


FIAT:
 Let this Affidavit of Jiang Fan sworn, via video conference, October 28, 2024 be filed ~~on this day of October 2024~~ ~~XXXXXXXXXXXX~~ notwithstanding the fact that it was sworn via video conference and was signed electronically and does not contain a handwritten signature.



Justice of the Court of King's Bench of Alberta

Form 49
[Rule 13.19]

COURT FILE NUMBER 2401-05179

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PROCEEDING IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, RSC 1985, c C-36, as amended

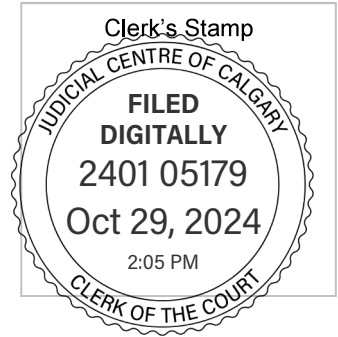
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ALPHABOW ENERGY LTD.

APPLICANT ALPHABOW ENERGY LTD.

RESPONDENT ADVANCE DRILLING LTD.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
 Dentons Canada LLP
 Bankers Court, 15th Floor
 850 – 2nd Street SW
 Calgary, AB T2P 0R8
 Attention: Afshan Naveed
 Email: afshan.naveed@dentons.com
 Ph: (403) 268-7015
 Fx: (403) 268-3100
 File No.: 571893-3



AFFIDAVIT OF JIANG FAN

Sworn on October 28, 2024

I, Jiang Fan, of Beijing, China, SWEAR AND SAY THAT:

Background

1. I was the President of the Respondent, Advance Drilling Ltd. ("**Advance**"), from June 2013 to April 2022. As such, I have personal knowledge of the matters deposed to in this affidavit.
2. The relationship between the Applicant, AlphaBow Energy Ltd. ("**AlphaBow**"), and Advance began in 2018. Between that time and the present, as will be explained in further detail below, AlphaBow and Advance (collectively, the "**Parties**") entered into numerous agreements to govern their relationship and to set out their respective obligations to one another. As a part of those agreements, AlphaBow granted Advance a gross overriding royalty (a "**GOR**") interest in the lands upon which AlphaBow had a working interest. Now, in these CCAA proceedings, AlphaBow applies to have Advance's GOR interest, which was freely negotiated between the parties, declared invalid

and vested off title (the “**Application**”). I am authorized by Advance to swear this affidavit, and the same is sworn in opposition to AlphaBow’s Application.

The MDCC Agreements and the 2021 Action

3. In the fall of 2018, the Parties entered into a Master Drilling and Completion Contract (the “**MDCC**”), wherein Advance provided work and services to AlphaBow in exchange for a GOR interest in AlphaBow’s working interest lands by way of a Gross Overriding Royalty Agreement dated November 23, 2018 (the “**2018 GOR**”), as well as repayment of costs incurred by Advance to perform the work and services. Prior to the fall of 2021, and in connection with the MDCC and the 2018 GOR, the Parties entered into various other minor agreements that modified the Parties’ respective obligations under the MDCC and 2018 GOR (collectively, the “**MDCC Agreements**”). The precise mechanisms of the MDCC Agreements are not directly relevant to the issues in the Application, although they are succinctly set out in the Statement of Claim filed by Advance against AlphaBow on July 16, 2021 (the action commenced by the July 16, 2021 Statement of Claim is hereinafter referred to as the “**2021 Action**”), an unfiled copy of which is attached Exhibit “E” to the Affidavit of Quan Li, sworn October 21, 2024 (the “**Quan Li Affidavit**”). Attached hereto as **Exhibit “A”** is a filed copy of the July 16, 2021 Statement of Claim.
4. What is significant about the MDCC Agreements is that by the summer of 2021, AlphaBow was in significant default of its obligations to pay to Advance the amounts owed thereunder. Accordingly, I instructed Advance’s counsel to commence the 2021 Action to recover the amounts owing from AlphaBow to Advance under the MDCC Agreements, in the approximate amount of \$15 million.
5. In connection with the 2021 Action, Advance served a notice to admit facts (the “**Notice to Admit**”) on AlphaBow’s then counsel, Kenneth Reh. Attached hereto as **Exhibit “B”** is the Notice to Admit, filed and served August 11, 2021, along with the service letter.
6. Advance did not receive a response to the Notice to Admit. As a result, I instructed Advance’s counsel to apply for partial summary judgment, seeking to recover the principal amounts owing under the MDCC Agreements on the basis of the facts admitted in the Notice to Admit. Attached hereto as **Exhibit “C”** is the application for partial summary judgment, filed September 3, 2021 (the “**Summary Judgment Application**”).
7. AlphaBow did not file any materials in response to the Summary Judgment Application. Instead, Mr. Michael Lam, who held himself out as AlphaBow’s representative, reached out to me directly to negotiate a resolution to the pending Summary Judgment Application (the “**Negotiations**”).

The 2021 Negotiations

8. Mr. Lam was the individual that I primarily dealt with during the Negotiations. The essence of Mr. Lam's appeal to Advance for a resolution was that: AlphaBow did not dispute the amounts that it owned Advance; AlphaBow did not have the ability to satisfy its debt to Advance; and if Advance proceeded with its Summary Judgment Application, and took enforcement actions against AlphaBow, it would have no choice but to declare bankruptcy.
9. The prospect of AlphaBow's bankruptcy posed some concern to Advance at that time. Notwithstanding that Advance had a GOR interest in AlphaBow's lands via the 2018 GOR, and notwithstanding that such an interest was meant to be an interest in land, specifically to protect Advance's interests in the event of AlphaBow's insolvency, my understanding at the time of the Negotiations was that the legal landscape with respect to GOR interests was undergoing some change. Specifically, I understood that, as a result of the legal developments, the 2018 GOR would likely *not* have been considered an interest in land, and would not have protected Advance's interests in the event of AlphaBow's insolvency.
10. Accordingly, I understood that if Advance obtained judgment against AlphaBow via the Summary Judgment Application, and proceeded to enforce that judgment against AlphaBow, Advance was likely to recover, at most, only one month's worth of production proceeds from AlphaBow before it went into receivership, after which time, Advance was unlikely to realize any additional funds from the distribution of AlphaBow's assets, given the regulator's priority in insolvency proceedings.
11. At the time, I understood AlphaBow's monthly production revenue was in the range \$2 – 4 million. Therefore, Advance was faced with the choice of proceeding with its litigation and recovering a lump sum that was potentially 15-25% of the amounts owed to it by AlphaBow, or to explore a potential resolution with AlphaBow, wherein Advance would agree to receive much lower monthly payments (in the range of 1% of the amounts owed).
12. In my view, giving up the ability to immediately realize recovery of a meaningful portion of the amounts owed, in favour a payment plan which would take years, if not decades to recover the amounts owed (and subject always to the possibility that AlphaBow may cease operating altogether), was simply an unwise decision. I advised Mr. Lam that in order to induce Advance to take such a risk, additional consideration on the part of AlphaBow was required. That additional consideration being the granting of a GOR interest to Advance that would amount to an interest in land, which would be preserved in the event of AlphaBow's insolvency.
13. Attached hereto as **Exhibit "D"** is an October 28, 2021 email chain between Mr. Lam and myself, that was forwarded to AlphaBow's counsel by Mr. Lam, evidencing our Negotiations. Notably, in these discussions, Mr. Lam continuously proposes payment terms without reference to any GOR

interest. At each stage, I counter with a proposal that includes the execution of a “standard CAPL GOR agreement”. The granting of a GOR interest that would amount to an interest in land was of utmost importance to Advance during these Negotiations. Ultimately, the Parties resolved the Summary Judgment Application on the basis of the terms set out in my October 28, 2021 email to Mr. Lam, including the execution of the CAPL GOR agreement referred to therein.

14. A copy of my correspondence with Mr. Lam was then forwarded to Advance’s counsel by AlphaBow’s counsel, to evidence the terms of the resolution, during the exchange of settlement documents. Attached hereto as **Exhibit “E”** is the email chain between the Parties’ counsels, exchanging AlphaBow’s executed copy of the CAPL GOR agreement, titled “Royalty Agreement”, dated October 28, 2021 (the “**2021 Royalty Agreement**”), and a consent judgment endorsed by AlphaBow’s counsel (the “**Consent Judgment**”). The topmost portion of Exhibit “D” is redacted for privilege. Attached hereto as **Exhibit “F”** is the fully executed 2021 Royalty Agreement. The Consent Judgment is attached as Exhibit “F” to the Quan Li Affidavit.
15. The 2021 Royalty Agreement incorporates by reference the entirety of the 2015 Canadian Association of Petroleum Landmen Overriding Royalty Procedure (the “**2015 CAPL GOR**”), and granted Advance a GOR interest over all of AlphaBow’s working interest lands, as described in Schedule “A” to the 2021 Royalty Agreement (the “**Royalty Lands**”).
16. Subsequent to the execution of the 2021 Royalty Agreement, and the Consent Judgment, the Parties entered into a settlement agreement dated November 12, 2021, governing the resolution of the matters at issue in the 2021 Action (the “**Settlement Agreement**”). A partially executed copy of the Settlement Agreement is attached as Exhibit “I” of the Quan Li Affidavit. Attached hereto as **Exhibit “G”** is a fully executed copy of the Settlement Agreement. Of particular relevance to this Application is that the Settlement Agreement:
 - (a) acknowledges the concurrent existence and force of the MDCC Agreements, and the 2021 Royalty Agreement (at section 13(b));
 - (b) requires AlphaBow to make monthly payments to Advance, calculated with reference to AlphaBow’s production from the Royalty Lands, as defined in the 2021 Royalty Agreement (at section 14(b));
 - (c) releases AlphaBow of matters related to the amounts claimed in the 2021 Action upon full payment of the Indebtedness (as defined in the Settlement Agreement), but **not** AlphaBow’s obligations under the 2021 Royalty Agreement (at section 26);
 - (d) makes no reference to the 2021 Royalty Agreement, including any termination or release therefrom, other than acknowledging its existence and force and by reference to the definition of Royalty Lands in the calculation of the Monthly Payments payable under the Settlement Agreement; and

- (e) acknowledges that Advance has made no other promises or covenants to AlphaBow other than those contained the Settlement Agreement, and that Advance has not taken any action or omission that would constitute a waiver or estoppel of its rights under any other agreement between them, including the 2021 Royalty Agreement (at section 13(c)).
17. These terms are consistent with what I communicated to AlphaBow during the Negotiations, and Advance's understanding that the 2021 Royalty Agreement was meant to grant a perpetual interest in land, detached completely from the debt owed by AlphaBow to Advance under the MDCC Agreements and the 2021 Action.
 18. Since the execution of the Settlement Agreement, Advance has received periodic payments from AlphaBow under the Settlement Agreement only. Advance has not sought to strictly enforce its rights under the 2021 Royalty Agreement because if it did, AlphaBow would be in the same position as it was during the Summary Judgment Application. However, as expressly agreed to by the Parties at section 13(c) of the Settlement Agreement, Advance's omission to insist on payments under the 2021 Royalty Agreement was not a waiver of its rights thereunder.

Responses to AlphaBow's Evidence

19. I have reviewed the Quan Li Affidavit, and the Affidavit of Mr. Ben Li, sworn October 21, 2024 (the "**Ben Li Affidavit**"). The balance of this affidavit responds to various matters raised on the Quan Li Affidavit and the Ben Li Affidavit.

Scope of the Royalty Lands

20. Both Quan Li and Ben Li make reference in their respective affidavits to the fact that they have never seen a copy of Schedule "A" to the 2021 Royalty Agreement, and that upon that basis, they believed the Royalty Lands, as defined in the 2021 Royalty Agreement, to be the same as in the 2018 GOR.
21. It is true that Schedule "A" to the 2021 Royalty Agreement, which is meant to be the mineral property reports (the "**MPR**") of all AlphaBow lands subject to the 2021 Royalty Agreement, has never been physically attached to the 2021 Royalty Agreement. The reason for this is that contrary to AlphaBow's present day assertions, the Royalty Lands as defined under the 2021 Royalty Agreement extends to *all* of AlphaBow's working interest lands, and not simply the Chigwell, Green Glades, and Amisk lands (as alleged and defined in paragraph 25 of the Ben Li Affidavit). As a result of the expansive scope of the Royalty Lands, the MPR for those lands was in excess of 8,000 pages. It was impractical to attach Schedule "A" to the 2021 Royalty Agreement, whether physically or by email attachment.
22. However, I am certain that the Parties at all times mutually understood that the Royalty Lands extended beyond the Chigwell, Green Glades, and Amisk lands. When AlphaBow's counsel sent

the executed 2021 Royalty Agreement and the endorsed Consent Judgment to Advance's counsel, he specifically included a link to where the full Schedule "A" could be downloaded (the "**Schedule "A" Download Link**") (see the earliest in time email found at Exhibit "E" hereto).

23. Upon a review of the initial MPR contained in the Schedule "A" Download Link, I discovered that it was outdated, and was from a year prior. I then demanded that AlphaBow provide an updated and current MPR. Attached hereto as **Exhibit "H"** is an email dated November 8, 2021 from Mr. Lam to myself, wherein he encloses an updated Schedule "A" Download Link. The topmost portion of Exhibit "F" is redacted for privilege.
24. The updated Schedule "A" downloaded from the link in Exhibit "F" was an 8122 page PDF, and contained the MPR for all of AlphaBow's working interest lands. Attached hereto as **Exhibit "I"** is an excerpt of the updated Schedule "A", including the first 3 pages, the last three pages, and the pages corresponding to the 250 and Tian Asset, and the Resistance Asset (as those terms are defined in the Ben Li Affidavit), all of which are outside of the Chigwell, Green Glades, and Amisk lands. At the time that the 2021 Royalty Agreement was executed, I believe that AlphaBow knew that the Royalty Lands extended beyond the Chigwell, Green Glades, and Amisk lands.
25. Upon receiving the updated Schedule "A", Advance proceeded to evidence its new GOR interest by registering caveats on those Royalty Lands that it considered high value at the time. Attached hereto as **Exhibit "J"** is the caveat and affidavit in support registered by Advance against certain of the Royalty Lands.

After the Fact Acknowledgement of the Royalty Lands Scope

26. Although Ben Li was not involved with AlphaBow until after the execution of the 2021 Royalty Agreement. I believe that he would have been aware that the Royalty Lands included lands beyond the Chigwell, Green Glades, and Amisk lands at least as of October 2022.
27. In the fall of 2022, Advance discovered that AlphaBow was in material default of its obligations under the Settlement Agreement by, amongst other things, failing to report production from wells on *all* Royalty Lands to Advance (the "**Scope Deficiency**"), and thereby underpaying the Monthly Payments as required by section 14 of the Settlement Agreement. In addition to the Scope Deficiency, Advance also discovered that of the wells for which production were reported by AlphaBow, the volume of production was consistently being underreported (the "**Quantum Deficiency**"). Advance instructed its counsel to demand an explanation for the underreporting. Attached hereto as **Exhibit "K"** is the October 14, 2022 correspondence sent by Advance's counsel to AlphaBow regarding the Scope Deficiency and the Quantum Deficiency (the "**October 14 Demand**").

28. On October 26, 2022, counsel for AlphaBow replied to Advance's October 14 Demand via email (the "**October 26 Reply**"). Attached hereto as **Exhibit "L"** is AlphaBow's October 26 Reply, along with its attachment. The October 26 Reply attempts to suggest that the Quantum Deficiency is explained by a "misapprehension" on the part of Advance of the difference between gross production from the Royalty Lands, and AlphaBow's net share of production revenue accounting for freehold royalties.
29. After receiving the October 26 Reply, Advance considered AlphaBow's explanation for the Quantum Deficiency, but remained concerned that the October 26 Reply completely failed to address the Scope Deficiency. Accordingly, Advance instructed its counsel to further demand an explanation for the Scope Deficiency. Attached hereto as **Exhibit "M"** is the November 10, 2022 letter sent by Advance's counsel to AlphaBow (the "**November 10 Demand**").
30. In response to the November 10 Demand, Ben Li contacted Advance's counsel directly on November 30, 2022 to advise that AlphaBow had "found some mistakes" dating back to December of 2021 regarding "the calculation of payment", and requested some additional time to investigate the issue. Attached hereto as **Exhibit "N"** is Ben Li's November 30, 2022 email to Advance's counsel, cc'ing me.
31. Advance agreed to the extension requested by Mr. Li, and awaited Mr. Li's further reply. On December 7, 2022, Mr. Li wrote to Advance's counsel, conceding that production was missing from AlphaBow's historical reporting to Advance as a result of omitting to include sales revenue from Gibson Energy Infrastructure Partnership ("**Gibson**") and Secure Energy Services Inc. ("**Secure**"). Attached hereto as **Exhibit "O"** is Mr. Li's December 7, 2022 email to Advance's counsel, cc'ing me, along with its attachment (the "**December 7 Admission**").
32. Following the December 7 Admission, Advance's counsel followed up with AlphaBow, requesting the producer statements that supported the calculations contained in the December 7 Admission. Attached hereto as **Exhibit "P"** is a December 12, 2022 email from Ava Jiang of AlphaBow to Advance's counsel attaching AlphaBow's producer statements for the month of October 2022 (the "**October 2022 Producer Statements**").
33. Of note, the October 2022 Producer Statements provided by AlphaBow included producer statements from Gibson and Secure, which up to that point, had not been provided to Advance as a part of AlphaBow's monthly reporting obligations under the Settlement Agreement. For example, the producer statements provided by AlphaBow in September of 2022, in respect of August 2022 production only included a producer statement from Shell Trading Canada. Attached hereto as **Exhibit "Q"** is an email dated September 26, 2022 from Ben Li to Advance's counsel, purporting to satisfy the Monthly Payment due under the Settlement Agreement for September 2022.

34. The wells referred to in the October 2022 Producer Statements include wells that are not a part of the Chigwell, Green Glades, or Amisk lands, but are a part of the lands described in the full Schedule "A" to the 2021 Royalty Agreement.
35. AlphaBow, and its CEO, Ben Li, when faced with the allegation that it had been under reporting production under the Settlement Agreement, conceded that it was in breach of the Settlement Agreement and revised its Monthly Payments to include production from wells outside of the Chigwell, Green Glades, and Amisk lands.
36. The Quantum Deficiency, as described above, was also subsequently resolved in favour of Advance. Attached hereto as **Exhibit "R"** is a February 17, 2023 demand made by Advance's counsel to AlphaBow in respect of the Quantum Deficiency. Attached hereto as **Exhibit "S"** is AlphaBow's February 24, 2023 reply admitting its error.

The Deng Letter

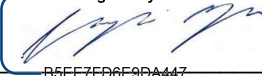
37. In response to paragraph 16 and Exhibit "G" of the Quan Li Affidavit, my communication to Mr. Deng in the spring of 2021 was prior to Advance obtaining a full understanding of the GOR issues discussed in paragraph 9 above. In any event, the ideas discussed in the May 31, 2021 letter to Mr. Deng were only ideas, and did not form a part of the subsequent agreements that were executed by the Parties.
38. I did not receive any response from Mr. Deng to my May 31, 2021 letter, and it was due in part to this lack of response that I instructed Advance's counsel to commence the 2021 Action.

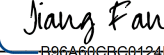
The GSA

39. The general security agreement referred to at paragraph 26 and Exhibit "K" of the Quan Li Affidavit was registered in accordance with the 2015 CAPL GOR, which formed a part of the 2021 Royalty Agreement by reference. Specifically, section 2.07 of the 2015 CAPL GOR grants Advance (as royalty owner) a lien and charge over the petroleum substances once produced out of the Royalty Lands. My understanding is that such lien and charge is properly registerable on the Alberta Personal Property Registry. Attached hereto as **Exhibit "T"** is the 2015 CAPL GOR.

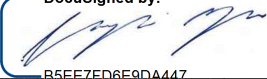
40. I swear this affidavit to oppose AlphaBow's Application to vest off Advance's GOR interest in the Royalty Lands, and for no other improper purpose.

The affiant was not physically before me. We)
were connected via two-way video conference,)
and reviewed the same copy of this affidavit via)
docuSign. VIRTUALLY SWORN BEFORE ME)
at Calgary, Alberta, this 28 day of October,)
2024.)

DocuSigned by:)
)
B5EE7FD6E9DA447...)
Changhai Zhu)
Barrister and Solicitor)

签署人:)
)
B96A606BC0124EB...)
Jiang Fan)

**THIS IS EXHIBIT "A"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

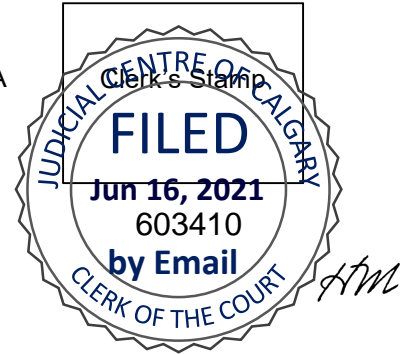
DocuSigned by:

B5EE7ED6E9DA447

**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

Form 10
Alberta Rules of Court
Rule 3.25

COURT FILE NUMBER	2101-07914
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	ADVANCE DRILLING LTD.
DEFENDANT	ALPHABOW ENERGY LTD.
DOCUMENT	STATEMENT OF CLAIM
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Dentons Canada LLP 15 Floor, 850 – 2 Street SW Calgary, AB T2P 0R8 Attention: Sean Fairhurst Phone: 403-268-6803 Fax: 403-268-3100 Email: sean.fairhurst@dentons.com File Number: 571893-1



NOTICE TO DEFENDANT

You are being sued. You are a defendant.

Go to the end of this document to see what you can do and when you must do it.

Statement of facts relied on:

1. The Plaintiff, Advance Drilling Ltd. ("**Advance**"), is a corporation duly incorporated in accordance with the laws of the Province of Alberta. Advance carries out, among other things, operations to drill and complete petroleum and natural gas wells within the Province of Alberta.
2. The Defendant, AlphaBow Energy Ltd., formerly known as Sequoia Operating Corporation ("**AlphaBow**"), is a corporation duly incorporated in accordance with the laws of the Province of Alberta. AlphaBow carries out, among other things, the acquisition, development and production of petroleum and natural gas resources within the Province of Alberta.
3. On or around November 23, 2018, AlphaBow entered into three agreements with Advance in relation to certain petroleum and natural gas interests owned by AlphaBow:
 - (a) a Master Drilling and Completion Contract ("**MDCC**") wherein AlphaBow agreed to pay all of Advance's cost, including drilling costs plus interest, to perform operations to drill and complete various petroleum and/or natural gas wells;
 - (b) a Gross Overriding Royalty Agreement ("**GORR**") wherein AlphaBow agreed to grant Advance a gross overriding royalty in the amount of 17.5% on AlphaBow's working interest in the petroleum substances produced, or deemed to be produced, sold and marketed from the Royalty Lands described in the GORR to better secure the payment by AlphaBow of any unpaid amounts due and owing from time to time to Advance under the MDCC; and

- (c) a Standstill Agreement wherein Advance agreed that the gross overriding royalty granted to it by AlphaBow pursuant to the GORR would not be payable until such time that (i) unpaid amounts were due and owing by AlphaBow to Advance under the MCDD; and (ii) Advance served a notice pursuant to section 5.1 of the GORR invoking payment of the gross overriding royalty.

The MDCC

4. On or around July 9, 2020, AlphaBow acknowledged in a letter to Advance that it had not been able to meet its payment obligations under the MDCC and was indebted to Advance in the amount of \$12,470,667.39 (the “**Unpaid Amounts**”). AlphaBow then made the following proposal to repay the Unpaid Amounts, the terms of which were agreed to by Advance (the “**MDCC Letter Agreement**”):
- (a) If the CAD equivalent Current Month Average (“**CMA**”) price of West Texas Intermediate less prior month MSW differential is less than CAD \$60.00 per barrel, AlphaBow would make minimum monthly installment payments of CAD \$50,000 per month;
 - (b) If the CAD equivalent CMA price of West Texas Intermediate less prior month MSW differential is CAD \$60.00 but less than CAD \$70.00 per barrel, AlphaBow would make minimum monthly installment payments of \$350,000 per month;
 - (c) If the CAD equivalent CMA price of West Texas Intermediate less prior month MSW differential is CAD \$70.00 or greater per barrel, AlphaBow would make minimum monthly installment payments of \$700,000 per month;
 - (d) In the event AlphaBow is able to sell Carbon Offset credits from CO₂ captured at its Joffre facilities (located adjacent to the Nova Chemicals Joffre Ethylene and polyethylene manufacturing facilities) and sequestered within the Chigwell Viking B Pool, AlphaBow will commit 100% of any net proceeds to its balance outstanding with Advance; and
 - (e) In the event AlphaBow closes a transaction to dispose of an interest in any of its assets for proceeds of greater than CAD \$1,000,000, AlphaBow will commit 50% of these proceeds to its balance outstanding with Advance.
5. Pursuant to the terms of the MDCC Letter Agreement, AlphaBow made installment payments to Advance in the amount of CAD \$50,000 for the months of July, August, and September 2020.
6. As of October 2020, and despite repeated demands, AlphaBow has failed, neglected and/or refused to make any further payments in accordance with the terms of the MDCC and the MDCC Letter Agreement.

The GORR

7. On or around November 12, 2020, Advance invoked its right under the GORR to receive a gross overriding royalty to recover the unpaid amounts due and owing under the terms of the MDCC. Due to low commodity prices, Advance made the following proposal to temporarily vary the payment terms provided in the GORR as follows (the “**GORR Letter Agreement**”):
- (a) the amount of the gross overriding royalty would be reduced from a rate of 17.5% to 2.5% per month;

- (b) the gross overriding royalty payable by AlphaBow to Advance at the rate of 2.5% per month would be to a maximum of \$50,000 per month;
 - (c) the first royalty payment was due November 30, 2020;
 - (d) the terms of the GORR Letter Agreement would continue on a month by month basis until such time as Advance provided notice to AlphaBow that the next royalty payment is to be at the rate of 17.5% as provided in the GORR; and
 - (e) nothing in the GORR Letter Agreement would amend the terms and conditions of the GORR or the MDCC, including the revised payment scheduled set out in the MDCC Letter Agreement.
8. On or around November 16, 2020, AlphaBow agreed to the terms of the GORR Letter Agreement.

