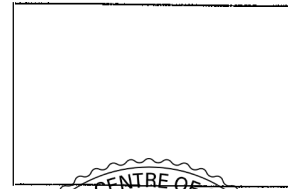


Clerk's Stamp:

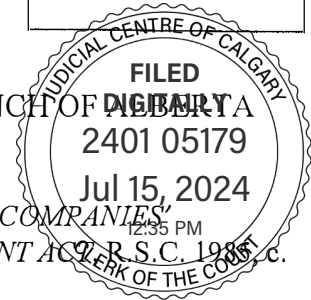


COURT FILE NUMBER
COURT
JUDICIAL CENTRE OF

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 July 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**”) and the Affidavit sworn by me on April 24, 2023 (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 “**CCA**”), 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 July 31, 2024, to August 31, 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*, 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).

III. CURRENT STATUS OF ALPHABOW'S RESTRUCTURING EFFORTS

9. 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. Sale to Cascade and Sale of Carbon Credits

10. As advised in my previous Affidavit, given the extended period that AlphaBow's operations have been suspended, it did not have cash flow necessary to support its restructuring efforts and has been unable to secure interim financing given the AER Orders, the uncertainty regarding the ability to transfer licenses or resume operations, and the super priority afforded to the AER for environmental obligations.

11. To address this, AlphaBow sought Court approval to sell certain assets on April 26, 2024. In accordance with the Approval and Vesting Order dated April 26, 2024, the sale of the 15% non-operated working interest in Functional Units II and III of the CO₂ Facilities to Cascade closed on May 7, 2024.

12. On May 15, 2024, AlphaBow entered into an Agreement with CP Energy Marketing L.P. for the sale of its 6,124 carbon credits from 2023. The carbon credits were sold on May 31, 2024. The proceeds of this sale have also been used by AlphaBow to fund this proceeding and Alphabow's restructuring efforts.

B. Negotiating Amendments to AlphaBow's Insurance

13. Following the granting of ARIO, AlphaBow's insurance came up for renewal. In consideration of the significant costs associated with the renewal as well as the fact that the Orphan Well Association currently has care and custody over the assets which AlphaBow is not authorized to access, AlphaBow sought to negotiate amendments and reduction in its coverage.

14. AlphaBow consulted with both the Monitor, Orphan Well Association and the AER in amending its insurance and to specifically ensure that the Orphan Well Association had insurance over the assets and amendments to its coverage would meet the AER's regulatory requirements.

15. Adequate replacement insurance has been obtained.

C. Current Status of the SISP

16. Following court approval of the SISP, AlphaBow worked with the Monitor to negotiate access to certain of its electronic accounting and production records that had been stored with a third-party software provider that was necessary for the data room for the SISP.

17. As a result of initial challenges associated with these negotiations, there was a short delay in initiating the sales process. Pursuant to the SISP, the teaser was to be distributed to parties on May 17, 2024, by the Sales Advisor, however the teaser was distributed to potential bidders on May 29th, 2024. However, despite this, there has been significant participation in the process.

18. As part of the marketing process, AlphaBow has been involved in responding to requests for information to buyers and in preparing a form of Letter of Intent for the data room. As part of this process, AlphaBow has been reviewing certain agreements including a Gross Overriding Royalty Agreement and circumstances in which rights of first refusal may be triggered.

19. 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.

20. AlphaBow continues to consider its position with respect to these various agreements.

21. As a result of the initial delays in the process, the Sales Advisor in consultation with the Monitor and AlphaBow extended the Phase 1 bid deadline from June 27, 2024, to July 4, 2024. The bids received are currently under review and if the stay extension is granted, AlphaBow intends to continue to advance its goal of ensuring all environmental obligations are addressed and value is generally maximized.

22. The bid deadline for Phase 2 is on August 22, 2024. In consultation with the Monitor and Sales Advisor, AlphaBow does intend to seek to advance certain offers for Court approval in advance of the August 22, 2024, deadline for assets where there was only a single bidder and

no AER licenses are involved. This will enable AlphaBow to address anticipated future cash constraints in September.

23. These sales would provide AlphaBow with additional funding to support the CCAA process.

D. Cash Flow Forecast

24. AlphaBow worked with the Monitor to prepare a cash flow forecast (a copy of which is attached to the First 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 period sought. This assumes that any payments to the Orphan Well Association for post-filing care and custody costs will be paid subsequent to further asset sales.

25. To date, the Orphan Well Association has not submitted a bill for custody costs, and, as such, AlphaBow has not paid these amounts.

26. Further funds through the negotiation of sales, as outlined further below, will further support AlphaBow in meeting the objectives of the CCAA and in ensuring it has sufficient funds to address its ongoing costs associated with providing reasonable care over its assets.

E. STAY EXTENSION

27. 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. I understand that from 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 on those offers that require license transfers and finalize offers for Court approval.

28. On July 9, 2024, AlphaBow received a letter from the Metis Settlements Appeal Tribunal regarding Kikino Metis Settlement's appeal concerning the recovery of compensation of 112 surface leases with AlphaBow on July 5, 2024 (the "**Kikino Appeal**"). Attached hereto as Exhibit "A" is a copy of the correspondence.

