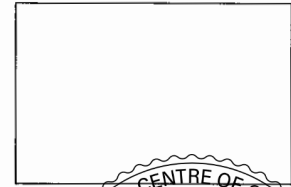


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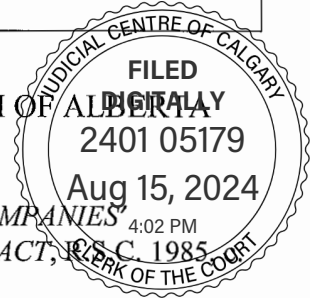


COURT FILE NUMBER
COURT
JUDICIAL CENTRE OF

2401-05179

COURT OF KING'S BENCH OF ALBERTA
CALGARY

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, R.S.C. 1985
C-36, as amended



AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
ALPHABOW ENERGY LTD.

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT:

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

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

AFFIDAVIT OF BEN LI

Sworn on August 15, 2024

I, Ben Li, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the President and Chief Executive Officer of AlphaBow Energy Ltd. ("**AlphaBow**" or the "**Applicant**"). As such, I have personal knowledge of the matters deposed to in this Affidavit except where stated as based on information and belief, in which case I verily believe the statements to be true.

2. This Affidavit (the “**Third Li Affidavit**”) should be read in conjunction with the prior Affidavits which I have sworn in this matter, including the Affidavit sworn by me on April 15, 2023 (the “**First Li Affidavit**”), the Supplemental Affidavit sworn by me on April 24, 2023 (the “**Supplemental Li Affidavit**”) and the Affidavit sworn by me on July 15, 2024 (the “**Second Li Affidavit**”).
3. Terms not otherwise defined herein, shall bear the meaning ascribed in the First Li Affidavit.

I. RELIEF SOUGHT

4. This Affidavit is sworn in support of an application by AlphaBow for relief under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended, (the “**CCAA**”), and specifically an order declaring service of its Application and supporting materials good and sufficient; and an extension of the stay of proceedings imposed by the Amended and Restated Initial Order (the “**ARIO**”) granted by the Court on April 26, 2024, from August 31, 2024, to September 30, 2024 (the “**Stay Extension**”).

II. BACKGROUND

5. AlphaBow is an Alberta headquartered oil and gas company. AlphaBow hold licenses for 3,785 wells, 4,038 pipelines, and 321 facilities across Alberta (the “**Licensed Assets**”).
6. Following various actions by the Alberta Energy Regulator including an order requiring the posting of \$15,374,050 in security and ordering the suspension of AlphaBow’s operations when it was unable to comply, AlphaBow commenced restructuring proceedings by filing a Notice of Intention to Make a Proposal pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, (the “**NOI**”) with KSV Restructuring Inc. appointed as Monitor.
7. On April 26, 2024, this Honourable Court granted an Initial Order and ARIO, in addition to approving the Sale and Investment Solicitation Process (“**SISP**”) and approval of the sale of certain non-operated working interests to Cascade Capture Ltd. (“**Cascade**”).
8. AlphaBow does not have any credit facilities with a secured lender but as at the end of 2023, had approximately \$88 million in liabilities (excluding environmental liabilities) consisting

primarily of trade payables, municipal tax and surface lease payment arrears as well as amounts owing to the AER (including the requested security deposit).

9. AlphaBow's oil and gas assets have been under the care and custody of the Orphan Well Association "OWA") since September 2023, pursuant to the direction of the AER.

III. CURRENT STATUS OF ALPHABOW'S RESTRUCTURING EFFORTS

10. AlphaBow has continued to engage with its stakeholders and creditors to facilitate the objectives of these proceedings. This has included responding to general inquiries and other stakeholder requests.

A. Mineral Transfers

11. AlphaBow has been contacted by a party who purchased certain of AlphaBow's mineral interests and assumed the associated cure costs pursuant to a Purchase and Sale Agreement entered into prior to the NOI. AlphaBow understands that the purchaser, Rothmans Energy Inc. ("**Rothmans**"), has been unable to get the mineral interests transferred from the Alberta Ministry of Energy and Minerals. AlphaBow has been working with Rothmans to ensure that the relevant crown leases are transferred to Rothmans.