Breaches of Contract

9. On or around December 3, 2020, Advance notified AlphaBow, by way of letter, that:
- (a) AlphaBow had failed to make the November 30, 2020 royalty payment pursuant to the terms of the GORR Letter Agreement; and
 - (b) AlphaBow had failed to make the October and November payments under the revised payment scheduled to the MDCC as set out in the MDCC Letter Agreement.
10. Accordingly, within its December 3, 2020 letter, Advance demanded payment of all amounts due and owing by AlphaBow to Advance, being \$13,189,899.17 as of November 30, 2020:
- (a) pursuant to the terms of the GORR and the GORR Letter Agreement;
 - (b) pursuant to the terms of the MDCC and the MDCC Letter Agreement; and
 - (c) all accrued and accruing interest, expenses, and legal costs due and payable under the GORR and the MDCC.
11. On or around May 14, 2021, Advance notified AlphaBow, by way of letter, that:
- (a) it understood based on publically available information that the CAD equivalent CMA price of West Texas Intermediate less prior month MSW differential had reached \$60.00 in March 2021;
 - (b) pursuant to the terms of the MDCC Letter Agreement, AlphaBow was required to pay Advance not less than \$350,000 for the March 2021 payment, which was still outstanding and unpaid as of May 14, 2021;
 - (c) if AlphaBow disagreed that the CAD equivalent CMA price of West Texas Intermediate less prior month MSW differential had reached \$60.00 in March 2021 and refused to pay the \$350,000 due and owing for March 2021, then pursuant to the terms of the GORR Letter Agreement, Advance provided written notice that the temporary reduction in the rate of the gross overriding royalty from 17.5% to 2.5% is no longer in effect, and the next royalty payment due and owing under the GORR shall be at the rate of 17.5%.
12. To date, Advance has not received a response from AlphaBow in relation to its letter of May 14, 2021.

13. Despite repeated demands, AlphaBow has failed, neglected and/or refused to make payments in accordance with, and in breach of, the terms of the MDCC, the MDCC Letter Agreement, the GORR and the GORR Letter Agreement.
14. As of May 31, 2021, AlphaBow is indebted to Advance in the amount of \$ 14,523,038.14.
15. Having obtained the benefit of Advance's services pursuant to the MDCC, but having failed to honour the burdens of the MDCC, the MDCC Letter Agreement, the GORR, and the GORR Letter Agreement, AlphaBow has been unjustly enriched to the detriment of Advance and without any juristic reason, in an amount equal to or exceeding the sum of \$ 14,523,038.14.
16. Pursuant to the MDCC, Alphabow is obligated to pay interest at the rate of 8% annualized on the outstanding sum (the "Contractual Prejudgment Interest Rate), and interest will continue to accrue at the rate of 18% per annum on any amount that is determined to owing by Alphabow to Advance by reason of a judgment of this Honorable Court, calculated daily and compounded annually (the "Contractual Post-judgement Interest Rate").
17. Pursuant to the MDCC, the parties agreed that Alphabow would be responsible for the payment of Advance's reasonable legal fees and costs on a solicitor and own client basis in the event that Advance must pursue its remedies under the MDCC.
18. Pursuant to the MDCC and the GORR, Alphabow has acknowledged and agreed that the gross overriding royalty is an interest in land.
19. Pursuant to the GORR, Alphabow has acknowledged and agreed that its failure to pay the royal payment, or any other amounts owing to Advance under the GORR or the MDCC, shall provide to Advance, at its option, the right to maintain an action for all unpaid amounts on a continuing basis as such amounts are payable, but not paid, as if the obligation to pay such amounts were liquidated demands due and payable on the relevant date such amounts were due to be paid, without any right or resort to set-off or counter-claim by AlphaBow.

Remedy sought:

20. Advance claims the following relief as against AlphaBow:
 - (a) Judgment or alternatively, damages in the amount of \$ 14,523,038.14 or such further and other amount as may be awarded by this Honourable Court;
 - (b) The Contractual Pre-judgment Interest Rate on all amounts awarded to Advance up to the date of judgment, or alternatively pre-judgment interest at a commercial rate or in the further alternative, in accordance with the provisions of the *Judgment Interest Act*, RSA 2000, c J-1, as amended and its regulations thereunder;
 - (c) The Contractual Post-judgment Interest Rate on all amounts awarded to Advance from the date of judgment at the Contractual Rate up to the date of payment, or alternatively post-judgment interest at a commercial rate or in the further alternative, in accordance with the provisions of the *Judgment Interest Act*, RSA 2000, c J-1, as amended and its regulations thereunder;
 - (d) A declaration that Advance is entitled to be paid a gross overriding royalty by Alphabow in the amount of 17.5% on AlphaBow's working interest in the petroleum substances produced, or deemed to be produced, sold and marketed from the Royalty Lands described in the GORR and payable in accordance of the terms and conditions of the GORR;

- (e) Costs of this action on a solicitor and own client basis or in the alternative, on such other basis as this Honourable Court may permit; and
- (f) Such further and other relief as counsel may request and this Honourable Court may deem just and appropriate.

NOTICE TO DEFENDANT

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada

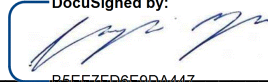
You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's address for service.

WARNING

If you do not file and serve a statement of defence or demand for notice within your time period, you risk losing the lawsuit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff against you.

**THIS IS EXHIBIT "B"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:



D6EE7FD6E9DA447...

**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

大成 DENTONS

Changhai Zhu
Student-at-Law

changhai.zhu@dentons.com
D +1 403 268 7135

Dentons Canada LLP
15th Floor, Bankers Court
850-2nd Street SW
Calgary, AB, Canada T2P 0R8

dentons.com

August 11, 2021

File No.: 571893-1

VIA FAX

Kenneth P. Reh Law Office
702, 1816 Crowchild Trail NW
Calgary, AB T2M 0M5

Attention: Kenneth P. Reh

Dear Sir:

Re: Advance Drilling Ltd. v. Alphasow Energy Ltd.
Court File No. 2101-07914

In connection with the above-noted matter, we enclose for service upon you a Notice to Admit Facts.

Pursuant to Rule 6.37 of the *Alberta Rules of Court*, we will presume the facts stated within to be admitted if no response is received by August 31, 2021.

Yours truly,
Dentons Canada LLP



Changhai Zhu
Student-at-Law

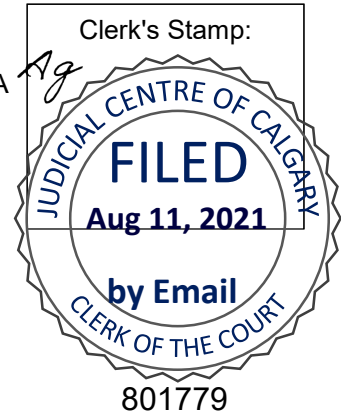
/ko

Enclosures:
Notice to Admit Facts; and
Associated Exhibits ("A"- "I")

COURT FILE NUMBER 2101-07914
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 PLAINTIFF ADVANCE DRILLING LTD.
 DEFENDANT ALPHABOW ENERGY LTD.
 DOCUMENT **NOTICE TO ADMIT FACTS**

ADDRESS FOR SERVICE
 AND CONTACT
 INFORMATION OF PARTY
 FILING THIS DOCUMENT

Dentons Canada LLP
 Bankers Court, 15th Floor
 850 – 2nd Street SW
 Calgary, AB T2P 0R8
 Attention: Sean Fairhurst
 Changhai Zhu
 Email: sean.fairhurst@dentons.com
 changhai.zhu@dentons.com
 Ph: (403) 268-6803
 (403) 268-7135
 Fx: (403) 268-3100
 File No.: 571893-1



**NOTICE TO PARTY RECEIVING NOTICE TO ADMIT:
 ALPHABOW ENERGY LTD.**

You have received a Notice to Admit.

Read this document to see what you must do and when you must do it.

You are called on to admit for purposes of an application or trial the following:

1. The Plaintiff, Advance Drilling Ltd. ("**Advance**"), and the Defendant, AlphaBow Energy Ltd. ("**AlphaBow**"), entered into a Master Drilling and Completion Contract (the "**MDCC**") dated November 23, 2018, attached hereto as Exhibit "**A**".
2. Advance and AlphaBow entered into a Gross Overriding Royalty Agreement (the "**GORR**") dated November 23, 2018, attached hereto as Exhibit "**B**".
3. On July 9, 2020 AlphaBow acknowledged, in writing, that it was indebted to Advance in the amount of \$12,470,667.39 as of that date.
4. The July 9, 2020 letter contained proposed terms of repayment for AlphaBow's acknowledged indebtedness to Advance. Advance accepted the proposed terms contained in the July 9, 2020 letter (the "**MDCC Letter Agreement**"). The executed MDCC Letter Agreement is attached hereto as Exhibit "**C**".

5. On November 12, 2020, Advance wrote to AlphaBow advising AlphaBow that payments under the GORR were due and payable, and proposed terms with respect to the repayment of the amounts owing.
6. On November 16, 2020, AlphaBow acknowledged its obligations under the GORR and accepted the proposed repayment terms contained in the November 12, 2020 letter (the "**GORR Letter Agreement**"). The executed GORR Letter Agreement is attached hereto as Exhibit "**D**".
7. In a letter dated December 3, 2020, Advance wrote to AlphaBow demanding full payment for the amounts outstanding under the MDCC, MDCC Letter Agreement, GORR, and GORR Letter Agreement. The December 3, 2020 letter is attached hereto as Exhibit "**E**".
8. In follow-up communications between Advance and AlphaBow, the parties agreed that Advance would withdraw its December 3, 2020 demand if AlphaBow continued to make monthly GORR payments in accordance with the GORR Letter Agreement. These communications are attached hereto as Exhibit "**F**".
9. On April 28, 2021, Advance wrote to AlphaBow requesting confirmation that AlphaBow's outstanding balance payable to Advance as of December 31, 2020 was \$13,154,899.17.
10. On May 6, 2021, AlphaBow's Vice President of Finance, Sarah Li ("**Ms. Li**"), wrote to Advance indicating that AlphaBow's records showed that AlphaBow owed Advance \$13,017,756.40 instead of \$13,154,899.17 as at December 31, 2020. Ms. Li later retracted her objection and confirmed the balance outstanding based on Advance's records and on AlphaBow's records were the same. These communications are attached hereto as Exhibit "**G**".
11. On May 6, 2021, Ms. Li signed the April 28, 2021 letter, confirming that as at December 31, 2020, AlphaBow was indebted to Advance in the amount of \$13,154,899.17. The signed April 28, 2021 letter is attached hereto as Exhibit "**H**".
12. Since the acknowledgement of the \$13,154,899.17 due and owing as of December 31, 2020, AlphaBow paid Advance for five GORR payment periods as follows:

GORR Payment Period:	Date of Payment Statement:	Payment Amount:
November, 2020	January 12, 2021	\$38,022.09
December, 2020	February 24, 2021	\$40,261.02
January, 2021	March 8, 2021	\$29,429.82
February, 2021	April 9, 2021	\$45,718.34
March, 2021	May 18, 2021	\$57,128.69
Total:		\$210,559.96

13. AlphaBow's payment statements for the five GORR payment periods are attached hereto as Exhibit "**I**".

Each of the matters for which an admission is requested is presumed to be admitted, unless within 20 days of the date of service of the notice to admit, you serve on the party requesting the admission a statement:

- A. denying specially the facts or the opinion, or both, for which an admission is requested and setting out in detail the reasons why the facts cannot be admitted or the opinion cannot be admitted, as the case requires, or**
- B. setting out an objection on the ground that some or all of the requested admissions are, in whole or in part,**
 - 1. privileged, or
 - 2. irrelevant, improper or unnecessary.

A denial by you must fairly meet the substance of the requested admission and when only some of the facts or opinions for which an admission is requested are denied, the denial must specify the facts or opinions that are admitted and deny only the remainder.

You may amend or withdraw an admission or a denial made only with the Court's consent or by agreement of the parties.

Any admission you make is only for the specific purpose for which it is made and may not be used as an admission against you on any other occasion, or in favour of a person other than the person giving this notice, unless you agree otherwise.

EXHIBIT "A"

Master Drilling and Completion Contract

Dated November 23, 2018

BETWEEN:

ALPHABOW ENERGY LTD., a company registered with the legislation of Canada and with its place of business at 1800, 222-3rd Avenue S. W. Calgary, Alberta, T2P 0B4 (Hereinafter referred to as **Operator**);

And

ADVANCE DRILLING LTD., a company registered with the legislation of Canada and with its place of business at 1001, 505-3rd Street, S. W. Calgary, Alberta, T2P 3E6 (Hereinafter referred to as **Contractor**).

WHEREAS:

Operator has a multi-year drilling and completion plan to develop its property and improve the production;

Contractor has sufficient experiences, expertise and resources to perform drilling and completion operation in an efficient and safe way and in compliance with requirements of related authorities;

The Parties wish to mutually collaborate and to complement the strength of each other;

Now therefore, the Parties agree to enter into this Contract to govern the execution of Operator's drilling and completion plan, and to confirm the obligations and liabilities of each Party with respect thereto:

1.0 INTERPRETATION

1.1 Definitions

In this Contract the following terms have the meanings as below:

"AFE" means authority for expenditure, cash call or mail ballot issued pursuant to any title and operating documents relating to Operator's assets.

"Drilling or Drilling Operation" means all the works and services required or reasonably anticipated according to the drilling program described in a Work Order, together with the equipment, tools, supplies and personnel associated therewith.

"Completion or Completion Operations" means all the works and services required or reasonably anticipated according to the completion program described in a Work Order, together with the equipment, tools, supplies and personnel associated therewith.

"Contract" means the body of this Contract together with its Schedules and any of its amendment.



“**Drilling Daywork Amount**” has the meaning given to it in Section 5.4.

“**Completion Daywork Amount**” has the meaning given to it in Section 5.4.

“**Daywork Basis**” means the Contractor will perform the operations and provide services with related equipment, tools, supplies and personnel to work under the direction, supervision, management and control of Operator.

“**Daywork Exhibit “A”**” means the standard CAODC C4-04-04 Exhibit “A” To A Master Daywork Contract.

“**Master Daywork Contract**” means the standard CAODC C3-05-01 Master Daywork Contract.

“**Operation Area**” means the area designated by Operator in Western Canada.

“**Party**” means either Contractor or Operator and “**Parties**” means Contractor and Operator.

“**Master Service Agreement**” means 2005 PASC Master Service Agreement;

“**Subcontractor Work and Services**” means the work and services to be provided to the Contractor by its subcontractors with their own equipment and/or personnel.

“**Turnkey Amount**” has the meaning given to it in Section 5.2.

“**Turnkey Basis**” means drilling a Well or Wells according to the specifications described in a Work Order at a fixed amount for the Operator per Well, subject to the limitations and exceptions provided for in this Contract.

“**Turnkey Basis AFE**” has the meaning given to it in Section 5.1.

“**Turnkey Depth**” has the meaning given to it in subsection 2.5(a).

“**Drilling and Completing Program**” or “**Drilling Program**” or “**Completing Program**” means the program described in Appendix 1 of a Work Order that will be used to guide the drilling and completion operations, as amended or supplemented by the Well Specification Sheet applicable to each specific Well.

“**Geological Prognosis**” means the detailed geological description of the formation as described in Appendix 1 of a Work Order that will be encountered during the Drilling Operation in Operation Area.

“**Well**” or “**Wells**” mean a well or wells identified in a Work Order.

“**Well Specification Sheet**” means the detailed specification described in Appendix 5 of a Work Order to the Drilling or Completion Program for each well provided by Operator prior to commencing Drilling and Completion operations for such Well.

“**Work and Services**” means the work and services to be provided by Contractor, with its own or subcontracted equipment and personnel.

Handwritten signature and initials in the bottom right corner of the page.

“**Work Orders**” means the orders provided by Operator to Contractor for a quantity of Wells to be drilled and completed by Contractor during specific period of time, which will be planned with consideration of Operator’s plan and Contractor’s costs and efficiency, and accepted by Contractor.

1.2 Schedules

The following Schedules are attached to and form a part of this Contract:

Schedule A – Sample of Work Order;

1.3 Interpretation

In this Contract:

- (a) all monetary amounts refer to Canadian dollars unless otherwise specifically stated;
- (b) references to “including” means “including, without limitation” and references to “includes” means “includes without limitation”;
- (c) reference to a statute includes the regulations and any other subordinate legislation made pursuant to that statute and includes any amendment, consolidation, re-enactment, substitution or replacement of all or any part of such statute, regulation or other subordinate legislation, as may be enacted from time to time;
- (d) the words “herein”, “hereof”, “hereto” and “hereunder” refer to this Contract as a whole and not to a particular Article, Section or Schedule in which such word may be used;
- (e) unless otherwise specified, a reference to an “Article” or “Section” is a reference to an Article or Section or Subsection of this Contract;
- (f) words importing the singular include the plural and vice versa, and words importing the masculine gender include the feminine and vice versa; and
- (g) Headings are for the purpose of convenience of reference only and shall not affect the construction or interpretation of this Contract;

1.4 Conflicts

In the event of a conflict or inconsistency between the terms and conditions hereof and those in any Schedules, the terms and conditions of this Contract shall prevail.

2.0 **SCOPE OF WORK AND SERVICES**

2.1 Scope of Work and Services

- (a) As of the date hereof, Operator confirms that it plans to drill and complete up to **[25]** wells in the Operation Area in the forthcoming three years from the date hereof, and anticipates placing Work Orders for approximately **[eight]** Wells during each 12-month period.



Operator may place Work Orders to Contractor on and subject to the terms and conditions of this Contract. For greater certainty, the above estimates and anticipated Wells is indicative and for illustration purposes only and does not create and is not intended to create any obligation or requirement on the Operator to place such Work Orders with Contractor.

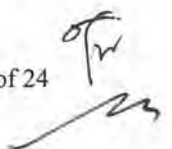
- (b) For Wells to be drilled and completed, Contractor will provide Drilling, Completion services with the proper and sufficient equipment, tools, materials and personnel. Operator will provide all necessary permits, access roads and well sites. Drilling and Completion program to be agreed upon by both parties.
- (c) For greater clarity, Contractor will provide Drilling, Completion related operations, excluding production test, abandonment or reclaiming any of the Wells, unless required by Operator to be done on a Daywork Basis or such other terms as mutually agreed to in writing.
- (d) The Drilling Operations for all Wells will be on Turnkey basis, except those specified herein this Contract as Daywork Operations, and the Completion Operations will be performed on Daywork basis.

2.2 Work Order

- (a) Wells to be drilled by Contractor will be ordered through Work Orders, which will specify the Wells and number of Wells to be drilled and completed under the Work Order.
- (b) A Work Orders shall include following appendixes:
 - Appendix 1 - Drilling Program, Completion Program and Geological Prognosis;
 - Appendix 2 - Exhibit "A" Daywork for Drilling Rig;
 - Appendix 3 - Daywork Rates for Drilling and Completion Subcontractors;
 - Appendix 4 - AFEs;
 - Appendix 5 - Well Specification Sheet;
- (c) Contractor shall not perform any Work unless a Work Order is issued by Operator and accepted by Contractor.
- (d) Notwithstanding expiry of this Agreement, any Work Order issued and accepted before the Expiry Date will continue with full force and effect pursuant to such Work Order or any earlier termination of that Work Order.

2.3 Turnkey Basis

For purposes hereof, the term "Turnkey Basis" means, in conjunction with its definition under Section 1.1, Contractor will furnish the equipment, tools, supplies, personnel and services as reasonably required and anticipated to drill a Well to the specifications set forth in the Well Specification Sheet and Drilling Program in consideration of a fixed sum to be paid by Operator to Contractor. While drilling on a Turnkey Basis, Contractor will direct, supervise, manage and control Drilling Operations and assume liabilities to the extent specifically provided for herein,



however, Operator is entitled to require rectification of Work or Services provided by Contractor, or replacement of any subcontractor that, if according to Operator's reasonable opinion, cannot meet the safety and quality requirement of the Contract.

2.4 Daywork Basis

For purposes hereof, the term "Daywork Basis" means, in conjunction with its definition under Section 1.1, Contractor will furnish the equipment, tools, supplies, personnel and services as reasonably required and anticipated to complete a Well to the specifications set forth in the Well Specification Sheet and Completion Program, or to perform other drilling related Daywork Operations as described in Section 2.4 herein, at rates and fees agreed by Operator according to this Contract. While working on Daywork Basis, Operator will direct, supervise, and control the operations and assume liabilities to the extent specifically provided for herein. Operator is entitled to require replacement of any Contractor's subcontractor that, if according to Operator's reasonable opinion, cannot meet the safety and quality requirement of the Contract.

2.5 Daywork Operations

Other than Completion Operations, all other operations performed by Contractor which are not specified in the Drilling Program will be performed on a Daywork Basis and Contractor will be paid for such drilling and services at the applicable daywork rates specified in Appendix 2, 3 and 4 (Daywork Operations) in the applicable Work Order. Such Daywork Operations will be carried out based on the terms of the Master Daywork Contract as modified by this Contract, which include but not limited to:

- (a) all drilling beyond the maximum horizontal wellbore length specified in the Drilling Program (the "**Turnkey Depth**");
- (b) all other operations performed by Contractor at the request of Operator, which is not specified herein to be performed on a Turnkey Basis;
- (c) all time when Contractor, in accordance with the terms hereof, has suspended Turnkey operations to prepare for Daywork Operations, including all time required to restore the hole to the same drilling condition which existed when Turnkey operations were suspended.

Except for obligations and liabilities specifically assumed by Contractor and except for bad faith, fraud, gross negligence or wilful misconduct on the part of Contractor, Operator will be solely responsible and assume liability for all consequences of operations while on a Daywork Basis, including without limitation, results and all other risks or liabilities incurred in or incident to such operations.

3.0 **TERM, TERMINATION AND SUSPENSION**

3.1 Term of Contract



This Contract shall be effective from the date first written above and shall continue in full force and effect for three years or until terminated or extended in accordance with the terms and conditions of this Contract.

3.2 Termination by Operator

The Operator may, at its sole option and without limiting any other rights or remedies which it may have hereunder, at law, in equity or otherwise, terminate this Contract or any Drilling or Completion Operation at any time with immediate effect upon written notice to Contractor if Contractor:

- (a) is in default of any of its obligations hereunder, and fails to commence remedy such default within ten (10) days of receipt of written notice thereof from Operator or such longer time as approved by Operator; or
- (b) is not able to pay its debts generally as they come due, becomes insolvent, institutes or is the subject of any proceedings under any applicable Laws for relief from creditors, insolvency, receivership, bankruptcy, winding-up or dissolution, appoints a receiver, trustee, monitor or liquidator over any assets of Contractor or ceases to carry on business.

3.3 Termination by Contractor

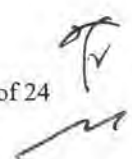
Notwithstanding anything to the contrary herein, should the Operator:

- (a) fails to make any payment when due in accordance with this Contract; or
- (b) if Operator becomes insolvent, files for bankruptcy, make an assignment in favour of creditors or if a receiver is appointed in respect of the Operator's property, or any part thereof;
- (c) Operator undergoes a change in the management at the executive level or
- (d) should the production of Well/ Wells completed by Contractor not proved economical;

Contractor may, at its option, elect to early terminate further performance of any work under this Contract and Contractor's right to compensation will be set forth in Section 3.4 below. In addition to Contractor's right to terminate performance hereunder, Operator hereby expressly agrees to protect, indemnify and save Contractor harmless from any claims, demands and causes of action including all costs of defense in favor of Operator, Operator's joint operators, or other parties arising out of any drilling and completing commitments obligations contained in any lease, farmout agreement or other agreement, which may be affected by such termination of performance hereunder.

3.4 Termination Compensation

Upon termination, Contractor will immediately invoice Operator for any amount due for Work or Services completed by Contractor before termination. All such invoiced amount will be paid according to this Contract.



3.5 Temporary Suspension of Operation

In the event Operator decides to temporarily suspend the Operation for no fault of Contractor, Contractor shall work together with Operator to take proper measures to minimize the costs to be incurred by Contractor on site, however Operator shall pay Contractor for standby rates and other fees unavoidable according to Appendix 2, 3 and 4 in such applicable Work Order.

During any road ban period, Contractor will discuss with all subcontractors to reach agreements for equipment to standby on site free of charge. Operator shall be responsible for any reasonable and unavoidable costs incurred by Contractor.

4.0 **COMMENCEMENT OF OPERATION**

4.1 Commencement Date

Where Operator specifies a commencement date for a Work Order, at least 30 days prior written notice shall be provided to Contractor, for Contractor to arrange and mobilize the equipment, tool, supplies and personnel, in order to spud the Well on or before the specified commencement date. Without such advance written notice, Contractor has no responsibility to commence Drilling Operations or spud a Well by a particular deadline. When such advance notice is given, Contractor will use commercially reasonable efforts to spud the Well by the commencement date given. If Contractor, in its sole judgement, is not able to reasonably spud in advance of such commencement date, it shall advise Operator as soon as possible.

4.2 Well Specification Sheet

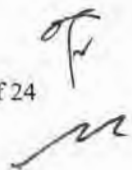
In addition to the Contract and Drilling and Completion Program, Operator shall provide Contractor a Well Specification Sheet at least 30 days prior to Drilling and Completing of each Well, specifying the detailed engineering design and Geological Prognosis of each Well, Contractor shall inform and discuss with Operator if Contractor notices anything significantly different from the Drilling and Completion Program.

4.3 Delayed Surface Access

If Contractor is denied unrestricted surface access to the Well and related access road for any reason not reasonably within Contractor's control, any time lost by Contractor as a result of such denial will be paid for at the applicable day rate set forth in Appendix 2, 3 and 4 in the applicable Work Order.

4.4 Information Sharing

Operator agrees to provide, as soon as reasonably practicable upon the written request of Contractor, production reports for any Well drilled or tested and forming a part of any Work Order. Contractor will keep all such information strictly confidential and shall not disclose to any party except with the written consent of Operator.