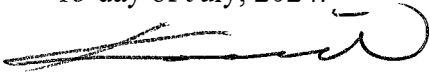
29. As a result of the stay ordered in the ARIO, the appeal hearing was adjourned to August 9, 2024. Without the benefit of an ongoing stay of proceeding to August 31, 2024, there could be an immediate and significant erosion of value to the detriment of all stakeholders. The Kikino Appeal is one example of the legal proceedings that have been commenced by AlphaBow's creditors, and that may resume if the stay extension sought is not granted.

30. 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

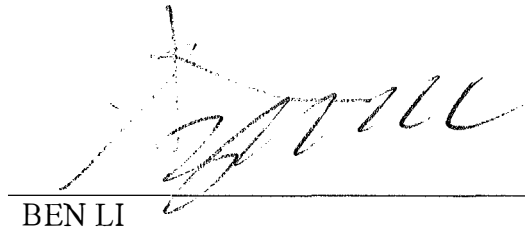
31. I swear this Affidavit in support of the relief sought in paragraph 4 and for no other or improper purpose.

SWORN BEFORE ME
at the City of Calgary, Alberta, this
15 day of July, 2024.



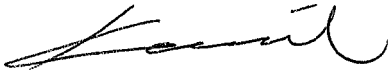
A Commissioner for Oaths in and for the
Province of Alberta

Kaamil Khalfan
Student-at-Law



BEN LI

This is **Exhibit "A"** referred to in the Affidavit of Ben Li sworn before me this 15th day of July, 2024



A Commissioner for Oaths in and for Alberta

Kaamil Khalfan
Student-at-Law



METIS SETTLEMENTS APPEAL TRIBUNAL

July 5, 2024

File: 01-0006-20 to 01-0117-20

VIA EMAIL

To: **Please See Distribution List**

To Whom it May Concern:

**RE: KIKINO METIS SETTLEMENT VS ALPHABOW ENERGY LTD
HEARING ADJOURNMENT**

The Appeal Tribunal scheduled the hearing for Kikino Metis Settlement's appeal, concerning the recovery of compensation on 112 surface leases with AlphaBow Energy Ltd., on July 5, 2024. During the hearing, Bill McElhanney from Ackroyd Law and legal counsel for Kikino Metis Settlement, directed the Panel to Tab 23 of the Hearing Package which contained an Order from the Court of King's Bench dated April 26, 2024 entitled "Amended and Restated CCAA Initial Order".

Mr. McElhanney reviewed paragraphs 16 and 17 which reads:

16. Until and including July 31, 2024, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.
17. During the Stay Period, all rights and remedies of any individual, firm, corporation, government body or agency, or any other entities, whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court.....

In light of paragraph 16 and 17 of the Amended and Restated CCAA Order dated April 26, 2024 and in the Panel's view as a statutory board, paragraph 17 applies to the Appeal Tribunal and appears to stay and suspend any proceeding except with leave of the Court. Therefore, the Panel is of the view that this hearing should be adjourned until after the July 31, 2024 Stay Period.

This hearing is adjourned and will continue on **Friday August 9, 2024 at 10:00am** in the MSAT Offices located at **9920 108 Street in Edmonton, Alberta**. Please contact Jason Lavallee at Jason.lavallee@gov.ab.ca to confirm your availability.

If you have any questions please feel free to contact Billie-Jo (BJ) Simpson Acting Tribunal Secretary via email at bj.simpson@gov.ab.ca or by calling 1-800-661-8864.

Sincerely,

A handwritten signature in black ink, appearing to read 'Donna Lakey', written in a cursive style.

Donna Lakey
Panel Chair

Distribution List

<p>Kikino Metis Settlement General Delivery Kikino, Alberta T0A 2B0 Attention: Settlement Council Email: rogerlittlechilds@mcsnet.ca</p>	<p>Alpha Bow Energy Ltd. #1800, 222 – 3rd Avenue SW Calgary, Alberta T2P 0B4 Attn: Ben Li, CEO AlphaBow Energy Ltd Email: benli@alphabowenergy.com</p>
<p>Ackroyd Law First Edmonton Place Suite 1500 10665 Jasper Avenue Edmonton, Alberta T5J 3S9 Attn: Bill McElhanney (Legal Counsel for Kikino Metis Settlement) Email: bmcelhanney@ackroydlaw.com</p>	<p>Kenneth P. Reh Law Office Suite 700, One Executive Place 1816 Crowchild Trail Calgary, Ab T2M 3Y7 Attention: Kenneth Reh Email: ken@reh-law.ca</p>
<p>KSV Restructuring Inc. Suite 1165, 324 – 8th Avenue SW Calgary, AB T2P 2Z2 Attention: Andrew Basi, CCAA Monitor Email: abasi@ksvadvisory.com</p>	

Cc: Occupants that asked to be copied on MSAT Correspondence

Kikino Settlement Member	MSAT File Number
Rachael Belcourt	01-0022-20 and 01-0113-20
Belva Cardinal	01-0052-20, 01-0108-20, 01-0113-20
Wayne C. Cardinal	01-0016-20, 01-0017-20, 01-0044-20, 01-0052-20, 01-0091-20,
Sandra Cardinal	01-0052-20
Floyd Thompson	01-0096-20
Phillip Collins	01-0031-20, 01-0032-20, 01-0112-20
Robert Pruden	01-0008-20