "assessment" that ERCOT's Batch Zero approvals will slip past

Hut 8's outside date is the self-serving opinion of the objector itself. The Debtors are advised on the Batch Zero approvals by their own highly experienced energy counsel, Baker Botts L.L.P. and have considered, with full Committee involvement, the risks in negotiating with Hut8. DuFrayne Declaration ¶ 26. In any event, the CES structure does not eliminate Batch Zero risk. Crusoe's own agreements make the same approval a condition to $75 million of its $155 million price.

41. AI's alternative proposition confirms the point, and its financing is illusory. AI asks the estate to forgo committed, considerable consideration now for a development plan that depends on offtakers, leases, institutional financing, and engineering studies that do not yet exist, funded by financing for which AI offers only a "term sheet." AI's Objection is internally inconsistent on the very financing it touts: it asserts that AI "can immediately deliver" a roughly $20 million DIP term sheet, while simultaneously asking the Court to order the Debtors to "work with AI to secure DIP financing." Although AI held out Galaxy Digital as its "exclusive debt capital partner" in its indication of interest, AI has since abandoned any reference to Galaxy and has never demonstrated committed funding. DuFrayne Declaration ¶ 13. As stated in *Sea Oaks,* a concrete higher bid "would not have made a difference" to creditor distributions "unless the bid was significantly higher" and here AI made no bid at all. *Id.* at 11. A later or hoped-for higher offer does not constitute the "fraud, mistake or a similar infirmity" that would be required to justify disturbing a sale. *In re Furst*, 57 B.R. 1013, 1015-16 (E.D. Pa. 1986) (refusing to set aside a confirmed sale based on a subsequent higher offer); *Corp. Assets, Inc. v. Paloian*, 368 F.3d 761, 768 (7th Cir. 2004) (The "simple fact that a late bid offers the estate more money than the bid previously approved by the court will not suffice.").

42. While the Debtors have secured several significant bids for their assets, AI's promises and proposed plans are nothing more than vaporware and speculation. The Debtors' choice of certainty is a paradigmatic exercise of business judgment and should not be disturbed. Even if AI or Crusoe had submitted a Qualified Bid, or if the Debtors had waived the deadline to entertain one, the Debtors would still, in the sound exercise of their business judgment, have been entitled to select a concrete, committed bid over a speculative, contingent development proposal, and courts properly defer to that judgment absent fraud, collusion, or abuse. *See Pursuit Cap. Mgmt.*, 874 F.3d at 137; *Triangle Transp.*, 419 B.R. at 620-21 (the only qualified, conforming bid is "both the highest and best bid," and a nonconforming proposal seeking what the estate cannot deliver is neither).

43. In sum, compressed sale timelines are the unfortunate reality in many Chapter 11 proceedings. Indeed, the factors at play here are real and legitimate constraints. However, Crusoe and AI were not victims. They were each engaged well before the Petition Date and had weeks if not months of access to diligence materials. Where several other bidders operating under the same timeline and conditions actually became Qualified Bidders in good faith under the Bidding Procedures, Crusoe and AI did not, and this is not due to any exclusion or flaw in the process. They simply chose not to participate despite having the same—if not more—time than the Qualified Bidders in this case. They cannot now legitimately raise such complaints.

E. Crusoe's Authorities for Reopening the Sale are Distinguishable.

44. Crusoe's own authorities do not support forcing a reopening on the estate; they confirm the opposite. In nearly every decision Crusoe invokes to approve a reopened sale, the estate fiduciary itself sought or supported the reopening, or a notice or process defect required it; all of which are absent here. *See Corp. Assets, Inc. v. Paloian,* 368 F.3d

761 (7th Cir. 2004) (debtors, "with the concurrence of [their] lenders and the committee of unsecured creditors," requested the second auction); *In re Food Barn Stores, Inc.*, 107 F.3d 558 (8th Cir. 1997) (debtor in possession proposed the procedure that reopened bidding and the creditors' committee urged acceptance of the higher bid); *In re Fin. News Network Inc.*, 980 F.2d 165 (2d Cir. 1992) (debtor asked the court to consider a later third-party offer as evidence of value, over an auction participant's objection); *In re Farmland Indus., Inc.*, 289 B.R. 122 (B.A.P. 8th Cir. 2003) (reopening compelled by a right-of-first-refusal holder's lack of notice, with all parties but the disappointed high bidder agreeing to the resumed procedures); *In re Broadmoor Place Invs.*, L.P., 994 F.2d 744 (10th Cir. 1993) (estate submitted both bids, and the court selected the one with fewer contingencies and a faster closing "from the estate's point of view"). Here, by contrast, the Debtors oppose reopening. The only decision refusing to confirm a properly conducted sale over the estate fiduciary's objection to capture a higher upset bid is this Circuit's, and it came out the other way. *See In re Stanley Eng'g Corp.*, 164 F.2d 316 (3d Cir. 1947) (trustees urged confirmation to the previous high bidder, and the court instead reopened to accept a later, higher offer; the appellate court reversed the refusal to confirm the high bid at a fairly conducted auction absent fraud, unfairness, or mistake, or a price so inadequate as to shock the conscience as an abuse of discretion). That is precisely what Crusoe asks this Court to do, and Stanley forecloses it.

CONCLUSION

45. For the foregoing reasons, the Debtors respectfully request that the Court overrule the Objection of Abbauer Industries, LLC and the CES Acquisitions LLC in their entirety, approve the proposed sale, and grant such other and further relief as the Court deems just and proper.

Dated: September 27, 2026

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