5.0 **TURNKEY AMOUNT AND DAYWORK AMOUNT**

5.1 Turnkey Basis AFE

- (a) The Turnkey Basis AFE for the Wells to be drilled in the first Work Order will be prepared with mutual inputs of the Parties according to the market proposals obtained at the time preparing Turnkey Basis AFE, but shall not include any overhead charges by Contractor.
- (b) The Turnkey Basis AFE will be reconsidered and adjusted between Parties before the spud of each of the next Work Order.

5.2 Turnkey Amount

Operator agrees to pay Contractor at Turnkey Basis AFE plus additional fifteen percent (15%) as the "**Turnkey Amount**" for each Well to be drilled by Contractor (GST and related tax excluded).

5.3 Turnkey Amount Adjustment

Contractor will endeavor to keep all the subcontractor's rates or fees firm for each Work Order. However, notwithstanding section 5.1, if any of the subcontractor increased its rates or fees during the drilling of any particular Work Order, especially during the winter season, and Contractor cannot find replacement with the same or similar rates or fees, Operator agrees to compensate Contractor for the additional costs incurred, in such case, Contractor shall obtain Operator's written approval by providing sufficient supporting documents for such increase prior to Operator's compensation.

5.4 Daywork Amount

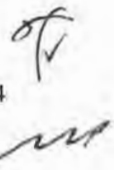
For all the Work and Services performed on a Daywork Basis, CAODC C3-05-01 Master Daywork Contract and 2005 PASC Master Service Agreement (both incorporated herein by reference) will apply to the Drilling and Completion respectively, and the daywork rates set out in Appendix 2, 3 and 4 in such applicable Work Order will apply.

Drilling Daywork Amount

Operator agrees to compensate Contractor additional seven percent (7%) in consideration of overhead and head office work such as well design, monitoring and other activities of Contractor relating to the Daywork Amount, plus the actual amount that Contractor incurred for the Work and Services provided on a Daywork Basis (the "**Drilling Daywork Amount**") (GST and related Tax excluded).

Completion Daywork Amount

Operator agrees to compensate Contractor additional five percent (5%) in consideration of overhead and head office work such as well design, monitoring and other activities of Contractor relating to the Daywork Amount, plus the actual amount that Contractor incurred for the Work and Services provided on a Daywork Basis (the "**Completion Daywork Amount**") (GST and related Tax excluded).



6.0 TERM OF PAYMENT

6.1. Invoice Procedure

For the Work and Services on Turnkey Basis

Upon completing the Drilling of each Well that are being signed/endorsed off by Operator representative according to the Contract and Well Specification Sheet, Contractor will invoice Operator for the Turnkey Amount with invoice at beginning of the next month.

For the Work and Services on Daywork Basis

At the beginning of each month, Contractor will submit one invoice to Operator for the payments made by Contractor for each Well in the previous month for the Work and Services completed on Daywork Basis, provided that the payments made by Contractor are subject to Appendix 2, 3 and 4 in the applicable Work Order with properly signed field tickets.

6.2. Payment Term

The invoices shall be paid by Operator to Contractor either within 90 days from the date of invoice or by following the dates as set out below, however, in the latter case, Operator shall be charged by additional 8% annualized on unpaid amounts from the date of the invoice as financial cost as set forth below (GST and related Tax excluded).

Percentage of Advance Invoice	Time from date of Invoice
33%	4 months
33%	8 months
34%	12 months (the " Final Payment Date ")

Operator has the option to pay in advance of the time set forth above and reduce the unpaid amounts upon which the financing cost is charged.

Interest will accrue at the rate of [18]% per annum for all invoiced amounts not paid by the Operator on time, calculated daily and compounded annually to the date of actual payment. Interest will apply and begin to accrue only after default and judgment. The obligation to pay the invoiced amount will survive the termination of this Contract for the benefit of the Contractor. The Contractor will be responsible for paying for all subcontractor Work and Services on time and according the contract between Contractor and its subcontractors.

6.3 Disputed Amounts

In the event that Operator disputes any amounts, in whole or in part, attributes to an invoice, Operator should not be obligated to pay the disputed amount to Contractor until said dispute is resolved, but undisputed amount of such invoice shall be paid according to Work Order.

Operator will notify Contractor of the amount in dispute and/or the reason (s) the invoice is not acceptable within 20 days upon receipt of the invoices and the Contractor shall settle the dispute with the Operator as soon as practical, upon settlement of the disputes, release the disputed amount or request Contractor to issue a credit invoice for the unacceptable amount of the disputed invoice.

The Contractor and Operator will work in good faith to resolve any disputed amounts invoiced by either the Contractor or a subcontractor, but failing resolution both parties agree to binding arbitration under the Alberta Arbitration Act.

6.4 Attorney's Fees

If Operator does not pay the invoice/s when due by the terms of this Contract, other than the right entitled to Contractor herein, Contractor may pursue all legal remedies available to it including engaging legal advice and action for collection of any sums due. If legal assistance is engaged to collect amounts due or suit is brought on same and Contractor prevails, or any sums due hereunder are collected through bankruptcy or probate proceedings, then Operator agrees that there will be added to the amount due reasonable legal fees and costs on a solicitor incurred by Contractor. On the other hand, if Operator prevails in such proceedings, then Contractor agrees that it will bear Operator's reasonable legal fees and costs incurred in relation thereto."

6.5 Builder's Lien

Should Operator fail to pay Contractor's invoices according to terms of this Contract, Contractor will be entitled to register a builder's lien against the petroleum and natural gas rights interest of Operator related to any Well or Wells drilled and completed pursuant to this Contract within the time required for registration under the *Builder's Lien Act* (Alberta). While Operator reserves the right to dispute the validity of the invoices if there are reasonable grounds to do so, Operator agrees that it will not challenge the validity of any such lien nor request that it be removed or discharged until all invoiced amounts owing to Contractor by Operator for that Well or Wells have been paid in full or otherwise settled. Once the outstanding invoices have been fully paid or otherwise settled, Contractor will take all reasonable steps to have the registration of such lien released and discharged as soon as possible. This Section 6.5 will survive the termination of this Contract for the mutual benefit of the Parties.

6.6 Overriding Royalty

- (a) Concurrently with the execution of this Contract, Operator has executed and delivered a Gross Overriding Royalty Agreement in the form attached hereto as Schedule "B" (the "**GORR Agreement**"), effective the date of execution, granting to the Contractor an overriding royalty as described in the GORR Agreement (the "**Overriding Royalty**").
- (b) To ensure the performance of Operator's covenants herein and, in particular, the payment of the outstanding amounts owing hereunder by Operator to Contractor, Operator and Contractor agree that in the event of a Royalty Payor Default, as such term is defined in the GORR Agreement, or if Operator fails to pay amounts due under an invoice issued pursuant to Section 6.1 hereof when due and has not cured such default within [30] days of receiving notice from Contractor of failure to pay, the Overriding Royalty shall, upon

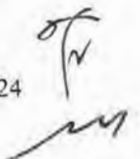
written notice from the Contractor to the Operator, immediately become payable to the Contractor all in accordance with Article 5 of the GORR Agreement. Notwithstanding, the foregoing sentence, the Operator and the Contractor further entered into a Standstill Agreement of even date herewith in respect to when the Overriding Royalty will become payable. If there is a conflict between this Section 6.6 (b) and Article 5 of the GORR Agreement, Article 5 of the GORR Agreement takes precedents and shall govern the terms of when the Overriding Royalty becomes payable.

- (c) Operator acknowledges that the Overriding Royalty described in Section 6.6 (a), grants to Contractor the Overriding Royalty which shall be an interest in land and is carved out of the Operators petroleum and natural gas working interests in the Chigwell property and the Green Glades, Amisk and Choice properties within the Provost area as described in Schedule "A" to the GORR Agreement (as may be amended from time to time, the "**Royalty Lands**").
- (d) The Parties agree that each of the Wells drilled hereunder shall constitute additional Royalty Lands and the Parties shall amend Schedule "A" to the GORR Agreement, from time to time, to update the Royalty Lands to include such Wells drilled. The Parties agree that Operator may, with the consent of Contractor, acting reasonably, substitute any portion of the Royalty Lands with other lands having approximately equal value to the substituted Royalty Lands and the Parties agree to amend Schedule "A" to the GORR Agreement, from time to time to substitute Royalty Lands. The Parties also agree that the Royalty Lands may be further amended from time to time by agreement between the Parties or as set out in the GORR Agreement.
- (e) Operator acknowledges and agrees that Contractor may make registrations in respect of the Overriding Royalty granted under the GORR Agreement, as permitted by law, including under the *Land Titles Act* (Alberta) and the equivalent provincial legislation in those jurisdictions where the lands located.
- (f) Upon termination of the GORR Agreement in accordance with its terms, the Overriding Royalty shall automatically terminate and revert to Operator, and Contractor agrees that it shall take any such action as may be required in order to terminate the GORR Agreement and cause the reversion of the Overriding Royalty, including the discharge of any registrations relating thereto; provided, if there is a conflict between this Section 6.6 (f) and Article 5 of the GORR Agreement, Article 5 of the GORR Agreement takes precedents and shall govern the terms of when the Overriding Royalty and the GORR Agreement terminate.

7.0 OTHER COVENANTS OF CONTRACTOR

7.1 Contractor Capability

Contractor will provide appropriate equipment and properly trained personnel to carry out the Work and Services for each Well in accordance with the specifications in the applicable Work Order. Contractor will ensure that all subcontractors will have the required equipment and sufficiently and properly trained personnel to carry out the subcontractor Work and Services.



7.2 Equipment Inspection and Capability

Operator will have the right to inspect the equipment of Contractor and the equipment of any subcontractor prior to commencing and during the Drilling and Completion operations for a Well. Contractor warrants that during the performance of Work and Services all equipment provided by Contractors and its subcontractors will conform to the specifications in the applicable Work Order, meet technical specifications required for such items under applicable law and have been maintained in accordance with Canadian oil and gas industry standard and in accordance with good Drilling and Completion practices at the time.

7.3 Regulatory Compliance

Contractor will comply with all applicable laws, regulations and administrative orders and rules of all governmental authorities which are applicable to it and the operations being carried out to drill and complete a Well.

7.4 Care and Diligence

Contractor will drill and complete all Wells subject to this Contract in accordance with the specifications in the applicable Work Order with reasonable care and diligence, in a good workmanlike manner, consistent with generally acceptable Canadian oil and gas industry standard and in accordance with good Drilling and Completion practices at the time.

7.5 Reports to be furnished by Contractor

Contractor will keep and furnish to Operator an accurate daily report of the work performed and provided on a form acceptable to Operator.

7.6 Payment of Claims

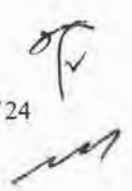
Contractor agrees to pay all valid claims for labor, material, services, and supplies to be furnished by Contractor or its subcontractors hereunder on time, and agrees to allow no lien or charge to be fixed upon the lease, the Well, or other property of the Operator or the land upon which said Well is located as a result of claims pertaining to labor, material, services and supplies furnished by Contractor or its subcontractors other than as expressly permitted hereunder.

7.7 Change or Transition of Management

Contractor agrees and covenants that it will observe and honour all the terms of this Contract in good faith and will continue to provide the Work and Services to Operator as required under this Contract irrespective of any change or transition of management of Contractor or its parent company.

8.0 OTHER COVENANTS OF OPERATOR AND CONTRACTOR

8.1 Operator Personnel - Turnkey Basis



During any operations being conducted on Turnkey Basis, Operator will pay all costs related to having its own personnel attended and be presented at the Well site and all such personnel will be present at their own risk or the risk of Operator, and at all times will not interfere with the operations as agreed to be performed by Contractor, unless Contractor's performance causes any safety or quality concern to Operator.

8.2 Ingress and Egress to Well Location

Operator will use its commercially best efforts to ensure that Contractor has unrestricted rights of ingress and egress to the lands on which any Well or access road is located. Operator hereby assigns to Contractor Operator's rights of ingress and egress with respect to the tract of land where the Well and related access road are located for the performance by Contractor of all Work and Services contemplated by this Contract. If there are any restrictions, conditions or limitations in Operator's surface or mineral lease which would affect the right of ingress and egress to be exercised by Contractor hereunder, its employees, or subcontractors, Operator agrees to advise Contractor in writing with respect to such restrictions, conditions, or limitations, and Contractor agrees to observe the same.

8.3 Regulatory Compliance

In the performance of this Contract and operations resulting therefrom, Operator and Contractor will comply with all applicable laws, regulations and administrative orders and rules of all governmental authorities which are applicable to the operations being carried out to drill or complete, including holding a valid well license/permit, having valid surface access and good title, or the right to good title, to the petroleum and natural gas rights intended to be accessed by virtue of the Well.

8.4 Preparation and Maintenance of Wellsite and Access Road

Operator will prepare a sound location adequate in size and capable of properly supporting the drilling rig and other equipment required to drill and complete the Well. It is recognized that Operator has substantial knowledge of the location and access route to the location and shall advise Contractor of any subsurface conditions or obstructions known to Operator (including but not limited to mines, caverns, sink holes, streams, pipelines, power lines, and telephone lines) which Contractor might encounter while en route to the location or during operations hereunder. If subsurface conditions cause a cratering or shifting of the location's surface and the loss or damage to the rig or its associated equipment results therefrom while Contractor is working on a Turnkey Basis, Operator will without regard to the other provisions of this Contract reimburse Contractor to the extent not covered by Contractor's insurance for all such loss or damage. If working on a Daywork Basis, Operator will reimburse Contractor for any costs incurred in levelling and re-levelling the derrick because of location setting. The location will be constructed in such a manner so as to allow for adequate drainage and will conform to all laws, rules and regulations of all federal, state or regulatory agencies having jurisdiction over same.

Contractor will be responsible for maintaining at cost to Operator the access road and well site in such a condition that will allow free access and movement to and from the drilling site in an ordinary equipped highway type vehicle at all times except during spring break up, or any other

weather related downtime or downtime caused by government regulation, flood or fire on or about the well site or access road. If it is necessary to use dozers, tractors, or any other specialized transportation equipment for the movement of necessary personnel, machinery, or equipment over access roads or on the drilling location, Operator will bear the reasonable and direct costs related.

8.5 Spring Breakup and Weather Related Downtime

Operator will provide a secure site for the drilling rig and all related equipment of Contractor or its subcontractors during spring break up, or any other weather related downtime or downtime caused by government regulation, flood or fire on or about the wellsite or access road at the sole cost of Operator. The intent of this provision is to avoid moving costs and to ensure the safety and integrity of the drilling rig and related equipment during such times. It is anticipated that the drilling rig and other equipment of Contractor and its subcontractors will remain at the wellsite or access road for the Well being drilled at the time of such event. If the drilling rig and other equipment of Contractor or its subcontractors must be moved from such a wellsite or access road during such an event, all moving costs will be paid for by Operator in addition to other payments due to Contractor.

8.6 Insurance

During the term of this Contract, Contractor will at Contractor's expense maintain insurance coverage reasonably satisfactory to Operator and/or required by applicable law and regulation. Contractor will, if requested to do so by Operator, cause the insurer to issue a certificate or certificates satisfactory to Operator that insurance required is in force and effect and that the same will not be cancelled or materially changed without thirty (30) days prior written notice to Operator. For liabilities assumed hereunder by Contractor, its insurance will be endorsed to provide that the underwriters waive their right of subrogation against Operator. Operator will carry such insurance as a prudent operator would carry in such circumstances and Operator will cause its insurer to waive subrogation against Contractor for liability it assumes.

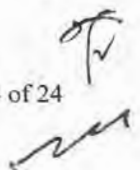
9.0 TURNKEY COMMITMENTS AND LIABILITY

9.1 Acceptance of Well

Upon completion by Contractor of all Drilling Operations to be performed on a Turnkey Basis for each Well, Contractor will notify Operator of such completion by noting the date and hour of such completion upon the daily drilling report form required by Section 7.5 hereof. Operator will advise Contractor in writing of any objections it may have with respect to Contractor's performance relating to the Well within [5] business days. Operator's failure to so object to Contractor's performance within the specified period will be conclusive proof of Operator's acceptance of the Well and Contractor's performance hereunder.

9.2 Transfer to Operator

Subject to the continuing covenants, representations, warranties and indemnities of Contractor to Operator including under Articles 7.0 and 8.0 and 10.0, upon acceptance of the Well by Operator pursuant to Section 9.1 above, all risk of loss with respect to the Well drilled hereunder and goods

Handwritten signature and checkmark.

and services provided by Contractor will pass to Operator. Operator accepts all material, supplies, equipment and services furnished or performed by the Contractor as is and where is.

9.3 Geological Prognosis

For all Wells to be drilled on a Turnkey Basis, Operator agrees to provide Contractor as detailed as practicable in the Geological Prognosis all the geological information known to Operator which Contractor may encounter during Drilling and Completion. Contractor commits to analyze the information Operator provided in Geological Prognosis and take every measure to drill and complete the Wells in a safe and efficient manner.

Both Operator and Contractor expressly agree that if any abnormal geological condition not addressed in the Geological Prognosis is encountered by Contractor during the operation, Contractor will cooperate with Operator to get control and minimize the influence of such abnormal condition, however notwithstanding any other provisions detailed here in the Contract, Operator will compensate Contractor for any equipment or tools lost or damaged, additional work, services, labour or materials provided due solely to encountering such abnormal geological conditions. Operator shall have the right to reject claims where Contractor has failed to comply with its obligations specified in the Contract. The resolution of claims shall be based on mutual agreement.

10.0 **RESPONSIBILITY FOR LOSS OR DAMAGE**

10.1 Contractor Surface Equipment

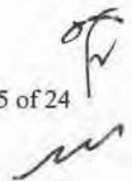
Contractor will assume liability at all times, regardless of whether the operation is being performed on a Turnkey Basis or a Daywork Basis, for damage to or destruction of Contractor's surface equipment including but not limited to all drilling tools, machinery, and appliances for use above the surface and Operator will be under no liability to reimburse Contractor for any such loss except for such loss or damage provided in Sections 8.4 and 10.5 herein, and except the damages caused by bad faith, fraud, gross negligence or wilful misconduct of the Operator.

10.2 Contractor's In-Hole Equipment - Turnkey Basis

Contractor will assume liability at all times while operation is being performed on a Turnkey Basis for damage to or destruction of Contractor's in-hole equipment including, but not limited to, drill pipe, drill collars and down hole tools, and Operator will be under no liability to reimburse Contractor for any such loss except as provided for in Section 8.4 and any abnormal geological condition not addressed in the Geological Prognosis as per 9.3.

10.3 Contractor's In-Hole Equipment - Daywork Basis

Except for the bad faith, fraud, gross negligence or wilful misconduct of Contractor, Operator will assume liability at all times while operation is being performed on a Daywork Basis for damage to or destruction of Contractor's in-hole equipment, including, but not limited to, drill pipe, drill collars, and down hole tools, and Operator will reimburse Contractor for the value of any such loss or damage, such value to be determined by agreement between Contractor and



Operator as current repair cost or 100% of current new replacement cost of such equipment delivered to the wellsite.

10.4 Contractor's Equipment Environmental Loss or Damage - Turnkey Basis

Contractor will assume liability at all times for damage to or destruction of Contractor's equipment caused by exposure to highly corrosive or otherwise destructive elements, including those introduced into the drilling fluid on a Turnkey Basis.

10.5 Contractor's Equipment Environmental Loss or Damage - Daywork Basis

Notwithstanding the provisions of Section 10.1 above, Operator will assume liability at all times while operation is being performed on a Daywork Basis for damage to or destruction of Contractor's equipment caused by exposure to highly corrosive or otherwise destructive elements, including those introduced into the drilling fluid while drilling on a Daywork Basis.

10.6 Operator's Equipment

Operator will assume liability at all times for damage to or destruction of Operator's equipment and Contractor will be under no liability to reimburse Operator for any loss or damage except the damage is caused by bad faith, fraud, gross negligence or wilful misconduct of the Contractor.

10.7 The Hole - Turnkey Basis

Subject to the provisions hereof, should a fire or blowout occur or should the hole for any cause attributable to Contractor's operations be lost or damaged while Contractor is engaged in the performance of operations hereunder on a Turnkey Basis, all such loss of or damage to the hole will be borne by Contractor; and if the hole is not in condition to be carried to the Turnkey Depth as herein provided, Contractor shall commence a new hole without delay at Contractor's cost and in accordance with Canadian oil and gas industry standard, and the drilling of the new hole will be conducted under the terms and conditions of this Contract as though it were the original hole.

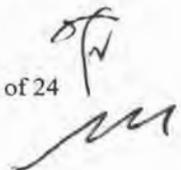
The cost to plug and abandon the lost hole will be at Contractor's expense, Contractor will not be entitled to any payment or compensation for expenditures made or incurred by Contractor on or in connection with the abandoned hole(s).

10.8 The Hole - Daywork Basis

If the hole should be lost or damaged while Contractor is working on a Daywork Basis, Operator will be solely responsible for such damage to or loss of the hole, except the loss of hole is caused by bad faith, fraud, gross negligence or wilful misconduct of Contractor.

10.9 Sidetracking/Substitute Well Obligations

If, before the Turnkey Depth is reached, Contractor encounters any condition which in Contractor's judgment makes drilling abnormally difficult or hazardous including, but not limited to, loss of circulation, partial loss of circulation, water flow, domal formation, abnormal pressures, heaving shale or other similar condition, which precludes further drilling using normal



procedures, then Contractor may elect to sidetrack or commence operations for the drilling of a substitute well at a location agreeable to both Parties. Any sidetrack or substitute well will be drilled under the terms and conditions of this Contract. Operator hereby expressly agrees to protect, indemnify and save Contractor harmless from any claims, demands and causes of action, including all costs of defense, in favor of Operator, Operator's joint interest owners or other parties arising out of any drilling commitments or obligations contained in any lease, farmout agreement or other agreement which may be affected by such sidetracking or substitute drilling.

Immediately after the sidetracking or substitute drilling, Operator and Contractor shall analyze the reasons caused such sidetracking or substitute drilling, both Parties agree that if the reasons are geological conditions that are not addressed in Geological Prognosis in Work Order, Contractor will be compensated on a Daywork Basis for all the Work and Services performed out of the scope of Turnkey Drilling obligations, including but not limited to operations performed to save the Well before sidetracking or substitute drilling. Operator shall have the right to reject claims where Contractor has failed to comply with its obligations specified in the Contract. The resolution of claims shall be based on mutual agreement.

10.10 Underground Damage

Operator agrees to defend and indemnify Contractor for any and all claims against Contractor resulting from operations under this Contract on account of injury to, destruction of, loss or impairment of any property right in or to oil, gas, or other mineral substance or water, and for any loss or damage to any formation, strata, or reservoir beneath the surface of the earth.

10.11 Inspection of Material Furnished by Operator

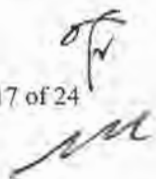
Contractor agrees to visually inspect all materials furnished by Operator before using same and to notify Operator of any apparent defects therein. Contractor will not be liable for any loss or damage resulting from the use of materials furnished by Operator. Contractor will preassemble, disassemble, or assemble materials to be furnished by Operator only when directed by Operator and when such work can be accomplished by normal rig personnel. Contractor will assume no liability for such service. All such services will be performed on a Daywork Basis.

10.12 Contractor's Indemnification of Operator

Contractor agrees to protect, defend, indemnify, and save Operator, its officers, directors, employees and joint owners harmless from and against all claims, demands, and causes of action of every kind and character, arising in connection herewith in favor of Contractor's employees or Contractor's subcontractors or their employees, or Contractor's invitees, on account of bodily injury, death or damage to property.

10.13 Operator's Indemnification of Contractor

Operator agrees to protect, defend, indemnify, and save Contractor, its officers, directors, employees and joint owners harmless from and against all claims, demands, and causes of action of every kind and character, arising in connection herewith in favor of Operator's employees or Operator's contractors or their employees, or Operator's invitees other than those parties identified in Section 10.12 on account of bodily injury, death or damage to property.



10.14 Pollution, Contamination and Blowout Control

(a) Turnkey Basis

Except as hereinafter provided, while operations are being conducted on a Turnkey Basis, Contractor will assume full responsibility for, and will defend, indemnify and hold Operator harmless from and against any loss, expense, claim, demand or liability for pollution or contamination (including control and removal thereof) originating from:

- (i) spills, leaks or discharges of fuel, lubricants, motor oils, pipe dope, paint solvents, garbage, seepage or any other liquid or solid whatsoever in the possession and control of Contractor, except such pollution or contamination that may be caused by Operator or Operator's agents, employees or representatives; and
- (i) blowout, loss of well control or seepage of underground fluids, however Contractor's maximum liability under this Section 10.14 will not exceed \$5,000,000 per occurrence, including lost rig time. In the event of a blowout or well out of control caused by geological condition unexpected and not addressed in Work Order, Operator will be responsible for all the costs incurred by Contractor out of the scope of Turnkey Drilling, including but not limited to the operations performed to get the Well under control and all the pollution or contamination removed.

(b) Daywork Basis

Notwithstanding anything to the contrary contained herein, except the provisions of Sections 10.1, 10.2 and 10.13, it is understood and agreed by and between Contractor and Operator that the responsibility for pollution and contamination which occurs while operations are being conducted on a Daywork Basis will be as follows:

- (i) Unless otherwise provided herein, Contractor will assume all responsibility for, including control and removal of, and protect, defend and save harmless Operator from and against all claims, demands and causes of action of every kind and character arising from pollution or contamination, which originates above the surface of the land from spills, leaks of fuel, lubricants, motor oils, normal water base drilling fluid, pipe dope, paints, solvents, and garbage, except unavoidable pollution from reserve pits, wholly in Contractor's possession and control and directly associated with Contractor's equipment and facilities.
- (ii) Operator will assume all responsibility for, including control and removal of, protect, defend indemnify and save Contractor harmless from and against all claims, demands, and causes of action of every kind and character arising directly or indirectly from all other pollution or contamination which may occur during the conduct of operations

hereunder, including but not limited to, that which may result from fire, blowout, cratering, seepage or any other uncontrolled flow of oil, gas, water or other substance, as well as the use or disposition of oil emulsion, oil base or chemically treated drilling fluids, contaminated cuttings or cavings, lost circulation and fish recovery materials and fluids. Operator's liability and indemnification of Contractor hereunder will include the cost of controlling a blowout or well out of control, and the drilling of any relief well or wells, if necessary.