B. Current Status of the SISP

12. Since the Second Li Affidavit, AlphaBow continues to be an active part of the SISP and the marketing process, in collaboration with the Monitor and the Sales Advisor. AlphaBow continues to be involved in responding to requests for information from buyers and is continuing to review certain agreements including a Gross Overriding Royalty Agreement and circumstances in which rights of first refusal may be triggered.
13. Additionally, AlphaBow has become aware of certain purported terminations of certain mineral lease agreements and continues to consider its position on the validity of the terminations, which appear to be in response to the cessation of production following the suspension of AlphaBow's operations by the AER.

14. Similarly, AlphaBow has been working collaboratively with stakeholders to provide consent for road use access upon request.
15. Since the close of the Phase 1 bid deadline on July 4, 2024, the Sales Advisor in conjunction with the Monitor and AlphaBow have assessed the Phase 1 bids and have determined which bidders will advance to the Phase 2 bidding process. During this process, the Sales Advisor, Monitor and AlphaBow disqualified certain bids.
16. To support the sales process, AlphaBow has been involved in attending site visits with Phase 2 bidders and responding to inquiries to assist with the diligence process.
17. The bid deadline for Phase 2 is on September 5, 2024.
18. In consultation with the Monitor and Sales Advisor, AlphaBow continues to advance certain offers for Court approval for assets where no AER licenses are involved. AlphaBow was hoping to finalize these sales for Court approval in this Application; however, given the inherent delays due to absences during the summer months, this process is not yet concluded.
19. These sales are anticipated to provide AlphaBow with additional funding to support the CCAA process.
20. AlphaBow is also revisiting whether there may be an ability to obtain interim financing to conclude the sales process should such funding be required. Previous attempts have been unsuccessful as a result of concerns related to the uncertainty of recovery.

C. Cash Flow Forecast

21. AlphaBow worked with the Monitor to prepare an updated cash flow forecast (a copy of which will be attached to the Second Report of the Monitor). As indicated in that forecast, AlphaBow should have sufficient cash without completing any asset sales to continue these proceedings through to the end of the Stay Extension.
22. AlphaBow has now received invoices from the OWA for post-filing custody costs. AlphaBow is reviewing the invoices and intends to work with the OWA regarding the timing of payment.

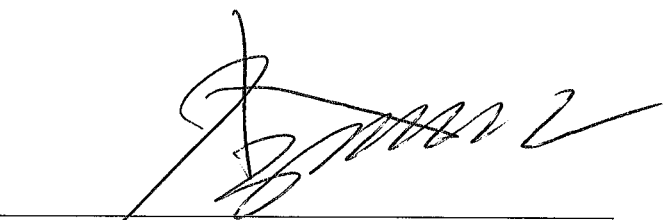
D. Stay Extension

- 23. During the CCAA Proceedings, AlphaBow has been working diligently and in good faith with the Monitor and the Sales Advisor to work towards a restructuring. As noted above, AlphaBow has taken a number of steps to advance the SISP, but requires an extension of the Stay Period to be able to complete the SISP. There are numerous offers received that will require review, consideration, and negotiation. A stay extension will be necessary to select the most favorable offers, consult with the AER regarding reactivation of the assets and to ensure support for offers that require license transfers, and finalize offers for Court approval.
- 24. Without the benefit of an ongoing stay of proceedings to September 30, 2024, there could be an immediate and significant erosion of value to the detriment of all stakeholders. There are a number of legal proceedings that have been commenced by AlphaBow’s creditors that were stayed as a result of the ARIO. It is expected that these legal proceedings may resume if the Stay Extension is not granted.
- 25. In my view, the requested extension is appropriate and will not materially prejudice any of AlphaBow’s creditors. AlphaBow’s cash projection will be included in the Monitor’s Report to be filed in connection with this Application.

IV. CONCLUSION

- 26. I swear this Affidavit in support of the relief sought in paragraph 4 and for no other or improper purpose.

SWORN BEFORE ME)
at the City of Calgary, Alberta, this)
15 day of August, 2024.)
_____)
A Commissioner for Oaths in and for the)
Province of Alberta)
)


_____)
BEN LI

Homa Aminnejad
Student-at-Law