- (ii) If a third party commits an act or omission which results in pollution or contamination for which either Contractor or Operator, for whom such party is performing work, is held to be legally liable, the responsibility therefor will be considered, as between Contractor and Operator, to be the same as if the Party for whom the work was performed had performed the same and all the obligations respecting defense, indemnity, holding harmless and limitation of responsibility and liability, as set forth in (i) and (ii) above, will be specifically applied.

10.15 Termination of Location Liability

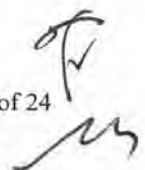
When Contractor has completed the Drilling and Completion operations for a Well according to the Drilling and Completion Program and moved off the wellsite and access road for that Well, Operator will thereafter be liable for damage to the property, personal injury or death of any person which occurs as a result of condition of the location and Contractor will be relieved of such liability; provided, however, if Contractor will subsequently re-enter upon the location for any reason, including removal of the rig, any term of the Contract relating to such re-entry activity will become applicable during such period.

10.16 Consequential Damages

No Party will be liable to the other for special, indirect or consequential damages resulting from or arising out of this Contract, including, without limitation, loss of profit or business interruptions, however same may be caused.

10.17 Indemnity Obligation

Except as otherwise expressly limited herein, it is the intent of Parties hereto that all indemnity obligations and/or liabilities assumed by such Parties under terms of this Contract, including without limitation, Sections 10.1 through 10.16 hereof, be without limit and without regard to the cause or causes thereof (including pre-existing conditions), strict liability, or the negligence of any Party or Parties (including the negligence of the indemnified Party or Parties), whether such negligence be solo, joint or concurrent, active or passive. The mutual indemnities and assumptions of liability extended by the Parties hereto under the provisions of Article 10 will extend to the Parties, their parent, holding and affiliated companies. Such indemnification and assumptions of liability will not be deemed to create any rights to indemnification in any person or entity not a Party to this Contract (including the contractors of the respective Parties), either as a third party



beneficiary or by reason of any agreement of indemnity between one of the Parties hereto and another person or entity not a Party to this Contract.

10.18 Governing Law

The terms and provisions of this Contract and associated Schedules will be construed under and governed by the laws of the Province of Alberta and the Parties irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

10.19 Severability

If any provision contained in this Contract, including the Schedules, should be deemed inconsistent with or contrary to any law, rule or regulation of a governmental authority, the said provision will be deemed to be modified to the extent required to comply with said law, rule or regulation and as so modified said provision and this Contract will continue in full force and effect without affecting the enforceability of the remaining provisions, duties, and liabilities set out in this Contract.

10.20 Party Risk and Responsibility

Contractor and Operator agree to comply with all laws, rules, and regulations of any governmental authority which are now, or may in the future become applicable to the operations covered by this Contract or accruing out of the performance of such operations; provided, however, that as between Operator and Contractor specific provisions herein contained respecting the risk and responsibility for such compliance will be controlling.

11.0 INDEPENDENT CONTRACTOR RELATIONSHIP

In the performance of the Work and Services herein contemplated on a Turnkey Basis, Contractor is an independent contractor, with the authority to control and direct the performance of the operation, Operator being only interested in the safety, quality and final results obtained. The operation on such Turnkey Basis will be subject to the right of inspection and supervision herein provided to Operator. Operator will not interfere in all such operations when performed by Contractor in accordance with the generally accepted practices and methods customary in the Canadian oil and gas industry.

12.0 NO WAIVER EXCEPT IN WRITING

It is fully understood and agreed that none of the requirements of this Contract will be considered as waived by either Party unless the same is done in writing.

13.0 FORCE MAJEURE

Except for the duty to make payments hereunder when due, and the indemnification of provisions under this Contract, neither Operator nor Contractor will be responsible to the other for any delay, damage or failure caused by or occasioned by a Force Majeure Event. As used in this Contract, "Force Majeure Event" includes: acts of God, action of the elements, warlike action, insurrection, revolution or civil strife, piracy, civil war or hostile action, strikes, differences with workmen, acts

or public enemies, federal or state laws, rules and regulations of any governmental authorities having jurisdiction in the premises or of any other group, organization or informal association (whether or not formally recognized as a government); inability to procure material, equipment or necessary labor in the open market, acute and unusual labor or material or equipment shortages, or any other causes (except financial) beyond the control of either Party. Neither Operator nor Contractor will be required against its will to adjust any labor or similar disputes except in accordance with applicable law.

If the delay caused by Force Majeure continues for more than ten (10) consecutive days, Operator may elect to terminate this Contract or pay Contractor at stand by rate specified in Appendix 2, 3 and 4 in the applicable Work Order. In both cases, Contractor shall be paid for all the Work and Services completed and costs unavoidable prior to Operator's decision, plus demobilization fee for all its equipment and personnel if Operator elect to terminate the Contract. Each Party will exercise its best efforts to minimize the costs to be incurred by both Parties and remove any such cause of delay.

14.0 INFORMATION CONFIDENTIAL

Information obtained in the conduct of Drilling and Completion operations for the Contract, including, but not limited to depth, formations penetrated, the results or coring, testing, and surveying, will be considered confidential and shall not be divulged by Contractor or its employees, to any other person, firm, or corporation.

15.0 ASSIGNMENT

Neither Party may assign this Contract without the prior written consent of the other. Prompt notice of any such intent to assign will be given to the other Party.

16.0 NOTICES AND PLACE OF PAYMENT

All notices to be given with respect to this Contract unless otherwise provided for will be given to Contractor and to Operator respectively at the addresses hereinabove shown. All sums payable hereunder to Contractor will be payable at its address hereinabove shown unless otherwise specified herein.

18.0 AUDIT

Contractor will maintain true and correct records in connection with the services hereunder and all transactions related thereto and will retain all such records for at least twenty-four (24) months following completion of this Contract.

Contractor will not give any fee, commission, rebate or other thing of value to or for the benefit of any employee of Operator nor will Contractor knowingly do business with any third party so as to benefit an employee of Operator.

Operator may from time to time and at any time within twenty-four (24) months of the termination of this Contract, make an audit of all records of Contractor in connection with payments made to Contractor for services hereunder. Upon completion of audit, Contractor will return to Operator

any amount by which the total payments to Contractor exceeds the amount due as established by the audit. Items of compensation such as fixed percentages or fixed lump sums will not be subject to audit under this provision.

19.0 ACCEPTANCE OF CONTRACT


The foregoing Contract is agreed to and accepted by Operator this 23 day of November 2018.

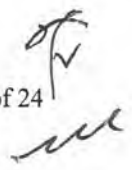
ALPHABOW ENERGY LTD.

Per: 
Name: Shi, Marshall
Title: Chief Executive Office

The foregoing Contract is accepted by undersigned as Contractor this _____ day of November 2018 which is the effective date of this Contract, and subject to all of its terms and provisions, with the understanding that it will not be binding upon Operator until Operator has noted its acceptance, and with the further understanding that unless said Contract is thus executed by Operator within two (3) business days of the above date Contractor will be in no manner bound by its signature thereto.

ADVANCE DRILLING LTD.

Per: 
Name: Fan, Jiang
Title: President



SCHEDULE "A" – Sample of Work Order;

Attached to and forming part of a Master Drilling and Completion Contract made effective the 23 day of November, 2018, between Alphabow Energy Ltd. And Advance Drilling Ltd.

Work Order # _____

This Work Order # _____ is issued pursuant to Master Drilling and Completion Contract dated <u> </u> November, 2018 between Alphabow Energy Ltd. and Advance Drilling Ltd. All work detailed in this Work Order shall be subject to, and performed in accordance with, the terms agreed to in the Master Drilling and Completion Contract.			
OPERATOR INFORMATION		CONTRACTOR INFORMATION	
Alphabow Energy Ltd. ("Operator")		Advance Drilling Ltd. ("Contractor")	
Address:	1800, 222 – 3 rd Avenue S.W. Calgary, Alberta, T2P 0B4	Address:	1001, 505 - 3rd Street SW Calgary, Alberta, T2P 3E6
Company Representative:		Company Representative:	
Contact Email:	@alphabowenergy.com	Contact Email:	@gwdc.ca
Contact Phone:	403-	Contact Phone:	403-984-3822
SCOPE OF WORK			
Description of Work:			
CONTRACT PRICE			
Total Amounts:	Estimated Total Work Order Price (CAD) is <u>\$X,XXX,XXX</u> ;		
TERM			
Commencement Date:	_____, 201X		
Completion Date:	_____, 201X		
Alphabow Energy Ltd.		Advance Drilling Ltd.	
Signature:		Signature:	
Print Name:		Print Name:	
Job Title:		Job Title:	
Date:	_____, 2018	Date:	_____, 2018

APPENDIX "1"

Drilling Program, Completion Program and Geological Prognosis

Attached to and forming part of a Work Order made effective the ____ day of [Month, Year], between Alhabow Energy Ltd. And Advance Drilling Ltd.

APPENDIX "2"

EXHIBIT "A" DAYWORK FOR DRILLING RIG

Attached to and forming part of a Work Order made effective the ____ day of [Month, Year], between Alhabow Energy Ltd. And Advance Drilling Ltd.

APPENDIX "3"

DAYWORK RATES FOR DRILLING AND COMPLETION SUBCONTRACTORS

Attached to and forming part of a Work Order made effective the ____ day of [Month, Year], between Alhabow Energy Ltd. And Advance Drilling Ltd.

APPENDIX "4"

AFES

Attached to and forming part of a Work Order made effective the ____ day of [Month, Year], between Alhabow Energy Ltd. And Advance Drilling Ltd.

APPENDIX "5"

WELL SPECIFICATION SHEET

Attached to and forming part of a Work Order made effective the ____ day of [Month, Year], between Alhabow Energy Ltd. And Advance Drilling Ltd.

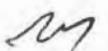


EXHIBIT “B”

GROSS OVERRIDING ROYALTY AGREEMENT

THIS AGREEMENT made as of November 23, 2018.

BETWEEN:

ALPHABOW ENERGY LTD., a body corporate incorporated pursuant to the laws of the Province of Alberta and having an office in the City of Calgary, Alberta ("**Royalty Payor**" or "**ABE**")

- and -

ADVANCE DRILLING LTD., a body corporate incorporated pursuant to the laws of the Province of Alberta and having an office in the City of Calgary, Alberta ("**Royalty Owner**" or "**Advance**")

WHEREAS:

- (A) Advance and ABE have agreed to enter into a Master Drilling and Completion Agreement to be dated effective November 23, 2018, as may be amended from time to time (the "**Services Agreement**"); and
- (B) Pursuant to the Services Agreement, Royalty Payor agreed to pay all of Advance's cost, including any drilling costs, plus interest, as described in the Services Agreement to Royalty Owner by certain dates (the "**Payment Dates**") and to better secure the payment of such cost the Parties further agreed to execute and enter into this Gross Overriding Royalty Agreement for the reservation and grant of an Overriding Royalty to satisfy the Unpaid Amounts and encumber the Royalty Payor's Working Interest in the Petroleum Substances and be payable in accordance with this Agreement;

NOW THEREFORE the Parties covenant and agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

- 1.1 Capitalized terms used in this Agreement, but not otherwise defined herein, shall have the meaning prescribed to them in the Services Agreement. In this Agreement:
 - (a) "Affiliate" means, in respect of a Party:
 - (i) a Person that Controls the Party;
 - (ii) a Person that is Controlled by the Party; or
 - (iii) a Person that is under common Control with the Party;
 - (b) "Agreement" means this Agreement and the Schedule attached hereto;

- (c) "Assignment Procedure" means the 1993 CAPL Assignment Procedure which by this reference is adopted and entirely incorporated into this Agreement and will be deemed to apply as if it had been included as a separate Schedule to this Agreement;
- (d) "Business Day" means a day, other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta, on which banks are open generally to conduct commercial business in Calgary, Alberta;
- (e) "Control" means the possession, directly or indirectly, by a Person or group of Persons acting in concert, of the power to direct or cause the direction of the management or policies of another Person, whether through the ownership of voting securities, by contract or otherwise;
- (f) "GOR Percentage" is the amount of 17.5% percent payable on the Royalty Payor's Working Interest in the Petroleum Substances, provided that Royalty Owner, in its sole discretion, may agree to a reduction of the GOR Percentage on any portion or portions of the Royalty Payor's Working Interest in the Petroleum Substances;
- (g) "Government Authority" means any:
 - (i) governmental entity or authority of any nature, including any governmental ministry, agency, branch, department or official, and any court, regulatory board or other tribunal; or
 - (ii) individual or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature, having jurisdiction or power over any Person, property, operation, transaction or other matter or circumstance.
- (h) "Insecurity Event" means any of the following events:
 - (i) Royalty Payor undergoes a change in the management of ABE at the executive level and ABE fails to provide a new management team acceptable to Royalty Owner, acting reasonably, within six (6) months of the date of the change in management;
 - (ii) Royalty Payor is unable to pay its debts as such debts become due or is adjudged or declared, or admits to being, bankrupt or insolvent;
 - (iii) Royalty Payor voluntarily or involuntarily suspends all or substantially all of Royalty Payor's operations;
 - (iii) Royalty Payor commences (or consents to the commencement of) a voluntary case or other proceeding to be adjudicated a voluntary bankrupt or seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency, reorganization or other similar law of any jurisdiction now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or



other similar official of it, or consents to the filing of a bankruptcy proceeding against it or to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it;

- (iv) an involuntary case or other proceeding is commenced against the Royalty Payor seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 20 Business Days; or
 - (v) an order for relief shall be entered against that the Royalty Payor under or pursuant to Canadian federal or provincial or other bankruptcy laws of any jurisdiction as now or hereafter in effect which prevents or materially prevents the Royalty Payor from satisfying the Unpaid Amounts;
- (i) "Market Price" means:
- (i) in respect of an arm's length *bona fide* sale of Petroleum Substances by Royalty Payor which includes its own Petroleum Substances produced from the Royalty Lands pro rata with Petroleum Substances attributable to the Overriding Royalty (but which may also include Royalty Payor's Petroleum Substances of like quality produced from lands other than the Royalty Lands), the price and terms received by Royalty Payor in connection with such sale; and
 - (ii) otherwise, the price and terms that a reasonably prudent operator would dispose of Petroleum Substances having regard to the relevant circumstances, including current market prices, location and quality differentials, availability of markets and economic conditions affecting the industry generally;
- (j) "Overriding Royalty" means the gross overriding royalty of the GOR Percentage, payable on the Royalty Payor's Working Interest in the Petroleum Substances produced, or deemed to be produced, sold and marketed from the Royalty Lands granted to the Royalty Owner pursuant to Section 2.1 and payable by Royalty Payor to Royalty Owner in accordance with the terms of this Agreement;
- (k) "Payment Default" means the failure by Royalty Payor to pay the Overriding Royalty or any other amounts owing to Royalty Owner under this Agreement within thirty (30) days of receiving notice of such default from Royalty Owner;
- (l) "Party" means a party to this Agreement, and "Parties" means both of the parties to this Agreement;
- (m) "Person" means any individual, body corporate, partnership (limited or general), trust, trustee, executor or similar official, Government Authority or other entity;

- (n) "Petroleum Substances" means crude oil, natural gas, natural gas liquids and other related hydrocarbons and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including sulphur and coalbed methane;
- (o) "Point of Sale" means:
 - (i) in respect of Petroleum Substances from the Royalty Lands handled at a battery of Royalty Payor, the lease automatic custody transfer unit of the battery of Royalty Payor from which Petroleum Substances from the Royalty Lands can be made available for sale to an arm's length purchaser, provided that if such Petroleum Substances are handled at more than one battery of Royalty Payor, the "Point of Sale" shall refer to the lease automatic custody transfer unit of the last battery of Royalty Payor at which such Petroleum Substances are handled; and
 - (ii) otherwise, the first point at which Petroleum Substances from the Royalty Lands could ordinarily be made available for sale to an arm's length purchaser;
- (p) "Production Allocation Unit" means the area of the Royalty Lands allocated to a horizontal Royalty Well under the Regulations for production of Petroleum Substances therefrom that may differ from a traditional Spacing Unit;
- (q) "Regulations" means all statutes, laws, rules, orders, judgments, writs, injunctions, decrees, regulations and directions of governmental and other competent authorities in effect from time to time and made by any Governmental Authority having jurisdiction over the Royalty Lands, the Parties or the transaction contemplated herein;
- (r) "Royalty Determination Methodology" has the meaning given to it in Section 2.3(a);
- (s) "Royalty Lands" means those lands described on the attached Schedule "A" in which ABE has a Royalty Payor's Working Interest as and so much thereof as from time to time remain subject to this Agreement, but only insofar as rights to the same are granted by the Title Documents;
- (t) "Royalty Lands Environmental Liabilities" means all losses and liabilities that relate to the Royalty Payor's Working Interest in the Royalty Lands and Petroleum Substances attributed to Royalty Payor's Working Interest in the Royalty Lands or that arise in connection with the ownership thereof or operations pertaining thereto, whether it has arisen in the past, present or future, including liabilities related to or arising from:
 - (i) abandonment and reclamation obligations arising under or pursuant to the Regulations;
 - (ii) past, present or future transportation, storage, use, holding or disposal of toxic or hazardous substances or waste;
 - (iii) leaching, migration, release, spill, escape or emission of toxic or hazardous substances or waste;

- (iv) obligations to test, monitor, remediate, protect or clean-up the environment;
- (v) the costs of complying with any order or direction of any Government Authority having jurisdiction over the Royalty Lands or Petroleum Substances in the Royalty Lands; or
- (vi) damage, pollution, contamination or other adverse situations pertaining to the environment,

and including liabilities to compensate third Persons for damages and losses resulting from the items described in items (i), (ii), (iii), (iv) and (v) above (including damage to property, personal injury and death) and obligations to take action to prevent or rectify damage to or otherwise protect the environment and, for purposes of this Agreement, "the environment" includes the air, the surface and subsurface of the earth, bodies of water (including rivers, streams, lakes and aquifers) and plant, human and animal life;

- (u) "Royalty Payor Default" means a Payment Default, an Insecurity Event or a breach by Royalty Payor of any other obligation under this Agreement;
- (v) "Royalty Payor's Working Interest" means the right, title and interest of Royalty Payor to explore for, drill for, extract, win, produce, take, save and market Petroleum Substances from the Royalty Lands, commonly referred to as a "working interest" and which, at common law, is an interest in, or in relation to, land characterized as a "profit à prendre";
- (w) "Royalty Well" means any well, vertical or horizontal, from which production is obtained from the Royalty Lands or may be allocated to the Royalty Lands pursuant to a pooling, unit or other arrangement;
- (x) "Services Agreement" has the meaning given to it in the recitals;
- (y) "Spacing Unit" means the area of the Royalty Lands allocated to a Royalty Well under the Regulations for production of Petroleum Substances therefrom;
- (z) "Title Documents" means, collectively, the various leases, reservations, permits, licences and other documents of title relating to the ownership or operation by Royalty Payor of the Petroleum Substances in the Royalty Lands by virtue of which the holder is entitled to explore for, drill for, recover, remove or dispose of Petroleum Substances from the Royalty Lands and all similar documents of title issued pursuant thereto, in replacement thereof or substitution therefor and all other documents relating to Royalty Payor's right, estate and interest in the Royalty Lands or the Petroleum Substances; and
- (aa) "Unpaid Amounts" means all amounts due and owing from time to time under the Services Agreement, including interest payable thereunder, but less any amounts paid to Royalty Owner hereunder as the Overriding Royalty and less the Market Price of all production taken in kind hereunder and less any other payments made by or on behalf of the Royalty Payor to Royalty Owner hereunder or under the Services Agreement.

1.2 Interpretation

Unless otherwise stated or the context otherwise necessarily requires, in this Agreement:

- (a) the expressions "Article", "Section", "Subsection", "paragraph" and "Schedule" followed by a number or letter or combination thereof mean and refer to the specified article, section, subsection, paragraph and schedule of or to this Agreement;
- (b) words importing the singular shall include the plural and vice versa, and words importing a particular gender shall include all genders;
- (c) all monetary amounts expressed herein or calculated or to be paid pursuant hereto shall be in Canadian dollars unless otherwise specified;
- (d) capitalized words and phrases used herein which are derivatives of words or phrases otherwise defined herein shall have a corresponding meaning;
- (e) any reference in this Agreement to Royalty Lands shall, where provided for in the applicable Title Documents, be construed to include lands pooled or unitized with the Royalty Lands;
- (f) any reference in this Agreement to a Regulation or any governmental consent, approval, permit or other authorization shall be deemed to refer to such Regulation or such governmental consent, approval, permit or other authorization as it has been amended, supplemented, re-enacted, varied, or otherwise modified or replaced from time to time up to the applicable time;
- (g) Any reference in this Agreement to any particular time shall mean the local time in Calgary, Alberta on the relevant day;
- (h) where any payment or calculation is to be made, or any other action is to be taken, on or as of a day that is not a Business Day, that payment or calculation is to be made, or that other action is to be taken, as applicable, on or as of the next following Business Day;
- (i) unless otherwise specified, time periods within or following which any payment is to be made or any act is to be done under this Agreement shall be calculated by excluding the day on which the period commences and including the day on which such period ends;
- (j) the word "including" means including, without limitation and shall not be limited in scope by the items listed after such word;
- (k) words such as "hereof", "herein" or "hereunder" shall mean "of", "in" or "under" this Agreement and not the specific section in which the reference occurs unless expressly otherwise noted;
- (l) the headings contained in this Agreement are intended for convenience of reference only and shall form no part of this Agreement; and



(m) the rule of "contra proferentem" shall not apply to this Agreement.

1.3 Schedule

The following schedule (the "**Schedule**") is attached to, forms part of and is incorporated in this Agreement:

Schedule "A" – Royalty Lands and Title Documents

ARTICLE 2
OVERRIDING ROYALTY

2.1 Grant of Overriding Royalty

Royalty Payor hereby grants and sets over to Royalty Owner, and Royalty Owner hereby acquires from Royalty Payor, the Overriding Royalty, payable on the Royalty Payor's Working Interest in the Petroleum Substances *in situ*, produced, or deemed to be produced, sold and marketed from the Royalty Lands.

2.2 Interest in Land

It is the express intention of the Parties that the Overriding Royalty herein granted by Royalty Payor to Royalty Owner shall be carved out of the Royalty Payor's interest in the Royalty Lands and constitute, and is to be construed as, an interest in land. All terms, covenants, provisions and conditions of this Agreement shall run with and be binding upon the Royalty Lands and the Title Documents, and the estates affected thereby for the duration of this Agreement. In connection therewith, Royalty Payor acknowledges and agrees that Royalty Owner is entitled to register a caveat of its interest against Royalty Payor's Working Interest under the *Land Titles Act (Alberta)* and the equivalent provincial legislation in those jurisdictions where the Royalty Lands are located. In addition, Royalty Payor agrees that from the date of this Agreement it shall record, on its Mineral Property Report for the Royalty Lands, the Overriding Royalty granted under Section 2.1 as an encumbrance against the Royalty Payor's Working Interest in the Royalty Lands.

2.3 Quantification of Overriding Royalty

(a) *Royalty Determination Methodology*: The gross volume of Petroleum Substances comprising the Overriding Royalty shall be determined, on a Royalty Well by Royalty Well basis, as follows:

- (i) the volume of Petroleum Substances as metered, measured or allocated at the Point of Sale shall be allocated back to each Royalty Well on a fair and reasonable basis, consistent with Royalty Payor's customary methodology, taking into account any usage or losses contemplated in Section 2.3(d); and
- (ii) of the Petroleum Substances allocated to a Royalty Well, the Overriding Royalty shall be the GOR Percentage of such Petroleum Substances.

(b) *Quantification of Overriding Royalty:* Having regard for the Royalty Determination Methodology, the Overriding Royalty shall be quantified as follows:

- (i) if not taken in kind by Royalty Owner pursuant to Section 2.5, the GOR Percentage of the Market Price applicable to Royalty Payor's sale of Petroleum Substances produced from each Royalty Well; and
- (ii) if taken in kind by Royalty Owner pursuant to Section 2.5, the GOR Percentage of the Petroleum Substances produced from each Royalty Well and available at the Point of Sale. For the purposes of calculating the reduction to the Unpaid Amounts, all production taken in kind shall be calculated at the Market Price applicable for such production taken in kind.

(c) *Petroleum Substances Not Taken in Kind:*

For the purposes of Section 2.3(b)(i):

- (i) *Appointment as Agent:* Royalty Payor is appointed as the agent of Royalty Owner for the handling and disposition of the Overriding Royalty share of Petroleum Substances. When in the possession of Royalty Payor, the Petroleum Substances attributable to the Overriding Royalty and the proceeds of sale therefrom will be held as trustee for Royalty Owner and subject to the terms of this Agreement;
- (ii) *Sale of Petroleum Substances:* Royalty Payor shall sell Royalty Owner's Overriding Royalty share of Petroleum Substances at the same price and on the same terms as Royalty Payor receives for its own share of Petroleum Substances attributable to Royalty Payor's Working Interest in the Royalty Lands, on a pro rata basis with its own share of Petroleum Substances, provided that in connection with a sale to an Affiliate, price and terms shall not be less than the Market Price; and

(d) *Deductions:* Royalty Owner's Overriding Royalty share of Petroleum Substances produced from the Royalty Lands will be free and clear of any and all deductions whatsoever.

(e) *Petroleum Substances Used in Operations:* Notwithstanding the Royalty Determination Methodology and the quantification of the Overriding Royalty pursuant to Section 2.3(b), the Overriding Royalty will not include Petroleum Substances that Royalty Payor reasonably uses or loses in Royalty Payor's drilling and production operations for the Royalty Lands or in the delivery of Petroleum Substances to, and handling at or prior to, the Point of Sale. Those drilling and production operations include the proportionate use of Royalty Owner's Overriding Royalty share of Petroleum Substances in batteries, treaters, compressors, separators, satellites and similar equipment serving the Royalty Wells, but do not include the use of Petroleum Substances for any enhanced recovery operations other than enhanced recovery operations on or in respect of the Royalty Lands.

(f) *Effect of Penalty Position:* In the event Royalty Payor, or any permitted assignee of Royalty Payor, is in a penalty position with respect to a Royalty Well for any agreement dated prior to the date of this Agreement, then:

OTV


- (i) where Royalty Payor is not the 100% working interest owner, the following applies:
 - (A) if such agreements contains a provision requiring the non-penalty participant to pay third party royalties of a party in penalty, Royalty Payor agrees to make commercially reasonable efforts to enforce such provisions; or
 - (B) if such agreements do not contain a provision as described in Section 2.3(f)(i)(A), then while Royalty Payor is in a penalty position, Royalty Payor shall not be obliged to pay the Overriding Royalty to Royalty Owner in accordance with this Agreement for such Royalty Well or Wells;
- (ii) for agreements entered into after the date of this Agreement, Royalty Payor agrees to make commercially reasonable efforts to ensure that such agreements shall require a party or the parties not in a penalty position, as the case may be, to be obliged to pay the Overriding Royalty as contemplated herein, without regard to the discount contemplated in Section 2.3(f)(i)(B), to Royalty Owner as if Royalty Payor was not in a penalty position.
- (g) *Effect of Pooling or Unitization on Calculation:*
 - (i) Without the prior consent of Royalty Owner, Royalty Payor may pool the Petroleum Substances attributed to Royalty Payor's Working Interest in the Royalty Lands to the extent required to form a Spacing Unit or Production Allocation Unit, if the pooling allocates production therefrom to the applicable Royalty Lands in the proportion that the surface area of the Royalty Lands placed on the Spacing Unit bears to the total surface area of the Spacing Unit, or, to the length of the well bore underlying the Royalty Lands to the total length of the well bore for a Production Allocation Unit for any horizontal Royalty Well. Royalty Payor shall promptly give notice to Royalty Owner describing the extent to which the Royalty Lands have been pooled and describing the pooled Spacing Unit or Production Allocation Unit.
 - (ii) If Royalty Payor proposes to pool, unitize or otherwise combine any portion of the Royalty Lands with any other lands, other than as provided in Section 2.3(g)(i), Royalty Payor must promptly send notice of that intention to Royalty Owner. Such notice must include the technical justification for that pooling, unitization or combination and the proposed terms thereof, provided that Royalty Payor will not be required to provide interpretive data to Royalty Owner. Unless otherwise required by the Regulations, Royalty Payor will not enter into that pooling, unitization or combination without the prior written consent of Royalty Owner, which consent will not be unreasonably withheld or delayed.
 - (iii) If any portion of the Royalty Lands is pooled, unitized or combined with any other lands pursuant to this Section 2.3(g), Sections 2.3(a) and (b) will be deemed to be amended to calculate the volume of the Overriding Royalty by applying the percentages set forth in that Section to the quantity of Petroleum Substances thereby

OTJ
M

attributed to Royalty Payor's Working Interest in the affected Royalty Lands, but otherwise as contemplated by Sections 2.3(a) and (b).

- (h) *Overriding Royalty Not Subject to Other Burdens:* The Overriding Royalty shall not be subject to any royalties, burdens or other encumbrances payable by Royalty Payor in respect of Royalty Payor's Working Interest in the Royalty Lands or production of Petroleum Substances therefrom.

2.4 Monthly Accounting



- (a) Royalty Payor shall remit to Royalty Owner all funds accruing to Royalty Owner on account of the Overriding Royalty on or before **fifteen (15)** Business Days after the first day of the calendar month following the calendar month in which those funds were received by Royalty Payor. For clarity, if a purchaser of any Overriding Royalty share of Petroleum Substances fails to pay Royalty Payor when due in breach of its obligations to do so, Royalty Payor shall make such remittance to Royalty Owner on or before the later of (i) **fifteen (15)** Business Days after the first day of the calendar month following the calendar month in which those funds were due to have been received by Royalty Payor and (ii) **fifteen (15)** Business Days following receipt from purchaser. If Royalty Payor does not receive the amounts payable by such purchaser other than as a result of a breach by such purchaser, Royalty Payor shall make such remittance to Royalty Owner not later than **fifteen (15)** Business Days after the first day of the calendar month following the calendar month in which those funds would normally have been received by Royalty Payor.
- (b) On or about the date of remittance pursuant to Section 2.4(a), Royalty Payor will provide Royalty Owner with a statement in written or electronic format showing, on a Royalty Well by Royalty Well or unit basis, as applicable, in reasonable detail the manner in which Royalty Payor calculated that payment, including:
 - (i) the quantity and kind of Petroleum Substances attributed to each Royalty Well on the basis of the Royalty Determination Methodology in the immediately preceding calendar month;
 - (ii) the unit sale price for such Petroleum Substances and the Market Price applicable thereto; and
 - (iii) the quantification of the Overriding Royalty payable for such immediately preceding calendar month.

2.5 Right To Take In Kind

- (a) *Revocation of Agency and Election to Take in Kind:* Subject to the terms of the Title Documents, on a minimum of sixty (60) days notice to Royalty Payor, Royalty Owner may revoke the agency established in Section 2.3(c)(i), elect to take delivery of all or a portion of the Petroleum Substances comprising the Overriding Royalty on the Royalty lands, or at the Point(s) of Sale and separately dispose of the same, subject to the following:



- (i) the right may be exercised by Royalty Owner separately for each type of Petroleum Substances, effective at the 1st day of the calendar month next following the minimum sixty (60) day period; and
 - (ii) Royalty Owner shall provide Royalty Payor with evidence, satisfactory to Royalty Payor, acting reasonably, that Royalty Owner has made arrangements to take its share of Petroleum Substances and dispose of them in compliance with the Title Documents; provided that if Royalty Owner does not provide such evidence on a timely basis, or having done so does not actually take such Petroleum Substances, shall be deemed to have failed to take those Petroleum Substances in kind and Section 2.5(c) shall apply. In connection therewith, Royalty Payor will use its commercially reasonable efforts to novate Royalty Owner (in accordance with its share of Petroleum Substances elected to be taken in kind) into Royalty Payor's transportation, marketing and Services Agreement existing as of the time of such election and Royalty Owner shall take such assignment and novation for a sixty (60) day period, (A) unless the Parties agree otherwise, or (B) unless and to the extent, such taking in kind would result in Royalty Payor having unutilized demand or similar charges in marketing and dedication agreements dated prior to the date of this Agreement, that would not have been unutilized had the Petroleum Substances not been taken in kind, in which case such sixty (60) day limit shall not apply.
- (b) *Re-Establishment of Agency:* Insofar as Royalty Owner has elected to revoke the agency established in Section 2.3(c)(i), Royalty Owner may re-establish that agency on a minimum of sixty (60) days' notice to Royalty Payor, effective as of the 1st day of the calendar month next following the minimum sixty (60) day period. This right may be exercised separately for each type of Petroleum Substances. In connection therewith, Royalty Payor may request that Royalty Owner novate Royalty Payor (in accordance with Royalty Owner's share of Petroleum Substances elected to be taken in kind) into the transportation, marketing and Services Agreement utilized by Royalty Owner for the handling and sale of such Petroleum Substances and upon such request Royalty Owner shall cause Royalty Payor to be assigned and novated into such arrangements, as Royalty Payor so elects.
- (c) *Royalty Payor's Obligations:*
- (i) If Royalty Owner takes in kind its Overriding Royalty share of crude oil or liquid products extracted from natural gas at the Point of Sale:
 - (A) Royalty Payor will, at Royalty Payor's cost, remove basic sediment and water from those Petroleum Substances to the extent it does so for its own Petroleum Substances prior to the Point of Sale;
 - (B) Royalty Payor will pay all costs incurred by Royalty Owner related to the delivery of such Petroleum Substances to the Point of Sale; and
 - (C) Royalty Payor will provide Royalty Owner, at Royalty Payor's cost, production tankage capacity for an accumulation of the Overriding Royalty

share of those Petroleum Substances consistent with Royalty Payor's ordinary course of business, provided that to the extent Royalty Payor incurs a cost incremental to what it would have incurred had Royalty Owner not taken in kind its Overriding Royalty and accumulated its Overriding Royalty share of Petroleum Substances outside of the ordinary course, such incremental cost shall be borne by Royalty Owner. Otherwise, Royalty Payor will deliver the Overriding Royalty share of those Petroleum Substances to Royalty Owner, or Royalty Owner's nominee, at the Point of Sale free and clear of all charges.

- (ii) If Royalty Owner takes its Overriding Royalty share of natural gas handled at the Point of Sale in kind, Royalty Payor will make available that gas to Royalty Owner, or Royalty Owner's nominee, at the outlet of that Point of Sale at Royalty Payor's cost, provided that Royalty Owner shall be responsible for any receipt charges at such Point of Sale.

- (d) *Failure to Take-in Kind:* Unless otherwise agreed to by Royalty Payor and Royalty Owner, if and only if Royalty Owner elects to take its Overriding Royalty share of Petroleum Substances in kind, but fails to (or is deemed to have failed to) take possession thereof at the Point of Sale, Royalty Payor shall take possession of such Petroleum Substances as agent of Royalty Owner and shall dispose of those Petroleum Substances by:
 - (i) selling those Petroleum Substances at Market Price or such lower price as is reasonable in the circumstances, in such case only, to the Point of Sale in an amount not to exceed the reasonable costs and expenses incurred by Royalty Owner to bring those Petroleum Substances to the Point of Sale; or
 - (ii) purchasing those Petroleum Substances for Royalty Payor's own account (or the account of an Affiliate) at Market Price and accounting to Royalty Owner therefor,
 and in either case Royalty Payor shall be entitled to, and paid, a marketing fee equal to **2.5%** of the price received.

2.6 Books, Records and Audit Right

- (a) Royalty Payor shall keep and maintain true and correct books, records and accounts showing credits and charges hereunder and the kind and quantity of Petroleum Substances produced from and attributed to Royalty Payor's Working Interest in the Royalty Lands, the disposition thereof and the price obtained therefor.

- (b) Royalty Owner may, upon reasonable notice to Royalty Payor and at Royalty Owner's own expense, audit the books, records and accounts of Royalty Payor, including production accounting and marketing records, with respect to the production, disposition or sale of the Overriding Royalty within **twenty-four (24)** months next following the end of the applicable calendar year. Royalty Owner will conduct any such audit in accordance with PASC Joint Venture Audit Protocol Bulletin No. 6 (or any replacement therefor).

OT



24

- (c) Any statement issued by Royalty Payor to Royalty Owner respecting the calculation of the Overriding Royalty will be presumed to be true and correct **twenty-six (26)** months following the end of the calendar year in which that statement was issued, unless a Party takes written exception thereto and requests an adjustment pursuant to this Section 2.6 within that **twenty-six (26)** month period.
- (d) Any discrepancies disclosed by such audit shall be identified in writing to Royalty Payor within **sixty (60)** days following the completion of such audit, and Royalty Payor shall respond in writing to any claims or discrepancies within **one hundred eighty (180)** days of the receipt of such notice of claim or discrepancies. If Royalty Payor does not respond in such **one hundred eighty (180)** day period, a credit for the disputed amount shall be deemed to be made in favour of Royalty Owner.
- (e) To the extent that Royalty Payor and Royalty Owner are unable to resolve any outstanding claims or discrepancies disclosed by such audit within **thirty (30)** days of the response of Royalty Payor, such audit exceptions shall be resolved by a nationally or internationally recognized firm of chartered accountants as may be selected by Royalty Payor and Royalty Owner, which shall be requested to render its decision without qualifications, other than the usual qualifications relating to engagements of this nature, within **fourteen (14)** days after the dispute is referred to it.
- (f) The decision of the accounting firm shall be final and binding upon the Parties and shall not be subject to appeal by any Party. The costs and expenses of the accounting firm shall be borne by the unsuccessful party to any dispute referred to dispute resolution pursuant to this Section 2.6. Notwithstanding the foregoing audit period limitation, Royalty Owner's audit rights under this Section 2,6 shall be extended for the time period, and in respect of those books, records and accounts, as may be reasonably necessary to permit Royalty Owner to verify refunds or payments to be received or made by it pursuant to this Agreement.

ARTICLE 3
OPERATIONS

3.1 Rateable Production

Royalty Payor will not discriminate against the Petroleum Substances attributed to Royalty Payor's Working Interest in the Royalty Lands in the production and marketing of those Petroleum Substances because those Petroleum Substances are subject to the Overriding Royalty. Where it is the operator of a Royalty Well, Royalty Payor will not produce Petroleum Substances from a Royalty Well inequitably with production from any diagonally or laterally offsetting well operated by Royalty Payor and producing from the same pool as a Royalty Well, insofar as Royalty Payor, or its Affiliate, has an interest in that offsetting well, because the Petroleum Substances are subject to the Overriding Royalty. Where it is the operator of a Royalty Well, Royalty Payor shall not decide to convert any Royalty Wells to another capacity such as injection or disposal because the Royalty Wells are subject to the Overriding Royalty only.

3.2 Well Information

Royalty Payor will make available to Royalty Owner Royalty Payor's production volume reporting for each Royalty Well through "Data Scavenger" or such other system as provides comparable information and is used in the ordinary course of Royalty Payor's business. In addition, Royalty Payor will notify Royalty Owner with a monthly forecast of new wells to be spud on the Royalty Lands.

3.3 Maintenance of Royalty Lands

Royalty Payor shall, at its own cost, pay for all rentals, royalties, taxes, expenses and charges payable under and in accordance with the provisions of the Title Documents with respect to the Royalty Lands and any wells, facilities or equipment on the Royalty Lands and the production of the Petroleum Substances therefrom. Royalty Payor shall, at its own cost, keep the Royalty Lands and the Title Documents in good standing, provided that nothing shall require Royalty Payor to undertake any operation that would be required to extend, continue or renew a Title Document.

3.4 Surrender and Abandonment of Royalty Lands

- (a) Subject to Section 3.4(c), if Royalty Payor determines *bona fide* and in good faith that the Title Documents pertaining to any portion of the Royalty Lands should be surrendered to the issuer of the Title Documents, or that such Title Documents should be allowed to expire, Royalty Payor shall be entitled to proceed with such surrender, or to allow such expiry to occur, and upon the surrender or expiry becoming effective the Overriding Royalty shall no longer be payable in respect of the applicable Royalty Lands, provided that if within one (1) year of such surrender or expiry Royalty Payor or any Affiliate of Royalty Payor acquires, directly from the Crown or a freehold owner a lease in respect of the Royalty Lands or any portion thereof so terminated, surrendered or allowed to expire, such acquired interest shall be subject to the Overriding Royalty and the terms and conditions of this Agreement, except to the extent such acquisition occurs as a result of an acquisition of a Person holding such right, title, estate or interest where such right, title, estate or interest does not comprise all or substantially all of such Person's assets.
- (b) Subject to Section 3.4(c), Royalty Payor shall have the right, power and authority to abandon any Royalty Well if Royalty Payor determines, *bona fide* and in good faith, that such Royalty Well is not capable of producing Petroleum Substances in paying quantities.
- (c) Notwithstanding anything else in this Agreement, where at any time the Royalty Payor, contemplates any surrender or expiry of any Title Documents or the abandonment of any Royalty Wells through the operation of this Section 3.4, Royalty Payor shall provide Royalty Owner with at least **thirty (30)** days prior written notice of same, and where the total cumulative value of the specific Royalty Lands and Royalty Wells surrendered, expired or abandoned to date, including the specific Royalty Lands and Royalty Wells currently being contemplated to be surrendered, expired or abandoned, as determined by Royalty Owner, acting reasonably, meets or exceeds the Unpaid Amounts, Royalty Payor shall in every instance be required to obtain the prior written consent of Royalty Owner,

of
my

which consent shall be in the sole discretion of Royalty Owner, prior to proceeding with any action under this Section 3.4.

3.5 Control over Development

Except as otherwise provided in this Agreement, Royalty Payor shall at all times act in a manner that is *bona fide* and in good faith, and that is consistent with the obligation of Royalty Payor to pay to Royalty Owner the Overriding Royalty, which Royalty Payor acknowledges herein, including with regards to the development of, and recovery of Petroleum Substances from, the Royalty Lands including, without limitation, making all decisions respecting whether, when and how to drill, complete, equip, produce, suspend, abandon and shut-in wells and whether to elect to convert royalties to working interests. In furtherance thereof, Royalty Payor shall have the right to enter into and amend the Title Documents from time to time on such terms and conditions as it considers appropriate, provided that it acts in accordance with prudent oil and gas industry practices and in good faith in connection therewith.

3.6 Acknowledgement and Indemnity for Operations

- (a) Royalty Payor acknowledges that, except for Royalty Owner's rights and obligations under Section 2.5 with respect to Royalty Owner's right to take its Overriding Royalty share of Petroleum Substances in kind, except as contemplated in Section 3.6(c), Royalty Owner is not liable for any of the duties and obligations arising under the Title Documents.
- (b) Royalty Payor shall indemnify and save Royalty Owner, its Affiliates and each of their respective directors, officers, employees, servants and agents, harmless from and against, all actions, suits, claims, costs, demands and expenses, including legal fees on a solicitor-client basis, which may be brought against any of them or that any of them may suffer, sustain, pay or incur, by reason of any matter or thing arising out of or in any way attributable to the operations carried on, by or on behalf of Royalty Payor on or in connection with Royalty Payor's Working Interest in the Royalty Lands and to the Royalty Lands Environmental Liabilities, except to the extent attributable to Petroleum Substances taken in kind by Royalty Owner.
- (c) Royalty Owner shall indemnify and save Royalty Payor, its Affiliates and each of their respective directors, officers, employees, servants and agents, harmless from and against, all actions, suits, claims, costs, demands and expenses, including legal fees on a solicitor-client basis, which may be brought against any of them or that any of them may suffer, sustain, pay or incur, by reason of any matter or thing arising out of or in any way attributable to Petroleum Substances taken in kind by Royalty Owner.

ARTICLE 4
ROYALTY PAYOR DEFAULT

4.1 Royalty Payor Default

If a Royalty Payor Default has occurred and is continuing, as applicable, Royalty Owner, at its option, shall have the right to:

Handwritten signature and initials in the bottom right corner of the page.

- (a) invoke payment of the Overriding Royalty in accordance with Section 5.1;
- (b) set-off against any amount unpaid by Royalty Payor, any sums due or accruing to Royalty Payor or any Affiliate of Royalty Payor from Royalty Owner under this Agreement or any other agreement between Royalty Owner and Royalty Payor or any Affiliate of Royalty Payor, whether entered into before or after the date of this Agreement;
- (c) maintain an action or actions for such unpaid amounts on a continuing basis as such amounts are payable, but not paid, as if the obligation to pay such amounts were liquidated demands due and payable on the relevant date such amounts were due to be paid, without any right or resort to set-off or counter-claim by Royalty Payor;
- (d) either appoint a new agent to act in the place and stead of Royalty Payor for the purposes of Section 2.3(c)(i), or to appoint itself as agent;
- (e) immediately commence to take in kind all or a portion of the Petroleum Substances comprising the Overriding Royalty in accordance with the provisions of Section 2.5, but without regard to the notice requirements set forth in Section 2.5;
- (f) review the records of Royalty Payor regarding sales of Petroleum Substances produced from Royalty Payor's Working Interest in the Royalty Lands and Royalty Payor shall be required to forthwith provide to Royalty Owner or its agent, such records; or
- (g) treat the Royalty Payor Default as an immediate and automatic assignment to Royalty Owner of the proceeds of sale attributed to the Overriding Royalty share of the Petroleum Substances from the Royalty Lands, and give notice to purchasers of Petroleum Substances from Royalty Payor requiring them to pay the proceeds of sale of the Overriding Royalty share of Petroleum Substances from Royalty Lands directly to the duly appointed agent of Royalty Owner, which may be Royalty Owner, and such purchasers of Petroleum Substances shall be entitled to rely upon notice from Royalty Owner to such effect and to thereafter pay the proceeds of sale accordingly.

ARTICLE 5
TERM AND TERMINATION

5.1 Royalty Term and Invocation

This Agreement shall be effective upon execution with the Overriding Royalty running in perpetuity against the Royalty Lands, but the Overriding Royalty shall only become payable in the event of: (i) a Royalty Payor Default and written notice being given to the Royalty Payor from the Royalty Owner of such whereupon the Overriding Royalty payments shall continue in perpetuity or until termination pursuant to the terms hereof, including Section 5.2; or (ii) upon written notice being given by the Royalty Owner to the Royalty Payor that payment has not been made under the Services Agreement by the Payment Dates and such non-payment under the Services Agreement has not been cured within thirty (30) days of receipt of such written notice whereupon the Overriding Royalty payments shall continue in perpetuity or until termination pursuant to the terms hereof, including Section 5.2.



5.2 Termination after Invocation

If payment of the Overriding Royalty has been invoked in accordance with Section 5.1, this Agreement shall terminate in the event:

- (a) all cumulative funds actually received by Royalty Owner:
 - (i) from the Overriding Royalty (including production taken in kind calculated at the Market Price) under this Agreement; plus
 - (ii) from the Royalty Payor or on behalf of the Royalty Payor in satisfaction of the Unpaid Amounts;equals the Unpaid Amounts (including all interest and costs accrued thereunder); or
- (b) when the Title Documents hereunder terminate in accordance with their terms.

5.3 Termination prior to Invocation

If payment of the Overriding Royalty has not been invoked in accordance with Section 5.1 and all obligations of the Royalty Payor to make all payments under the Services Agreement have been made in accordance with the terms of the Services Agreement such that there are no further obligations of either Party to the other under the Services Agreement, then this Agreement shall terminate. For clarity, this Section 5.2 has no effect if payment of the Overriding Royalty has been invoked in accordance with Section 5.1.

5.4 Termination Direction

If the Unpaid Amounts are paid in accordance with Section 5.2 or termination occurs in accordance with Section 5.3, then upon termination, the Overriding Royalty granted hereunder shall automatically terminate and revert to Royalty Payor and Royalty Owner agrees that it shall take any and all actions as may be required in order to cause the reversion of the Overriding Royalty, including but not limited to discharging any and all registrations which may have been made hereunder and confirming the Royalty Payor may remove the Overriding Royalty from its land records.

5.5 Sale by Royalty Owner

- (a) If payment of the Overriding Royalty has been invoked in accordance with Section 5.1 and:
 - (i) there is an Insecurity Event in respect of the Royalty Payor; or
 - (ii) the Overriding Royalty was invoked due to a Payment Default of the Royalty Payor and the cumulative funds actually received by Royalty Owner under Section 5.2(a) is less than the Unpaid Amount on the date that is 180 days after the date of invocation,



then the Royalty Owner shall have the option, exercisable in its sole discretion, to sell the Overriding Royalty or a portion thereof by way of a broadly marketed sales process conducted by a reputable third party sales agent in the Province of Alberta sufficient to recover the remaining and unpaid portion of the Unpaid Amount plus any and all costs of Royalty Owner to effect such a sale, including marketing and legal fees and reasonable out of pocket expenses ("**Sale Costs**").

- (b) Such Overriding Royalty or portion thereof sold to a Third Party pursuant to Section 5.5(a) shall continue in perpetuity until the termination of all Title Documents and Sections 5.2, 5.3, 5.4 and 5.5 hereof shall cease to apply with respect to such sold Overriding Royalty.
- (c) The proceeds of a sale pursuant to Section 5.5(a) shall be applied first against any possible tax levied by Government Authority related to such sale, second the Sale Costs and last against the Unpaid Amounts, with any remaining portion paid to Royalty Payor.

ARTICLE 6 ASSIGNMENT

6.1 Assignment by Royalty Owner

If payment of the Overriding Royalty has been invoked under Section 5.1, then Royalty Owner may dispose of, transfer or assign its Overriding Royalty in whole or in part without the prior written consent of Royalty Payor; provided however, that for any disposition, transfer or assignment, in whole or in part, of the Royalty Owner's Overriding Royalty on and after the date of this Agreement, the Royalty Owner grants to Royalty Payor a Right of First Refusal on the Overriding royalty on substantially similar terms to those found in clause 2401(B) and clause 2402 of the 1990 CAPL Operating Procedure as modified for an overriding royalty with the one exception that Royalty Payor shall have the right to respond to any disposition notice within 60 days rather than 30 days. If the Royalty Payor does not exercise its Right of first Refusal, the Royalty Owner shall assign and novate the third party purchaser into this Agreement including the benefit of the Unpaid Amounts effective the effective date of such sale.

6.2 Assignment by Royalty Payor

- (a) Royalty Payor may proceed with a sale, or other disposition of its Royalty Payor's Working Interest in the Petroleum Substances in the Royalty Lands without the prior written consent of the Royalty Owner and such Petroleum Substances shall be free and clear of the Overriding Royalty granted under this Agreement, provided that Royalty Payor has paid all cost under the Services Agreement and/or replaced the sold Royalty Lands with substitute lands which substitute lands will be subject to the terms of this Agreement; or
- (b) If such sale or assignment is to an Affiliate of Royalty Payor or other Third Party and such Affiliate or Third Party agrees to be bound by this Agreement as it relates to the reservation and attachment of the Overriding Royalty in relation to any of the Royalty Lands and Royalty Wells so assigned and also agrees to take a corresponding assignment of this Agreement in relation to such Royalty Lands and Royalty Wells
- (c) Notwithstanding the foregoing in Section 6.2 (a) and (b), the following is permitted:

of
m

- (i) the first priority security interest in the Royalty Lands and Royalty Wells held by its senior secured lender that holds a first priority security interest in the Royalty Lands and Royalty Wells takes assignment of any of the Royalty Lands and Royalty Wells, if applicable which itself is subject to the provisions of this Section 6.2.

6.3 Assignment Procedure to Apply

All assignments and transfers herein shall be conducted in accordance with the Assignment Procedure.

ARTICLE 7
GENERAL

7.1 Further Assurances

Each Party will, from time to time and at all times hereafter, without further consideration, except as otherwise provided in this Agreement, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

7.2 Entire Agreement

The provisions contained in any and all documents and agreements collateral hereto shall, with the exception of the Services Agreement, be read subject to the provisions of this Agreement and, in the event of conflict, the provisions of this Agreement shall prevail. In the event of conflict between the provisions of this Agreement and the Services Agreement, the provisions of the Services Agreement shall prevail. No amendments shall be made to this Agreement unless in writing, executed by the Parties. This Agreement supersedes all other agreements, documents, writings and verbal understandings among the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

7.3 Governing Law


This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and applicable laws of Canada and shall, in all respects, be treated as a contract made in the Province of Alberta. The Parties hereto irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of or in connection with this Agreement.

7.4 Enurement

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

7.5 Time of Essence

Time shall be of the essence in this Agreement.



7.6 Notices

(a) The addresses for service and the fax numbers of the Parties shall be as follows:

Royalty Payor: Alphabow Energy Ltd.

1800, 222-3rd Avenue S. W.
Calgary, Alberta,
T2P 0B4

Attention: Shi, Marshall
Facsimile: (403) _____

Royalty Owner: Advance Drilling Ltd.

1001, 505-3rd Street, S. W.
Calgary, Alberta,
T2P 3E6

Attention: Fan, Jiang
Facsimile: (403) 453-0882 _____

(b) All notices, communications and statements required, permitted or contemplated hereunder shall be in writing, and shall be delivered as follows:

- (i) by personal service on a Party at the address of such Party set out above, in which case the item so served shall be deemed to have been received by that Party when personally served;
- (ii) by facsimile transmission to a Party to the fax number of such Party set out above, in which case the item so transmitted shall be deemed to have been received by that Party when transmitted; or
- (iii) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by mailing first class registered post, postage prepaid, to a Party at the address of such Party set out above, in which case the item so mailed shall be deemed to have been received by that Party on the third Business Day following the date of mailing (the date of mailing being the Business Day immediately prior to the postmarked date of the envelope containing the notice, communication or statement or if the subject envelope has been lost or destroyed, the date of such notice, communication or statement or if undated the date of the transmittal letter accompanying the same).

(c) A Party may from time to time change its address for service or its fax number or both by giving written notice of such change to the other Party.



7.7 Invalidity of Provisions

In case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

7.8 Waiver

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver of any provision of this Agreement, including without limitation, this section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of the Party making such waiver.

7.9 Amendment

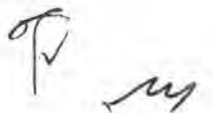
This Agreement shall not be varied in its terms or amended by oral agreement or by representations or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.

7.10 Future Disclosures

Royalty Payor agrees to provide Royalty Owner, its personnel and advisors (including, without limitation, any auditors, accountants, legal, engineering and other advisors engaged by Royalty Owner), at the sole risk, cost and expense of Royalty Owner, such additional information as Royalty Owner may hereafter require, and to make available such of Royalty Payor's personnel as may be reasonably required by Royalty Owner, to satisfy any disclosure and other obligations or requirement of Royalty Owner relating to the Overriding Royalty and the Royalty Lands or Royalty Wells now or hereafter arising under any national instrument or local securities commission rule or otherwise, including specifically in relation to engineering reports and data relating to the Overriding Royalty and the Royalty Lands or Royalty Wells.

7.11 Confidentiality

- (a) Each Party entitled to information hereunder or pursuant to this Agreement may use such information for its sole benefit. However, the Parties shall take such measures with respect to operations and internal security as are appropriate in the circumstances to keep confidential from third Persons all such information, except information which the Parties have expressly agreed among themselves to release and information disclosed by a Party:
- (i) when and to the extent required by the Regulations and securities laws applicable to such Party, provided that such Party shall invoke any confidentiality protection permitted by such Regulations and securities laws;
 - (ii) to an Affiliate, provided that if such Affiliate carries on a business that includes the ownership or operation of oil and gas working interests, such Party shall cause such



Affiliate to not use such confidential information in a manner so as to gain a competitive advantage over Royalty Payor or its Affiliates and shall require such of Royalty Owner's Affiliate to maintain the confidential status of the disclosed information in accordance with this Section 7.11, and such Party shall be liable for any loss suffered by the Parties, or any of them, because of the failure of such Affiliate to refrain from using the confidential information in a manner so as to gain a competitive advantage over Royalty Payor or to maintain such information confidential;

- (iii) to a third Person to which such Party has been permitted to assign its interest, or portion of its interest in accordance with the terms and conditions of this Agreement, provided that a binding covenant is obtained from such third Person prior to disclosure which provides, *inter alia*, that none of such information shall be disclosed by it to any other third Person; and
- (iv) to the technical, financial or other professional consultants of such Party which require such information to provide their services to such Party or other financial institution from which such Party is attempting to obtain financing, provided that a binding covenant is obtained from such consultant or financier, as the case may be, prior to such disclosure, which provides, *inter alia*, that none of such information shall be disclosed by it to any other third Person or used for any purposes other than advising such Party or providing financing to such Party, as applicable.

Notwithstanding the foregoing, the confidentiality obligation hereunder shall not extend to information to the extent that it is in the public domain, provided that specific items of information shall not be considered to be in the public domain merely because more general information is in the public domain.

- (b) Notwithstanding the foregoing, any Party that ceases to be bound by the provisions of this Agreement shall nevertheless remain bound by the provisions of this Section 7.11 with respect to information obtained hereunder or pursuant to this Agreement until and to the extent that such information is in the public domain.

7.12 Limitations Act

The two-year period for seeking a remedial order section 3(1)(a) of the *Limitations Act (Alberta)* for any claim (as defined therein) arising in connection with this Agreement is extended to:

- (a) for claims disclosed by an audit, two (2) years after the time this Agreement permitted that audit to be performed; or
- (b) for all other claims, four (4) years.

(Execution page follows)

7.13 Counterpart Execution

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile or other electronic means and all the counterparts together constitute the same agreement.

IN WITNESS WHEREOF the Parties have duly executed this Agreement on the date first above written.

ALPHABOW ENERGY LTD.

ADVANCE DRILLING LTD.

Per: _____

Name: Shi, Marshall
Title: Chief Executive Officer



Per: _____

Name: Fan, Jiang
Title: President



THE FOLLOWING • PAGES COMPRISE SCHEDULE "A" ATTACHED TO AND FORMING PART OF THE GROSS OVERRIDING ROYALTY AGREEMENT MADE AS OF NOVEMBER 23 2018 BETWEEN ALPHABOW ENERGY LTD. AND ADVANCE DRILLING LTD.

ROYALTY LANDS

(See attached.)

Are those lands of the Royalty Payor which the Royalty Payor has wells, or plans to drill a well or wells upon pursuant to the Services Agreement and shall apply to the Royalty Payor's Working Interest, but only insofar as rights to the same are granted by the Title Documents including, including the Royalty Payor's Working Interest in the Chigwell property and the Green Glades, Amisk and Choice properties within the Provost area as described the attached mineral land property reports.

EXHIBIT "C"



July 9, 2020

Yu Zhang
Accounting Controller
Advance Drilling Ltd.
1001, 505 – 3rd Street SW
Calgary, AB T2P 3E7

Dear Yu Zhang:

Recent deterioration of global economic conditions caused in part by the COVID-19 pandemic has put a strain on domestic energy prices, which in turn, has put a strain on the liquidity of AlphaBow Energy Ltd. ("AlphaBow").

AlphaBow has not been able to meet the payment terms under the (1) Master Services Agreement made among Advance Drilling Limited and Green Horizon Energy Services Inc., dated December 15, 2016 and (2) Master Drilling and Completion Contract dated November 23, 2018 between AlphaBow Energy Ltd. and Advance Drilling Ltd. ("Advance"). AlphaBow appreciates the patients that Advance has exhibited in accommodating the departure from the terms of these agreements.

AlphaBow recognizes its obligation of \$12,470,667.39 as of July 9, 2020 to Advance and would like to provide the following proposal to repay all amounts owing:

- If the CAD equivalent Current Month Average ("CMA") price of West Texas Intermediate less prior month MSW differential is less than CAD \$60.00 per barrel, AlphaBow would make minimum monthly installment payments of CAD \$50,000 per month
- If the CAD equivalent CMA price of West Texas Intermediate less prior month MSW differential is CAD \$60.00 but less than CAD \$70.00 per barrel, AlphaBow would make minimum monthly installment payments of \$350,000 per month
- If the CAD equivalent CMA price of West Texas Intermediate less prior month MSW differential is CAD \$70.00 or greater per barrel, AlphaBow would make minimum monthly installment payments of \$700,000 per month
- In the event AlphaBow is able to sell Carbon Offset credits from CO₂ captured at its Joffre facilities (located adjacent to the Nova Chemicals Joffre Ethylene and Polyethylene manufacturing facilities) and sequestered within the Chigwell Viking B Pool, AlphaBow will commit 100% of any net proceeds to its balance outstanding with Advance
 - Subject to all necessary regulatory approvals (Alberta Environment Department)
 - Semi-annual net proceeds are expected to start being realized at the end of 2020

AlphaBow Energy Ltd.

1700, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4
Main Phone: 587-393-5059
Fax: 587-393-5060



From time to time, AlphaBow will evaluate and rationalize its assets. During this process AlphaBow may enter into an agreement to dispose of an interest in an asset by either, but not limited to, selling, or farming out its interests in assets to third parties.


- In the event AlphaBow closes a transaction to dispose of an interest in any of its assets for proceeds of greater than CAD \$1,000,000.00, AlphaBow will commit 50% of these proceeds to its balance outstanding with Advance

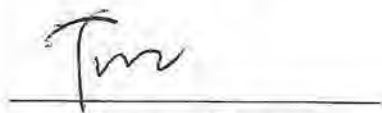
If Advance is in agreement with the terms proposed in the letter, please indicate your acceptance by signing a copy of this letter and returning to AlphaBow.

Agreed to and accepted to amend payment terms dated July 9, 2020

Per:
AlphaBow Energy Ltd.

Advance Drilling Ltd.


Marshall Shi
Chief Executive officer


Jiang Fan

AlphaBow Energy Ltd.

1700, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4
Main Phone: 587-393-5059
Fax: 587-393-5060

EXHIBIT “D”

November 12, 2020

AlphaBow Energy Ltd.
1700, 222 - 3rd Avenue SW
Calgary, AB T2B 0V4

Attention: Shi, Marshall

Dear Sir:

Reference is made to the Master Drilling and Services Agreement dated November 23, 2018 between AlphaBow Energy Ltd. ("ABE") and Advance Drilling Ltd. ("Advance") (the "MDSA") and the Gross Overriding Royalty Agreement dated November 23, 2018 between ABE and Advance (the "GORR"), each as may have been amended, and may be amended, from time to time. All capitalized terms used herein but not defined shall have the meaning given to them in the MDSA and the GORR.

Advance has invoked the GORR in accordance with Article 5 of the GORR and ABE has acknowledged that the royalty payable under the GORR is now payable in accordance with its terms under the GORR. As a result, the first royalty payment was to be made November 5, 2020, however the parties agree the first royalty pay will be calculated effective October 1, 2020 and payable November 30, 2020. Additionally, Advance acknowledges that due to low commodity prices, ABE may not be in a position to pay the GOR Percentage under the GORR. As such, Advance is prepared to temporarily permit and accept payments from ABE under the GORR at the rate of 2.5%, a difference of 15% (the "Differential Royalty Rate"). The parties further agree that due to low commodity prices as mentioned above, the 2.5% GOR payable by ABE shall be to a maximum of \$50,000 per month. The royalty payment of 2.5% will continue on a month by month basis until such time as Advance provides notice to ABE that the next royalty payment is to be at the GOR Percentage.

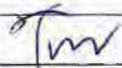
For clarity, this correspondence is not a waiver of the GOR Percentage due and payable on November 30, 2020 and thereafter on a monthly basis. As such, ABE shall provide a royalty statement to Advance each month showing the volumes sold, the amount that would have been paid if ABE was paying at the GOR Percentage and any outstanding royalty payments attributable to the Differential Royalty Rate (the "Outstanding Royalty Amount"). Any Outstanding Royalty Amount attributable to the Differential Royalty Rate shall accrue interest at the rate of the prime rate plus 2% per annum, calculated daily and compounded annually to the date of actual payment of the Outstanding Royalty Amount (This interest payment amount shall replace and not be in addition to the interest payment amount as described in Article 6.2 of the MDSA) For the purposes of calculating interest, interest will apply and begin to accrue on the 15th day of each month for the Outstanding Royalty Amount for that month and Advance will tract separately each monthly Outstanding Royalty Amount until paid in full.

This letter agreement is not intended to, nor will it, amend the GOR Percentage under the GORR, moreover, except as amended hereby, all other terms and conditions of the MDSA, including the revised payment schedule set out in the July 9, 2020 letter to the MDSA, and the GORR remain unchanged and in full force and effect.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

You may accept our offer by returning the enclosed duplicate of this letter, signed as indicated below, by 4:00 p.m. on or before November 16, 2020 or our offer will automatically expire. Please return the enclosed duplicate letter signed as indicated below prior to the above expiry date. This letter may be executed electronically; this letter may be delivered by email, facsimile or other functionally-equivalent electronic means.

Yours truly,

ADVANCE DRILLING LTD.	
Per:	
Name:	Fan, Jiang
Title:	President I have authority to bind the corporation.

Acknowledged, Agreed and Accepted this 16 day of November, 2020.

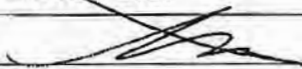
ALPHABOW ENERGY LTD.	
Per:	
Name:	Shi, Marshall
Title:	Chief Executive Officer I have authority to bind the corporation.

EXHIBIT “E”

Dentons Canada LLP
15th Floor, Bankers Court
850-2nd Street SW
Calgary, AB, Canada T2P 0R8

dentons.com

December 3, 2020

DELIVERED VIA REGISTERED MAIL & EMAIL

FILE NO: 571893-1

AlphaBow Energy Ltd.
1700, 222 – 3rd Avenue SW
Calgary, AB T2B 0V4

Attention: Marshall Shi

Dear Sir:

RE: AlphaBow Energy Ltd. (“ABE”) and Advance Drilling Ltd. (“Advance”)

We are counsel to Advance. As you are aware, ABE and Advance are parties to a Master Drilling and Services Agreement, dated November 23, 2018 (the “**MDSA**”) and a Gross Overriding Royalty Agreement, dated November 23, 2018 (the “**GORR**”), each as may have been amended from time to time. Reference is made to the November 12, 2020 letter from Advance to ABE, wherein ABE acknowledged the GORR was due and payable and agreed to repayment terms with respect to same (the “**November Letter**”).

All capitalized terms used herein but otherwise defined, shall have the meaning given to them in the MDSA, GORR, or the November Letter, as the context requires.

Pursuant to the November Letter, the royalty payment was due on or before November 30, 2020 and ABE failed to make said payment. Accordingly, ABE is in default of its obligations to Advance under the GORR and the November Letter. ABE has also failed to make its payment under the revised payment schedule set out in the July 9, 2020 letter to the MDSA.

Accordingly, on behalf of Advance, we hereby demand payment: (i) of all amounts due and owing by ABE to Advance under the GORR (amount to be confirmed following receipt of the requisite royalty statement to be provide by ABE pursuant to the November Letter); (ii) all amounts due and owing by ABE to Advance under the MDSA, namely the amount of \$13,189,899.17 as of November 30,2020; and (ii) all accrued and accruing interest, expenses, and legal costs on a solicitor-client basis due and payable under the GORR and MDSA (the “**Indebtedness**”).

Please note that the Indebtedness will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by Advance for which ABE will be responsible, until payment of all amounts owing is received by either certified cheque or bank draft at the following address:

Advance Drilling Ltd.
C/O Dentons Canada LLP
1500, 850 – 2nd Street, SW
Calgary, Alberta T2P 0R8
Attention: George Tai / Afshan Naveed

December 3, 2020
Page 2

If full payment, as set forth above, is not received by close of business on December 14, 2020, Advance will take whatever steps it deems appropriate to seek repayment of the said amount.

Please note that Advance reserves its rights to proceed against you prior to the time stipulated above in the event that it determines that its position is further jeopardized.

If you have any questions or concerns, please contact the undersigned directly.

Yours truly,

Dentons Canada LLP

Signed "George C. Tai"

George C. Tai

AN/tt

EXHIBIT "F"

From: [Quan Li](#)
Date: 2020-12-11 14:34
To: fanjiang@gwdc.ca; [Kevin Klimuk](#)
CC: [Michael Lam](#); [Dean Kaiser](#); [Rui Lang](#); [Tai, George](#)
Subject: Re: RE: Payment of November
Mr. Fan

Yes, this is my understanding.

Kevin will have the cheque and statement ready for you to pick up today.

Rgds
Quan

From: fanjiang@gwdc.ca <fanjiang@gwdc.ca>
Sent: December 11, 2020 12:20 PM
To: Kevin Klimuk <KevinKlimuk@alphabowenergy.com>
Cc: Quan Li <QuanLi@alphabowenergy.com>; Michael Lam <MichaelLam@alphabowenergy.com>; Dean Kaiser <deankaiser@alphabowenergy.com>; Rui Lang <rlang@gwdc.ca>; Tai, George <george.tai@dentons.com>
Subject: Re: RE: Payment of November

Hi, Kevin,

Thanks for your reply and the proposal.

Advance is prepared to withdraw demand for payment of (i) of the December 3, 2020 letter (i.e. \$13,189,899.17) so long as Alhabow commits to comply fully with the Royalty Deduction Letter dated November 12, 2020 and continues to pay the GORR on a monthly basis.

For November's payment, we require Alhabow to comply fully with 2.5% of GORR payment and provide Advance with a Royalty Statement. However, to accommodate your financial circumstances, we can accept the payment of \$35,000 that you proposed in your email of December 10, 2020 for now but we require Alhabow to pay the difference between \$35,000 and November's 2.5% GORR in next December's GORR payment.

Please let us know your comments on the above.

Thanks!

Jiang Fan
Advance Drilling Ltd.

From: [Kevin Klimuk](mailto:Kevin.Klimuk)
Date: 2020-12-10 13:16
To: fanjiang@gwdc.ca
CC: [Quan Li](mailto:Quan.Li); [Michael Lam](mailto:Michael.Lam); [Dean Kaiser](mailto:Dean.Kaiser)
Subject: RE: Payment of November

Mr. Fan,

Thank you for your patience and understanding. Based on your discussions with Quan yesterday, AlphaBow is prepared to release a payment by cheque of \$35,000 and will endeavor to continue to pay the GORR payment on a monthly basis based on the understanding letter signed on November 12, 2020 (attached).

It is my understanding that in exchange for above noted payment and endeavoring to continue to meet the commitment at this time, you will retract your letter dated December 3, 2020 demanding the payment of \$13,189,899.17 demanded for December 14, 2020.

Can you please confirm this?

Regards,

Kevin Klimuk
(Direct) 587-393-5063



AlphaBow Energy Ltd.

Due to the COVID-19 pandemic, we are currently working out of the office remotely. We may be delayed in replying to emails and voicemails during this time period. We appreciate your understanding during this time.

From: fanjiang@gwdc.ca <fanjiang@gwdc.ca>
Sent: Monday, December 7, 2020 9:37 AM
To: Kevin Klimuk <KevinKlimuk@alphabowenergy.com>; Dean Kaiser <deankaiser@alphabowenergy.com>
Cc: Marshall Shi <MarshallShi@alphabowenergy.com>; Tai, George <george.tai@dentons.com>
Subject: Payment of November

Morning, Kevin,

According to our meeting, I understand the 2.5% of GORR payment for November is less than 50k, which does not need your director's approval, could you please arrange for the payment according to the new GORR payment we signed middle of November.

Thanks!

Jiang Fan
Advance Drilling Ltd.

EXHIBIT "G"

From: Sarah Li [mailto:SarahLi@alphabowenergy.com]
Sent: May-06-21 1:34 PM
To: yu.zhang@gwdc.ca
Subject: RE: Client Audit Confirmation - December 31, 2020

It is the same. No worries.

From: yu.zhang@gwdc.ca <yu.zhang@gwdc.ca>
Sent: May 6, 2021 1:24 PM
To: Sarah Li <SarahLi@alphabowenergy.com>
Subject: RE: Client Audit Confirmation - December 31, 2020

That is for 20201231 audit number, we have many rounds of audit every year, some from local, some from China auditor, some from shareholder internal controls.

Please double check the 20201231 number again, if it is not same, I will check on Monday.

Yu Zhang

On Thu, 6 May 2021 19:20:58 +0000, Sarah Li
<SarahLi@alphabowenergy.com> wrote:

Oh, sorry, that was for the last year. I didn't read the letter carefully, and thought it was for the current balance.

From: yu.zhang@gwdc.ca <yu.zhang@gwdc.ca>
Sent: May 6, 2021 1:16 PM
To: Sarah Li <SarahLi@alphabowenergy.com>
Subject: RE: Client Audit Confirmation - December 31, 2020

Hi, Sarah

I thought we have same number last year, I will check on Monday when I go to office.

Thanks

Yu Zhang

On Thu, 6 May 2021 18:01:47 +0000, Sarah Li
<SarahLi@alphabowenergy.com> wrote:

Hi Yu,

Our record shows that ABE owe Advance Drilling \$13, 017, 756.40, instead of \$13,154,899.17. Please see the attached report.

The difference might not be material to the auditors, but I think it is better to let you know ahead of time.

Please let me know if you have any questions.

Sarah

From: Mitchell Renz <Mitchell.Renz@mp.ca>

Sent: May 6, 2021 11:47 AM

To: Sarah Li <SarahLi@alphabowenergy.com>

Cc: Yu Zhang <yu.zhang@gwdc.ca>; Zhen Jiang <Zhen.Jiang@mp.ca>

Subject: Client Audit Confirmation - December 31, 2020

Hello,

Please see the attached confirmation pertaining to the audit of Advance Drilling Ltd.

We appreciate your response to the attached item.

Thank you.

Mitch Renz, CPA

ASSURANCE SERVICES

DIRECT 403.536.5547

PH. 403.263.3385

FAX 403.269.8450

TOLL FREE 1.877.500.0792

1500, 640 - 5th Avenue SW

Calgary, AB

T2P 3G4

mitchell.renz@mnp.ca

mnp.ca

EXHIBIT “H”



Advance Drilling Ltd.

Add: 1001-505 3rd Street SW Calgary, Alberta, Canada T2P 3E6
Tel: +1403-984-3822 Fax: +1403-453-0882

April 28, 2021

Alphabow Energy Ltd.

ATTENTION:

Dear Sir or Madam:

Our auditor, MNP LLP, is conducting an examination of our financial statements. Please confirm our balance outstanding to you as of December 31, 2020, which is shown on our records as **\$13,154,899.17**. Please indicate in the space provided below if the amount is in agreement with your records. If there are any differences, would you provide any information that will assist our auditors in reconciling these differences.

Please return this letter directly to Zhen Jiang by email to zhen.jiang@mnp.ca. An early reply to this request would be appreciated.

Please do not mail payments on this balance to our auditors.

Yours truly,

Yu Zhang
Advance Drilling Ltd.

At December 31, 2020, Alphabow Energy Ltd. was indebted to us in the amount of **\$13,154,899.17** with the following exceptions (if any):

C.2

Signature: 

Title: VP Finance

Date: 2021-05-06

EXHIBIT “I”



Advance GORR calculation template

January 11, 2021
11:33:28 AM
v2.10.02

				AMISK	CHIGS GROW	GREENGLADE	MORNINGSID	NELSON	Total / Average
Volumes	REVENUE	OIL(bbl)	400 01						
		GAS(mcf)	400 02	(19,856)	0	(15,763)	(13,453)	(20,035)	(69,107)
		NGL(bbl)	400 03	(3,958)	(110)				(4,069)
		NGL(bbl)	400 04	(7)		(57)			(64)
		NGL(bbl)	400 09	(14)		(99)			(113)
		NGL(bbl)	400 09	(2)					(2)
		NGL(bbl)	400 19	(19)		(66)			(85)
Volumes (BOE) Total				<u>(20,656)</u>	<u>(18)</u>	<u>(15,885)</u>	<u>(13,453)</u>	<u>(20,835)</u>	<u>(70,049)</u>
Amounts (CAD)	REVENUE		400 01	(719,974)	0	(595,108)	(639,612)	(948,288)	(2,902,982)
	REVENUE		400 02	(8,658)	(296)				(8,954)
	REVENUE		400 03	(101)		(981)			(1,082)
	REVENUE		400 04	(439)		(3,039)			(3,478)
	REVENUE		400 09	3					3
	REVENUE		400 19	(988)		(3,403)			(4,391)
	REVENUE Total			<u>(730,158)</u>	<u>(296)</u>	<u>(602,530)</u>	<u>(639,612)</u>	<u>(948,288)</u>	<u>(3,200,883)</u>
Net Operating Income (CAD) Total			<u>(730,158)</u>	<u>(296)</u>	<u>(602,530)</u>	<u>(639,612)</u>	<u>(948,288)</u>	<u>(3,200,883)</u>	
KPI (CAD)		Net Income		(730,158)	(296)	(602,530)	(639,612)	(948,288)	(3,200,883)
		Capital Exp		0	0	0	0	0	0
		Cash Flow		(730,158)	(296)	(602,530)	(639,612)	(948,288)	(3,200,883)
		Net Income Per BOE		35.52	16.14	37.69	47.54	47.33	184.23
		Lifting Costs Per BOE		0.00	0.00	0.00	0.00	0.00	0.00
		Royalties As % Of Revenue		0.00	0.00	0.00	0.00	0.00	0.00
	Amount due	Rate							
		2.50%		\$18,253.94	\$7.40	\$15,063.25	\$15,990.30	\$23,707.19	\$73,022.09
	Amount previously paid								\$35,000.00
	Amount due								<u>\$38,022.09</u>

Approved for settlement: Chris
Date: 12-Jan-2021



Summarized Operations Trends with Property Focus

CURRENT CC HIERARCHY APRIL 2020 AREA

0							
	Id	Name	Product	2020-10	2020-11	2020-12	Total
Volumes	AMISK	AMISK	GAS (mcf)	(2,133)	(1,824)	(1,785)	(5,743)
			NGL (bbl)	(21)	(21)	(11)	(53)
			OIL (bbl)	(10,227)	(9,629)	(9,103)	(28,959)
	CHIGS GROW	CHIGS GROW	GAS (mcf)	(71)	(39)	(28)	(138)
	GREENGLADE	GREENGLADE	NGL (bbl)	(117)	(104)	(99)	(320)
			OIL (bbl)	(8,065)	(7,698)	(8,677)	(24,440)
	MORNINGSID	CHIG MORNING	OIL (bbl)	(6,367)	(7,086)	(6,455)	(19,908)
	NELSON	CHIG NELSON	OIL (bbl)	(9,085)	(10,950)	(9,015)	(29,050)
Amounts (CAD)	AMISK	AMISK		(381,723)	(348,435)	(394,259)	(1,124,416)
	CHIGS GROW	CHIGS GROW		(181)	(115)	(77)	(373)
	GREENGLADE	GREENGLADE		(311,595)	(290,935)	(376,323)	(978,853)
	MORNINGSID	CHIG MORNING		(294,353)	(345,259)	(351,465)	(991,077)
	NELSON	CHIG NELSON		(418,870)	(529,417)	(488,316)	(1,436,604)
Amounts (CAD)				<u>(\$1,406,723)</u>	<u>(\$1,514,161)</u>	<u>(1,610,441)</u>	<u>(4,531,324)</u>

Amount due	<u>Rate</u> 2.50%	\$40,261.01
Amount previously paid		
Amount due		<u><u>\$40,261.01</u></u>

Handwritten signature
02/24/2021



Advance GORR by prod month

CURRENT CC HIERARCHY APRIL 2020 AREA

0			2020-10	2020-11	2020-12	2021-01	2021-02	Total
Volumes	AMISK	AMISK						
			GAS (mcf)	(2,133)	(1,824)	(1,785)	(948)	(6,691)
			NGL (bbl)	(21)	(21)	(11)		(53)
			OIL (bbl)	(10,227)	(9,629)	(9,103)	(7,239)	(36,197)
	CHIG VIK B	CHIG VIK B	OIL (bbl)				(23)	(23)
	CHIGS GROW	CHIGS GROW	GAS (mcf)	(71)	(39)	(28)	(28)	(167)
	GREENGLADE	GREENGLADE	NGL (bbl)	(117)	(104)	(99)	(125)	(445)
			OIL (bbl)	(8,065)	(7,698)	(8,677)	(7,942)	(32,382)
	MORNINGSID	CHIG MORNING	OIL (bbl)	(6,367)	(7,086)	(6,455)	(3,191)	(23,099)
	NELSON	CHIG NELSON	OIL (bbl)	(9,085)	(10,950)	(9,015)	(6,792)	(35,842)
Amounts (CAD)	AMISK	AMISK	(381,723)	(348,435)	(394,259)	(260,614)	0	(1,385,030)
	CHIG VIK B	CHIG VIK B				(632)		(632)
	CHIGS GROW	CHIGS GROW	(181)	(115)	(77)	(79)		(452)
	GREENGLADE	GREENGLADE	(311,595)	(290,935)	(376,323)	(349,979)		(1,328,832)
	MORNINGSID	CHIG MORNING	(294,353)	(345,259)	(351,465)	(185,931)		(1,177,008)
	NELSON	CHIG NELSON	(418,870)	(529,417)	(488,316)	(379,958)		(1,816,561)
	Amounts (CAD)		<u>(\$1,406,723)</u>	<u>(\$1,514,161)</u>	<u>(1,610,441)</u>	<u>(1,177,193)</u>	<u>0</u>	<u>(5,708,517)</u>

	Rate	2020-10	2020-11	2020-12	2021-01
Amount due	2.50%	\$35,168.07	\$37,854.02	\$40,261.01	\$29,429.82
Amount previously paid		(\$35,168.07)	(\$37,854.02)	(\$40,261.01)	
Amount due		<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$29,429.82</u>

[Handwritten signature]
2021/03/08



Advance GORR by prod month

CURRENT CC HIERARCHY APRIL 2020 AREA

0										
	Id	Name	Product	2020-10	2020-11	2020-12	2021-01	2021-02	Total	
Volumes	AMISK	AMISK	GAS (mcf)	(2,133)	(1,824)	(1,785)	(948)	(1,175)	(7,865)	(1,772,327)
			NGL (bbl)	(21)	(21)	(11)		(20)	(74)	(3,822)
			OIL (bbl)	(10,227)	(9,629)	(9,103)	(7,239)	(8,286)	(44,483)	(1,289)
	CHIG VIK B	CHIG VIK B	OIL (bbl)				(23)		(23)	(2,391)
	CHIGS GROW	CHIGS GROW	GAS (mcf)	(71)	(39)	(28)	(28)		(167)	(0)
	GREENGLADE	GREENGLADE	NGL (bbl)	(117)	(104)	(99)	(125)	(106)	(551)	(3,061)
			OIL (bbl)	(8,065)	(7,698)	(8,677)	(7,942)	(7,978)	(40,360)	(6,312)
	MORNINGSID	CHIG MORNING	OIL (bbl)	(6,367)	(7,086)	(6,455)	(3,191)	(5,207)	(28,305)	
	NELSON	CHIG NELSON	OIL (bbl)	(9,085)	(10,950)	(9,015)	(6,792)	(8,914)	(44,756)	
Amounts (CAD)	AMISK	AMISK		(381,723)	(348,435)	(394,259)	(306,458)	(429,297)	(1,860,171)	
	CHIG VIK B	CHIG VIK B					(632)		(632)	
	CHIGS GROW	CHIGS GROW		(181)	(115)	(77)	(79)		(452)	
	GREENGLADE	GREENGLADE		(311,595)	(290,935)	(376,323)	(349,979)	(416,176)	(1,745,008)	
	MORNINGSID	CHIG MORNING		(294,353)	(345,259)	(351,465)	(185,931)	(346,677)	(1,523,685)	
	NELSON	CHIG NELSON		(418,870)	(529,417)	(488,316)	(379,958)	(590,740)	(2,407,301)	
	Amounts (CAD)			(\$1,406,723)	(\$1,514,161)	(1,610,441)	(1,223,037)	(1,782,890)	(7,537,251)	

		Rate							(1,779,829)
	Amount due	2.50%	\$35,168.07	\$37,854.02	\$40,261.01	\$30,575.93	\$44,572.24		
	Amount previously paid		-\$35,168.07	-\$37,854.02	-\$40,261.01	(\$29,429.82)			
	Amount due					\$1,146.10	\$44,572.24	\$45,718.34	



Advance GORR by prod month

CURRENT CC HIERARCHY APRIL 2020 AREA

0										
	Id	Name	Product	2020-10	2020-11	2020-12	2021-01	2021-02	2021-03	Total
Volumes	AMISK	AMISK	GAS (mcf)	(2,133)	(1,824)	(1,785)	(948)	(1,175)	(1,690)	(9,555)
			NGL (bbl)	(21)	(21)	(11)		(20)	(38)	(112)
			OIL (bbl)	(10,227)	(9,629)	(9,103)	(7,239)	(8,286)	(9,980)	(54,463)
	CHIG VIK B	CHIG VIK B	OIL (bbl)				(23)			(23)
	CHIGS GROW	CHIGS GROW	GAS (mcf)	(71)	(39)	(28)	(28)		(18)	(185)
	GREENGLADE	GREENGLADE	NGL (bbl)	(117)	(104)	(99)	(125)	(106)	(132)	(683)
			OIL (bbl)	(8,065)	(7,698)	(8,677)	(7,942)	(7,978)	(10,650)	(51,010)
	MORNINGSID	CHIG MORNING	OIL (bbl)	(6,367)	(7,086)	(6,455)	(3,191)	(5,207)	(5,786)	(34,091)
	NELSON	CHIG NELSON	OIL (bbl)	(9,085)	(10,950)	(9,015)	(6,792)	(8,914)	(9,035)	(53,791)
Amounts (CAD)	AMISK	AMISK		(381,723)	(348,435)	(394,259)	(306,458)	(429,297)	(590,469)	(2,450,640)
	CHIG VIK B	CHIG VIK B					(632)			(632)
	CHIGS GROW	CHIGS GROW		(181)	(115)	(77)	(79)		(50)	(502)
	GREENGLADE	GREENGLADE		(311,595)	(290,935)	(376,323)	(349,979)	(416,176)	(621,580)	(2,366,588)
	MORNINGSID	CHIG MORNING		(294,353)	(345,259)	(351,465)	(185,931)	(346,677)	(420,292)	(1,943,977)
	NELSON	CHIG NELSON		(418,870)	(529,417)	(488,316)	(379,958)	(590,740)	(652,757)	(3,060,058)
Amounts (CAD)				(\$1,406,723)	(\$1,514,161)	(1,610,441)	(1,223,037)	(1,782,890)	(2,285,148)	(9,822,398)

	Rate	
Amount due	2.50%	(57,128.69)
Amount previously paid		
Amount due		(57,128.69)

**THIS IS EXHIBIT "C"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:


**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

ENTERED

Form 27
[Rule 6.3]

COURT FILE NUMBER 2101-07914

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF (APPLICANT) ADVANCE DRILLING LTD.

DEFENDANT (RESPONDENT) ALPHABOW ENERGY LTD.

DOCUMENT **APPLICATION OF THE PLAINTIFF, ADVANCE DRILLING LTD., FOR PARTIAL SUMMARY JUDGMENT**



90704
HK
\$50

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Dentons Canada LLP
Bankers Court, 15th Floor
850 – 2nd Street SW
Calgary, AB T2P 0R8
Attention: Sean Fairhurst
Ph: (403) 268-6803
Fx: (403) 268-3100
Email: sean.fairhurst@dentons.com
File No.: 571893-1

NOTICE TO RESPONDENT: ALPHABOW ENERGY LTD.

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master or judge.

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

Date: October 15, 2021

Time: 10:00 a.m.

Where: Calgary, Alberta via Webex

Before Whom: Master in Chambers

Go to the end of this document to see what you can do and when you must do it.

To appear by video:

<https://www.albertacourts.ca/qb/court-operations-schedules/scheduling>

Calgary Masters Chambers (MC1) - Virtual Courtroom 55 (CCC QB)

To appear by telephone:

Dial in Number: 780-851-3573

Access code: 962 778 718

Remedy claimed or sought:

1. The Applicant, Advance Drilling Ltd. ("**Advance**"), respectfully seeks partial summary judgment against the Respondent, AlphaBow Energy Ltd. ("**AlphaBow**") for:
 - (a) judgment, or in the alternative liquidated damages for breach of contract in the amount of \$12,944,339.21;
 - (b) post-judgment interest at the rate prescribed by the *Judgment Interest Act* (Alberta);
 - (c) costs of this Application on a solicitor-client basis; and
 - (d) such other relief as this Honourable Court deems fit.
2. Advance reserves its right to seek recovery of pre-judgment interest at the contractually stipulated rate at a later date.

Grounds for making this application:

The Agreements

3. Advance and AlphaBow entered into a Master Drilling and Completion Contract dated November 23, 2018 (the "**MDCC**"). Under the MDCC, Advance performed work and services, through subcontractors, for AlphaBow in order to allow AlphaBow to develop certain oil and gas producing properties which it owned.
4. The MDCC set out the terms under which AlphaBow was to compensate Advance for the work and services provided.
5. Concurrently with the execution of the MDCC, Advance and AlphaBow also entered into a Gross Overriding Royalty Agreement dated November 23, 2018 (the "**GORR**"). Under the GORR, AlphaBow agreed to grant Advance a gross overriding royalty in the amount of 17.5% on AlphaBow's working interest in the petroleum substances produced, or deemed to be produced, sold and marketed from the Royalty Lands, as described in the GORR, to better secure the payments owing by AlphaBow of any unpaid amounts due and owing from time to time to Advance under the MDCC.
6. Advance and AlphaBow further entered into a Standstill Agreement dated November 23, 2018, in which Advance agreed that the gross overriding royalty granted to it by AlphaBow pursuant to the GORR would not be payable until such time that (i) unpaid amounts were due and owing by AlphaBow to Advance under the MDCC; and (ii) Advance served a notice pursuant to section 5.1 of the GORR, invoking payment of the gross overriding royalty.

Renegotiation of Payment Terms and Acknowledgement of Indebtedness

7. On July 9, 2020, AlphaBow wrote to Advance acknowledging that AlphaBow had not been able to meet the payment terms of the various agreements between AlphaBow and Advance, including the MDCC. In the letter, AlphaBow also acknowledged that as of that date, AlphaBow was indebted to Advance in the amount of \$12,470,667.39.

8. In the July 9, 2020 letter, AlphaBow proposed certain repayment terms for the amounts owing. Advance accepted the terms proposed in the July 9, 2020 letter (the "**MDCC Letter Agreement**").
9. AlphaBow made monthly payments to Advance in July, August, and September of 2020 pursuant to the MDCC Letter Agreement, but as of October 2020, and despite repeated demands, AlphaBow has failed, neglected and/or refused to make any further payments in accordance with the terms of the MDCC and the MDCC Letter Agreement.
10. On November 12, 2020, Advance invoked its right under the GORR to receive a gross overriding royalty to recover the unpaid amounts due and owing under the terms of the MDCC. Due to low commodity prices, Advance proposed a temporary variation to the payment terms provided for in the GORR. Specifically, Advance was prepared to reduce the amount of the gross overriding royalty from a rate of 17.5% to 2.5% per month.
11. On November 16, 2020, AlphaBow accepted the terms proposed in Advance's November 12, 2020 letter (the "**GORR Letter Agreement**").
12. By December 3, 2020, AlphaBow was once again in default of its payment obligations under both the MDCC Letter Agreement, and the GORR Letter Agreement. On the same date, Advance notified AlphaBow of its default, and demanded payment of all amounts due and owing under the MDCC, MDCC Letter Agreement, GORR, and GORR Letter Agreement.
13. In follow-up communications between Advance and AlphaBow, the parties agreed that Advance would withdraw its December 3, 2020 demand if AlphaBow continued to make monthly GORR payments in accordance with the GORR Letter Agreement.
14. On April 28, 2021, Advance wrote to AlphaBow requesting confirmation of AlphaBow's outstanding balance payable to Advance, as at December 31, 2020.
15. On May 6, 2021, AlphaBow replied to Advance and acknowledged that AlphaBow's outstanding balance payable to Advance was \$13,154,899.17 as at December 31, 2020.
16. Since December 31, 2020, AlphaBow made payments to Advance for five GORR payment periods, those being: November 2020, December 2020, January 2021, February 2021, and March 2021. The amounts paid by AlphaBow to Advance after December 31, 2020 total \$210,559.96.
17. The amount acknowledged by AlphaBow to be owing to Advance as at December 31, 2020, less the amounts paid by AlphaBow to Advance after December 31, 2020 is \$12,944,339.21.

Basis for Partial Summary Judgment

18. In breach of contract, AlphaBow has failed, neglected, and/or refused to pay Advance the amounts due and owing under the MDCC, MDCC Letter Agreement, GORR, and GORR Letter Agreement.
19. There are no material facts in dispute.
20. There is no defence to Advance's claim in whole or in part.

Application of the Foundational Rules

21. This application for partial summary judgment is in compliance with the Foundational Rules as set out in the *Alberta Rules of Court*.
22. This claim is a liquidated demand for a sum of money payable under an express contract. The amount owing has been acknowledged by AlphaBow, and accords with AlphaBow's own records and accounts.
23. AlphaBow has not pleaded any facts which could defeat Advance's claim.
24. Resolution of this matter by summary judgment will allow the matter to be resolved fairly and justly in a timely and cost-effective manner.

Material or evidence to be relied on:

25. The pleadings filed in this action.
26. The Notice to Admit Facts filed in this action and served upon the Respondent on August 11, 2021.
27. Such other material as counsel may advise and this Honourable Court may allow.

Applicable rules:

28. Rules 6.3, 6.37, 7.2, 7.3, 10.29, 10.30, 10.31, and 10.33 of the *Alberta Rules of Court*.

Applicable Acts and regulations:

29. *Judgment Interest Act*, RSA 2000, c J-1.

Any irregularity complained of or objection relied on:

30. None.

How the application is proposed to be heard or considered:

31. Via Webex in morning Masters Chambers.

WARNING

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

**THIS IS EXHIBIT "D"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:


**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

Zhu, Changhai

From: Michael Lam <MichaelLam@alphabowenergy.com>
Sent: Thursday, October 28, 2021 2:31 PM
To: ken@reh-law.ca
Subject: Fwd: Alphabow - Advance Drilling Settlement Resolution

Get [Outlook for iOS](#)

From: fanjiang@gwdc.ca <fanjiang@gwdc.ca>
Sent: Thursday, October 28, 2021 12:02:49 PM
To: Michael Lam <MichaelLam@alphabowenergy.com>
Subject: Re: RE: Alphabow - Advance Drilling Settlement Resolution

Hi, Michael,

Thank you for your mail below and kind intention to reach an agreement.

We had number of serious meetings on your proposal, below are principles we propose to continue our discussion on a solution;

1. CAPL GOR agreement: To sign a standard CAPL GOR agreement for 17.5%, with condition that Shell pay directly to Advance (if possible);
2. Payment Plan: Advance agrees to ABE's payment plan but remove the monthly cap, and in case of the Avg WCS ≥ 100 , ABE to pay 17.5%;
3. Co2 Credit: Secures the Co2 credit (400K tons) as a guarantee to Advance, any possible and future net income from Co2 (with detailed description) will be paid to Advance. ABE to start the credit approval immediately after signing security agreement, with a target to complete the approval.
4. Additional Payment plan: If ABE obtains any new investment, increases its production significantly or economical condition improved such as hedge agreement expired with Mercury, ABE shall make additional payment to speed up the payment of outstanding amount;
5. Statement of Account: ABE to provide Advance quarterly Statement of Account and Monthly Sales record with Shell.
6. Consent Judgement: to be signed and held by our legal counsel, which will not be enforced unless there is a default by ABE, but Advance will register the Consent Judgement in order to keep its position in the line of potential debtors.

Basing on the principles and good will above, Advance requires ABE to agree on the following:

1. Consent Judgement to be signed today, Oct 28, 2021;

2. Standard CAPL GOR agreemtn to be signed today, Oct 28, 2021;

3. Pay CAD 50k-100k to Advance this week.

Item 1 and 2 will be hold in trust, if Advance and ABE cannot reach an agreement for the above within 2 weeks due to Advance's requirements exceeding above principles, those two documents will be destroyed or invalid.

Please review and let me know your thought.

Jiang Fan
Advance Drilling Ltd.

----- 原始邮件 -----

发件人: Michael Lam <MichaelLam@alphabowenergy.com>

日期: 2021 年 10 月 27 日周三 下午 4:18

收件人: fanjiang@gwdc.ca

主题: RE: Alphabow - Advance Drilling Settlement Resolution

Dear Mr. Fan,

After considering our own finances, ABE is hoping the following proposal is acceptable

1. ABE will instruct Shell to pay Advance directly (if possible) a % of proceed from Shell for the month according to the following schedule:

Average monthly WCS (CAD/BBL)	% to Advance
less than \$50	0.00%
between \$50 to \$60	2.50%
between \$60 to \$70	3.50%
between \$70 to \$80	4.50%
between \$80 to \$90	5.50%
between \$90 to \$100	6.50%

Monthly payment will be capped at \$200,000.

2. ABE agrees to pay to Advance the net profit of CO2 credit from Viking B, if any;
3. Consent Judgement if ABE does not honor the above said agreement
4. Advance will provide a blanket consent of sales of non-core asset under \$100,000
5. All other no-interest letter can not be unreasonably withheld.

If this is all agreeable, I would strongly encourage Advance to withdraw the claim prior to 29th. It will greatly reduce cost from both side.

Thanks,
Michael

From: fanjiang@gwdc.ca <fanjiang@gwdc.ca>
Sent: October 26, 2021 9:02 AM
To: Michael Lam <MichaelLam@alphabowenergy.com>
Subject: Re: Alphabow - Advance Drilling Settlement Resolution

Good morning, Michael,
Thank you for your attention and consideration on the settlement solution, we appreciate your efforts and intention.

Several internal meetings with GWDC's contract department and Advance's legal team were hold and we would like to let you know below our major concerns:

1. The monthly payment is even less than last year when the oil price was in a recent year low, and the total pay off schedule lasts to 2026, too long for us to accept.
2. Given the 14MM of outstanding payment, Advance cannot accept the bridge financing /connection commitment of 10MM.

After discussion, we would like to propose the following for your consideration:

1. ABE to sign a CAPL GOR agreement with Advance for 17.5% of royalty and instruct Shell to pay directly 10% of the total production proceeds to Advance each month for the time being .
2. ABE agrees to pay to Advance the net sales of Co2 credit received each time if there is any;
3. Consent judgement to be hold by our lawyer for the existing claim;

In return, Advance will withdraw the Partial Summary Judgement application and discuss possible future cooperation or support with ABE under secured guarantee.

Please review and let me know what time we can have a discussion.

Thanks and regards,

Jiang Fan
Advance Drilling Ltd.

From: [Michael Lam](mailto:Michael.Lam@alphabowenergy.com)
Date: 2021-10-22 15:00
To: [Fan Jiang \(GWDC\)](mailto:Fan.Jiang@GWDC.ca)
Subject: Alphabow - Advance Drilling Settlement Resolution
WITHOUT PREJUDICE

Dear Mr. Fan,

Thank you for your time yesterday. As discussed, I would like to offer the following resolution proposal for you.

Alphabow will:

- Comply with and follow the below payment proposal

From	To	Payment Per month	Running Total
Nov-21	Oct-22	\$ 20,000.00	\$ 240,000.00
Nov-22	Oct-23	\$ 75,000.00	\$ 1,140,000.00
Nov-23	Oct-25	\$ 250,000.00	\$ 7,140,000.00
Nov-25	Oct-26	\$ 600,000.00	\$ 14,340,000.00

- Provide security that Advance Drilling will be comfortable with
- Provide TIK solution as long as it does not affect Alhabow's physical hedging position
- A consent judgement held in trust by your lawyer if any events that Alhabow does not meet our obligation, Advance can file the judgement right away.

Advance Drilling will:

- Withdraw the application scheduled next Friday.
- Advance will provide a blanket consent of sales of non-core asset under \$100,000 (just to make both of our life's easier, we don't have to come seek your approval for every small sales)
- All other consents to sales can not be unreasonably withheld
- Bridge financing/connections for potential pipeline construction, reactivation, recompletion work, up to \$5 million; Alhabow or related parties will provide 10% deposit upfront and provide undertaking to clear account within 180 days, starting at 270 days.
- Bridge financing/connections for potential drilling work, up to \$5 million; Alhabow or related parties will provide 10% deposit upfront and providing undertaking to clear account within 180 days, starting at 270 days.

Let me know what you think. We can meet again on Monday to discuss.

Cheers and thanks!
Michael

**THIS IS EXHIBIT "E"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:


**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

Zhu, Changhai

Privileged

From: Ken Reh Law Office <ken@reh-law.ca>
Sent: Friday, October 29, 2021 10:35 AM
To: Fairhurst, Sean <sean.fairhurst@dentons.com>
Subject: Re: Advance v ABE (Action 2101-07914)

[WARNING: EXTERNAL SENDER]

My trust conditions are amended as revised in your email this morning.

Get [Outlook for iOS](#)

From: Fairhurst, Sean <sean.fairhurst@dentons.com>
Sent: Friday, October 29, 2021 10:19 AM
To: Ken Reh Law Office
Subject: RE: Advance v ABE (Action 2101-07914)

Thanks.

I have an associate in the courtroom and she will ask that the matter go to the end of the list.

 **Sean Fairhurst**
Partner

My [pronouns](#) are: He/Him/His

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +1 403 268 6803
sean.fairhurst@dentons.com
[Bio](#) | [Website](#)

Dentons Canada LLP
15th Floor, Bankers Court, 850 - 2nd Street SW Calgary, AB T2P 0R8 Canada

Fernanda Lopes & Asociados > Guevara & Gutierrez > Paz Horowitz Abogados > Sirote > Adepetun Caxton-Martins Agbor & Segun > Davis Brown > East African Law Chambers > Eric Silwamba, Jalasi and Linyama > Durham Jones & Pinegar > LEAD Advogados > Rattagan Macchiavello Arocena > Jiménez de Aréchaga, Viana & Brause > Lee International > Kensington Swan > Bingham Greenebaum > Cohen & Grigsby > For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems. To update your commercial electronic message preferences email dentonsinsightsca@dentons.com or visit our website. Please see [dentons.com](https://www.dentons.com) for Legal Notices.

From: Ken Reh Law Office <ken@reh-law.ca>
Sent: Friday, October 29, 2021 10:16 AM
To: Fairhurst, Sean <sean.fairhurst@dentons.com>
Subject: Re: Advance v ABE (Action 2101-07914)

[WARNING: EXTERNAL SENDER]

I am in the process of confirming my instructions.

Get [Outlook for iOS](#)

From: Fairhurst, Sean <sean.fairhurst@dentons.com>
Sent: Friday, October 29, 2021 9:38 AM
To: Kenneth Reh, Barrister & Reh (ken@reh-law.ca)
Cc: Tai, George; fanjiang@gwdc.ca
Subject: RE: Advance v ABE (Action 2101-07914)

Ken,

Your trust conditions are not acceptable and do not reflect what was discussed yesterday.

By return email please advise that your trust conditions are amended as follows:

The signed Consent Judgement and the signed GORR agreement (inclusive of the mineral titles found at https://drive.google.com/drive/folders/1MP5FpUzZjI4Eg_ul4Ib-JkcLqL77ZY_i?usp=sharing to form the schedule referenced therein) shall be released from trust and may be used and relied upon by Advance Drilling on November 12, 2021 unless the parties execute a definitive payment plan agreement addressing the following terms agreed upon by the parties:

1. CAPL GOR agreement: To sign a standard CAPL GOR agreement for 17.5%, with condition that Shell pay directly to Advance;
2. Payment Plan: Advance agrees to ABE's payment plan but where the monthly average WCS ≥ 100 , ABE shall receive the full 17.5% GORR, subject to a cap on such payment of \$500,000.
3. Co2 Credit: Secures the Co2 credit (400K tons) as a guarantee to Advance, any possible and future net income from Co2 (with detailed description) will be paid to Advance. ABE to start the credit approval immediately after signing security agreement, with a target to complete the approval.

4. Additional Payment plan: If ABE obtains any new investment, increases its production significantly or economical condition improved such as hedge agreement expired with Mercury, ABE shall make additional payment to speed up the payment of outstanding amount;
5. Statement of Account: ABE to provide Advance quarterly Statement of Account and Monthly Sales record with Shell
6. Consent Judgement: to be signed and held by our legal counsel, which will not be enforced unless there is a default by ABE, but Advance will register the Consent Judgement in order to keep its position in the line of potential debtors.

Upon receipt of your confirming reply email we will adjourn this morning's application sine die.

Best regards,

Sean

 Sean Fairhurst
Partner

My pronouns are: He/Him/His

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +1 403 268 6803
sean.fairhurst@dentons.com
Bio | Website

Dentons Canada LLP
15th Floor, Bankers Court, 850 - 2nd Street SW Calgary, AB T2P 0R8 Canada

Fernanda Lopes & Asociados > Guevara & Gutierrez > Paz Horowitz Abogados > Sirote > Adepetun Caxton-Martins Agbor & Segun > Davis Brown > East African Law Chambers > Eric Silwamba, Jalasi and Linyama > Durham Jones & Pinegar > LEAD Advogados > Rattagan Macchiavello Arocena > Jiménez de Aréchaga, Viana & Brause > Lee International > Kensington Swan > Bingham Greenebaum > Cohen & Grigsby > For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems. To update your commercial electronic message preferences email dentonsinsightsca@dentons.com or visit our website. Please see [dentons.com](https://www.dentons.com) for Legal Notices.

From: Ken Reh, Barrister & Solicitor <ken@reh-law.ca>
Sent: Thursday, October 28, 2021 9:50 PM
To: Fairhurst, Sean <sean.fairhurst@dentons.com>
Subject: Advance v ABE (Action 2101-07914)

[WARNING: EXTERNAL SENDER]

Sean,

Further to this matter, attached are:

1. Consent Judgment, executed by me;

2. GORR Agreement, executed by Alphabow (the schedule of mineral titles may be found at this link https://drive.google.com/drive/folders/1MP5FpUzZjI4Eg_ul4Ib-JkclL77ZY_i?usp=sharing as they were too large to attach directly); and
3. The email exchange of earlier today between Mr. Fan and Mr. Lam.

The attached documents are provided to you on the express trust condition that may not be used or relied upon in any way other than under the terms agreed to between Alphabow and Advance, as set out in the attached email exchange, subject to the following revisions:


1. Where the monthly average WCS exceeds \$100/bbl CDN, Advance shall receive a 17.5% GORR, subject to a cap on such payment of \$500,000.00; and
2. The second item 3 in Mr. Fan's message, which reads: "Pay CAD 50k-100k to Advance this week" is deleted.

I trust the foregoing conditions are agreeable on the basis of our discussions earlier today.

Regards,
Ken

Kenneth Reh
Barrister & Solicitor
Kenneth P. Reh Law Office
Suite 700, One Executive Place
1816 Crowchild Trail NW
Calgary, AB T2M 3Y7
Call: 403-870-5734
Fax: 587-327-5527
ken@reh-law.ca
Pronouns: He/Him/His

**THIS IS EXHIBIT "F"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:


**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

ROYALTY AGREEMENT

THIS AGREEMENT made as of the 28th day of October, 2021.

BETWEEN:

ALPHABOW ENERGY LTD. a corporation incorporated pursuant to the laws of the Province of Alberta (hereinafter referred to as "**Royalty Payor**")

- and -

ADVANCE DRILLING LTD. a corporation incorporated pursuant to the laws of the Province of Alberta (hereinafter referred to as "**Royalty Owner**")

WHEREAS the Royalty Payor has agreed to grant to the Royalty Owner the Overriding Royalty herein provided.

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements contained in this Agreement, the parties have agreed as follows:

1. Definitions and Interpretation

In this Agreement, the definitions contained in Clause 1.01 of the Overriding Royalty Procedure and the definitions incorporated by reference in Clause 1.02 of the Overriding Royalty Procedure shall apply, and in addition:

- (a) "**Overriding Royalty Procedure**" means the 2015 Canadian Association of Petroleum Landmen Overriding Royalty Procedure incorporating the elections and amendments set forth and described in Schedule "B" or as otherwise referenced in this Head Agreement; and
- (b) "**Royalty Lands**" means the areal, stratigraphic and substance rights set forth and described in Schedule "A" and so much of those rights as from time to time remain subject to this Agreement and the Title Documents.

2. Schedules

The following Schedules are attached to and incorporated in this Agreement:

- (a) Schedule "A" which sets forth and describes the Title Documents and the Royalty Lands; and
- (b) Schedule "B" which is a description of the elections and amendments in respect of the Overriding Royalty Procedure.

3. Grant of Overriding Royalty

- (a) The Royalty Payor hereby grants to the Royalty Owner an Overriding Royalty in accordance with Clause 2.01 of the Overriding Royalty Procedure payable on the Royalty Payor's share of production based on its working interests in the Royalty Lands owned by the Royalty Payor (the "**Royalty**").
- (b) All royalty payments shall be by wire transfer or as may be otherwise agreed between the Parties.

4. Recording of Royalty

The Royalty will be reflected in the records of the Royalty Payor as follows:

- (a) Upon execution of this Agreement, the Royalty Payor shall show the Royalty as an encumbrance against its working interest on its Mineral Property Report and on all Mineral Lease Summary sheets located on all mineral lease files in respect of the Royalty Lands and on any other records or files of the Royalty Payor that evidence its working interests and encumbrances on the Royalty Lands; and
- (b) Royalty Owner may make registrations pertaining to this Agreement in any public registry that permits registration of this Agreement.

5. Amendments to the Overriding Royalty Procedure

To comply with this Head agreement, the Overriding Royalty Procedure is amended as follows:

- (a) Clause 2.05 A through E are deleted in their entirety, except for the heading "2.05 Royalty Payor's Allowed Deductions". For clarity all payments of the Royalty will be free of any deduction whatsoever with the Royalty Payor paying all cost from the well head to the point of sale.

6. General

(a) **Address for Service**

The address for service of notices hereunder of each of the parties shall be as follows:

ALPHABOW ENERGY LTD.
1700, 222 – 3rd Avenue S.W

Royalty Payor: Calgary, Alberta T2B 0V4

Attention: Michael Lam, President
Email: MichaelLam@alphabowenergy.com

ADVANCE DRILLING LTD.
Suite #1001, 505 – 3rd Street S.W
Calgary, Alberta T2P 3E6

Royalty Owner: Attention: Fan, Jiang
Fax: (403) 453-0882
E-Mail: fanjiang@gwdc.ca

(b) **Further Assurances**

The parties hereto shall from time to time and at all times do all such further acts and execute and deliver all such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

(c) **Governing law**

This Agreement shall be governed by, construed and enforced in accordance with the laws of the Province of Alberta. The parties agree that any disputes related to this Agreement

not first resolved by the procedure set out in this Agreement or the Overriding Royalty Procedure shall be brought only in, and the parties irrevocably attorn to the exclusive jurisdiction of the Courts of the Province of Alberta and courts of appeal therefrom.


(d) **Counterpart Execution**

This Agreement may be executed in counterpart, no one copy of which need be executed by Royalty Payor and Royalty Owner. A valid and binding royalty agreement under the terms and conditions herein shall arise if and when counterpart execution pages are executed and delivered to each other by Royalty Payor and Royalty Owner (including delivery by electronic means such as DocuSign).

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

ALPHABOW ENERGY LTD.

ADVANCE DRILLING LTD.

Per: 

Name: Quan Li
Title: Interim CEO

Per: 

Name: Fan, Jiang
Title: President

SCHEDULE "A"
ATTACHED TO AND FORMING PART OF THE ROYALTY AGREEMENT
MADE AS OF THE 28TH DAY OF OCTOBER, 2021
BETWEEN ALPHABOW ENERGY LTD. AND ADVANCE DRILLING LTD.

ROYALTY LANDS

(see attached MPR)

SCHEDULE "B"
ATTACHED TO AND FORMING PART OF THE ROYALTY AGREEMENT
MADE AS OF THE 28TH DAY OF OCTOBER, 2021
BETWEEN ALPHABOW ENERGY LTD. AND AND ADVANCE DRILLING LTD..

2015 CAPL OVERRIDING ROYALTY PROCEDURE
ELECTIONS AND AMENDMENTS

2015 CAPL OVERRIDING ROYALTY PROCEDURE ELECTIONS AND AMENDMENTS

1. Effective Date (Clause 1.01): October 28, 2021
2. Incorporation Of Provisions From 2015 CAPL Operating Procedure (Clause 1.02):
 - (a) *Definition of Market Price: Optional sentence will _/will not X apply.*
 - (b) *Clause 18.01 (Confidentiality Requirement): Optional sentence will_ /will not X apply.*
3. Quantification Of Overriding Royalty (Subclause 2.01A, if applicable):
 - (a) *For crude oil, Alternate 1 will apply (Specify 1 or 2).*
 - If Alternate 1 applies: 17.5 %.
 - If Alternate 2 applies, divided by _____ and not less than ____% or more than ____%.
 - (b) *For all other Petroleum Substances, Alternate 1 will apply (Specify 1 or 2).*
 - If Alternate 1 applies: 17.5 %.
 - If Alternate 2 applies: (i) _____%; and (ii) _____%.
4. Definition Of Allocation Ratio (Subclause 2.03A): Alternate 1 will apply (Specify 1 or 2).
5. Royalty Payor's Allowed Deductions (Clause 2.05), if applicable:

[Intentionally deleted as described in the Head Agreement]
6. Royalty Owner's Rights Upon Surrender (Clause 2.09): This optional Clause will X/will not apply.
7. Well Information To Royalty Owner (Paragraph 3.01A(b)): Paragraph (b) will X/will not ___ apply.
8. Dispute Resolution (Clause 8.01): Article 21.00 of the CAPL Operating Procedure will X/will not apply.

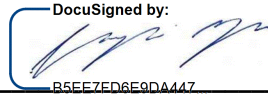
AMENDMENTS

A. The following is hereby added as Paragraph 2.06C:

"C. Direct Payment to Royalty Owner

- (a) "Except where the Royalty Owner has elected to take the Overriding Royalty in kind, the Grantor shall ensure that the buyer of the Petroleum Substances under Paragraph 2.04D(a) pays the proceeds of the sale thereof directly to the Royalty Owner instead of as contemplated in Paragraph 2.06B(a). The Parties shall take all commercially reasonable steps in furtherance thereof, including executing such documents as are reasonably required by such purchaser.
- (b) Any proceeds of sale that are received by the Grantor notwithstanding the provisions of Paragraph 2.06C(a) shall be dealt with in accordance with Paragraph 2.06A and 2.06B.
- (c) For clarity the Royalty Owner's obligations set forth in Paragraph 2.06B(b) shall continue unamended notwithstanding this Paragraph."

**THIS IS EXHIBIT "G"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:

B5EE7ED6E9DA447

**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement ("**Agreement**") is made effective as of November 12, 2021 (the "**Effective Date**"),

BETWEEN:

ALPHABOW ENERGY LTD. ("AlphaBow")

- and -

ADVANCE DRILLING LTD. ("Advance")

WHEREAS:

1. AlphaBow and Advance are parties to a Master Drilling and Completion Contract dated November 23, 2018 (the "**MDCC**") wherein AlphaBow agreed to perform work and services, through subcontractors, to allow AlphaBow to perform operations to develop, drill and complete various petroleum and/or natural gas wells. The MDCC sets out the terms under which AlphaBow was to compensate Advance for the work and services.
2. Concurrent with the execution of the MDCC, Advance and AlphaBow also entered into a Gross Overriding Royalty Agreement dated November 23, 2018 (the "**GORR**"). Under the GORR, AlphaBow agreed to grant Advance a gross overriding royalty in the amount of 17.5% on AlphaBow's working interest in the petroleum substances produced, or deemed to be produced, sold and marketed from the Royalty Lands (as defined in the GORR).
3. Advance and AlphaBow further entered into a Standstill Agreement dated November 23, 2018, in which Advance agreed that the gross overriding royalty granted to it by AlphaBow pursuant to the GORR would not be payable until such time that (i) unpaid amounts were due and owing by AlphaBow to Advance under the MDCC; and (ii) Advance served a notice pursuant to section 5.1 of the GORR, invoking payment of the gross overriding royalty.
4. AlphaBow acknowledged in a letter dated July 9, 2020, to Advance that it had not been able to meet its payment obligations under the MDCC and was then indebted to Advance in the principle amount of \$12,470,667.39. The July 9, 2020 letter contained proposed terms of repayment for AlphaBow's acknowledged indebtedness to Advance. Advance accepted the proposed terms contained in the July 9, 2020 letter (the "**MDCC Letter Agreement**").
5. On November 12, 2020, Advance invoked its right under the GORR to receive a gross overriding royalty to recover the unpaid amounts due and owing under the terms of the MDCC. Advance proposed a temporary variation to the payment terms provided for in the GORR. Specifically, Advance was prepared to reduce the amount of the gross overriding royalty from a rate of 17.5% to 2.5% per month (the "**GORR Letter Agreement**"). AlphaBow accepted the terms of the GORR Letter Agreement on November 16, 2020.
6. On December 3, 2020, Advance notified AlphaBow of AlphaBow's default of its payment obligations under both the MDCC Letter Agreement and the GORR Letter Agreement, and demanded payment of all amounts due and owing under the MDCC, MDCC Letter Agreement, GORR, and GORR Letter Agreement.
7. Despite repeated demands by Advance, AlphaBow has failed to repay the indebtedness to Advance and accordingly, Advance filed a Statement of Claim in Court of Queen's Bench of Alberta, being Action No. 2101-07914 (the "**Action**") seeking judgment in the amount of \$12,944,339.21 together with pre-judgment interest, post-judgment interest and costs.

8. In relation to the Action, Advance filed and served on AlphaBow an application seeking partial summary judgment. Prior to the application being heard, AlphaBow consented to partial judgment in favour of Advance in the amount of \$12,944,339.21 and costs in the amount of \$7,865.00 (the "**Consent Judgment**").
9. AlphaBow as Royalty Payor, and Advance as Royalty Owner, entered into a Royalty Agreement dated October 28, 2021 (the "**2021 RA**").
10. AlphaBow, as Debtor, and Advance, as Creditor, will, in good faith and whilst acting reasonably, negotiate a general security agreement to be effectively dated November 12, 2021 in respect of the Viking B Phase I EOR Project (Alberta Energy Regulator Approval No. 12951) as described in the Offset Project Plan dated April 19, 2021 of AlphaBow, and any and all amendments thereto from time to time (the "EOR Project").
11. The Parties have entered into a new payment schedule and AlphaBow has requested that Advance forbear from exercising its right to enforce the Consent Judgment, or further prosecute the Action. Advance has acceded to AlphaBow's request subject to the terms of this Agreement.
12. Now therefore, in consideration of the mutual covenants set out herein, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the parties hereto,

THE PARTIES HEREBY AGREE AS FOLLOWS:

Acknowledgments

13. The Parties hereby acknowledge and agree that:
 - a. the facts as set out in the Recitals to this Agreement are true and accurate in all respects and the same are expressly incorporated into and form part of this Agreement;
 - b. the MDCC, the MDCC Letter Agreement, the GORR, the GORR Letter Agreement, the 2021 RA and the GSA (collectively referred to as the "**Agreements**") and all covenants, terms and provisions thereof shall be and continue to be in full force and effect and are hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect, subject only to any amendments provided hereunder;
 - c. Advance has not made any promises, other than the covenants and agreements specifically contained herein, and has not taken any action or omitted to take any action, that would constitute a waiver or estoppel of Advance's rights to enforce the Agreements or pursue its remedies as granted in the Agreements;
 - d. Except as otherwise stated in this Agreement, AlphaBow is liable for all obligations and payments owing to Advance howsoever and wheresoever they arise, including all interest, fees, costs and expenses incurred or accruing and all other indebtedness of AlphaBow, including as may hereafter be advanced, charged or incurred (the "**Indebtedness**");
 - e. the Indebtedness, as at October 31, 2021, is in the amount of \$15,657,020.89 which amount continues to accrue interest at the rate of 18% per annum, charges and costs for which AlphaBow is liable;
 - f. AlphaBow is in default of its obligations to Advance under the MDCC, the MDCC Letter Agreement, the GORR and the GORR Letter Agreement (the "**Existing Default**");
 - g. AlphaBow does not dispute its liability to repay the Indebtedness on any basis and confirms all rights of Advance are and shall remain in full force and effect; and

- h. Advance has the right to terminate the extension of any additional credit or services under the MDCC at any time, in its absolute discretion.

The Payments to Advance

- 14. AlphaBow shall pay to Advance the Indebtedness in monthly payments (the “**Monthly Payment**”) as follows:
 - a. The first Monthly Payment shall be paid on December 30, 2021 and each subsequent Monthly Payment shall be made on or before the 30th day of each month and effected by way of wire transfer, unless otherwise directed by Advance;
 - b. Each Monthly Payment shall be in an amount that is equivalent to the applicable percentage, as defined below, of AlphaBow’s actual proceeds of sale of production from Shell Trading Canada (and/or any replacement or additional entity or entities providing similar trading and market services for AlphaBow’s production) (such entity or entities, as the case may be, referred to as the “Trading Company”) based on its share of working interests in the Royalty Lands (as defined in the 2021 RA) owned by AlphaBow; provided that unless otherwise mutually agreed in writing by the parties or in the case of events in Article 17, each Monthly Payment shall be capped at \$350,000.00:

Realized Sales Price¹	
(CAD/BBL)	% to Advance
Up to \$60	2.00%
from \$60 to \$70	3.00%
from \$70 to \$80	4.00%
from \$80 to \$90	5.00%
from \$90 to \$100	6.00%
from \$100 to \$110	7.00%
from \$110 to \$120	8.00%
from \$120 and above	17.5%

- 15. Accompanying each Monthly Payment, AlphaBow will provide Advance with a statement in written or electronic format (including, where applicable, all supporting statements generated by its marketers) showing the total commodities sold, and proceeds or revenue received from its Trading Company.
- 16. AlphaBow may prepay any amount of the Indebtedness to Advance without penalty.

¹ Realized Sales Price means the price per barrel derived from actual total volume of production for the particular month and proceeds of sale of production received from Trading Company for the particular month. The Realized Sales Price per barrel shall be derived by dividing the total volume of production for the particular month in cubic metres by 0.16 (the “Volume of Product”) (i.e. 467.3 M3 divided by 0.16 = 2,920.62 barrels) and then dividing the total Amount Due to AlphaBow for the particular month from the Trading Company by the Volume of Product.

17. AlphaBow agrees to enter into good faith negotiations with Advance to accelerate the repayment of its Indebtedness, whether by way of increasing monthly payments, or making lump sum payments, if and when AlphaBow experiences, or becomes a party to any of the following: (i) a material increase in AlphaBow's production; (ii) a material equity investment is made in AlphaBow; (iii) AlphaBow enters into any debt financing or credit facility with a third party; (iv) upon AlphaBow receiving any revenues from the EOR Project; and/or (v) any other event or circumstance where AlphaBow's financial condition permits, on a commercially reasonable basis, an increase in the Monthly Payments.
18. The Parties agree that upon execution of this Agreement they shall establish a joint committee, comprised of a minimum of two members where the members are officers of each of AlphaBow and Advance, the purpose and mandate of which shall be advancing the development of the EOR Project.
19. AlphaBow agrees to provide Advance with yearly unaudited, or audited, as the case may be, financial statements (within 180 days of AlphaBow's fiscal year end). Further, and if available, AlphaBow agrees to provide Advance with quarterly unaudited financial statements (within 45 days after end of quarter). The provision of the financial statements is to facilitate Advance's understanding of AlphaBow's financial condition.
20. The Parties agree that any payment made by AlphaBow to Advance under this Agreement is made in good faith with the intention of resolving the Action and not made with the intent to defeat, hinder, delay or prejudice any of AlphaBow's other creditors in any manner.
21. Provided that AlphaBow is not in Default in Payment (as defined below) and barring the occurrence of any Termination Event (as defined below):
 - a. the Indebtedness shall accrue interest at the rate of 5% per annum;
 - b. the Action shall be held in abeyance and any limitation periods or deadlines that may otherwise apply to the benefit of any party hereto shall be tolled; and
 - c. Advance will refrain from using legal process to collect monies owing to it under the Consent Judgment.

Default in Payment

22. In the event AlphaBow fails to make any payment as set out in this Agreement, which failure remains uncured 10 business days following written notice of default being provided to AlphaBow, AlphaBow shall be in Default of the Agreement.

Termination Event

23. Each event referred to hereafter is a Termination Event:
 - a. the non-performance by AlphaBow of any obligation under any agreement with Advance; and
 - b. AlphaBow making an assignment in bankruptcy or any other assignment for the benefit of creditors, making any proposal or seeking any relief under the Bankruptcy and Insolvency Act (Canada), the Business Corporations Act (Alberta), the Companies Creditors Arrangement Act (Canada), the Winding-Up and Restructuring Act (Canada), or any other bankruptcy, insolvency or analogous law in Canada;

Upon Final Payment

24. Upon AlphaBow completing the payments described in Paragraph 14 of this Agreement, or AlphaBow otherwise having paid the Indebtedness, Advance shall instruct its counsel to file a Discontinuance of Action on a without costs basis.

Consent Judgment

25. As security for the payments provided for in paragraph 14, Advance's counsel may enter and file at the Court of Queen's Bench of Alberta the Consent Judgment, file a writ of enforcement with the Clerk of the Court of Queen's Bench of Alberta and register the filed writ of enforcement with the Personal Property Registry.

Mutual Releases

26. Provided AlphaBow is not in default of this Agreement, and upon full payment of the Indebtedness, AlphaBow and Advance, together with their respective assigns, affiliates, subsidiaries, partners, predecessors, successors, officers, directors, employees, agents, consultants, advisors, administrators and insurers, hereby remise, release and forever discharge each other and all of their respective partners, predecessors, successors, assigns, affiliates, subsidiaries, officers, directors, employees, agents, consultants, advisors, administrators, insurers, and each of them from any and all actions, causes of action, suits, claims, damages and costs, and expenses and all allegations made, at law or in equity, which either ever had, against each other arising out of or in any way related to the amounts claimed through the Action.

Assignment

27. Neither Party shall be entitled to assign its rights or obligations hereunder, as reflected in the Agreement, to any third party without the consent of the other Party, and the terms and conditions of this Agreement shall be binding upon any successor to the Parties hereto.

Governing Law and Attornment

28. This Agreement shall be governed by and construed in accordance with the laws in force in the Province of Alberta. The parties irrevocably attorn to the exclusive jurisdiction of the Courts of the Province of Alberta for the determination of all matters arising in connection with this Agreement.

Invalidity of Provisions

29. In case any of the provisions of this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

Understanding

30. The Parties acknowledge that they have entered into this Agreement voluntarily and have received and understood its terms and their effect and they have had the opportunity to obtain their own independent legal advice.

Complete Agreement

31. The Parties represent and declare that they have read this Agreement and confirm that it contains the entire agreement between the Parties with respect to AlphaBow's payment of the Indebtedness and Advance's forbearance of prosecution of the Action and enforcement of the Consent Judgment and the terms of this Agreement, including the preamble, are contractual and not a mere recital.

Addresses for Notice

32. Any notices or correspondence in relation to this Agreement shall be sent by registered mail and email as follows:

TO ALPHABOW:

AlphaBow Energy Ltd
300, 708 – 11 Ave SW
Calgary, AB T2R 0E4
Attention: Quan Li
Email: QuanLi@alphabowenergy.com

AND TO:

c/o Kenneth P. Reh Law Office
700, 1816 Crowchild Trail NW
Calgary, AB T2M 3Y7
Attention: Kenneth P. Reh
Email: ken@reh-law.ca

TO ADVANCE:

Advance Drilling Ltd.
1001, 505 – 3 Street SW
Calgary, AB T2P 3E6
Attention: Fan Jiang
Email: fanjiang@gwdc.ca

AND TO:

c/o Dentons Canada LLP
15 Floor, 850 – 2 Street SW
Calgary, AB T2P 0R8
Attention: Sean Fairhurst
Email: sean.fairhurst@dentons.com

[Remainder of Page Intentionally Left Blank]

Execution

33. This Agreement may be executed: (a) in counterparts, and if so executed, will have the same force and validity as if all Parties had executed the same document; and (b) electronically, including by facsimile or electronic mail.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement and Release effective as of the date first written above.

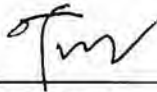
ALPHABOW ENERGY LTD.

Per: 

Quan Li
Chief Executive Officer

Interim


ADVANCE DRILLING LTD.

Per: 

Fan Jiang
President

AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

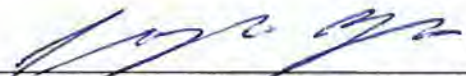
CANADA)
PROVINCE OF ALBERTA)
TO WIT:)

I, Quan Li, of the City of Calgary,
in the Province of Alberta,

MAKE OATH AND SAY:

1. I am the Chief Executive Officer of AlphaBow Energy Ltd. named in the within or annexed instrument.
2. I am authorized by the corporation to execute the said instrument without affixing a corporate seal.

SWORN BEFORE ME at the City of Calgary, in)
the Province of Alberta, this 26 day of)
November, 2021)



Commissioner for Oaths for the Province of
Alberta)



Quan Li)

CHANGHAI ZHU
Barrister & Solicitor

AFFIDAVIT OF CORPORATE SIGNING AUTHORITY


CANADA)
PROVINCE OF ALBERTA)
TO WIT:)

I, Fan Jiang, of the City of Calgary,
in the Province of Alberta,

MAKE OATH AND SAY:

- 3. I am the President of Advance Drilling Ltd. named in the within or annexed instrument.
- 4. I am authorized by the corporation to execute the said instrument without affixing a corporate seal.

SWORN BEFORE ME at the City of Calgary, in)
the Province of Alberta, this 30 day of)
November, 2021)




Commissioner for Oaths for the Province of)
Alberta)



Fan Jiang)

KATE JENNIFER OSLEEB
A Commissioner for Oaths
in and for the Province of Alberta
My Commission Expires July 20, 2023

**THIS IS EXHIBIT "H"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:

B5EE7ED6E9DA447

**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

Zhu, Changhai

Privileged

From: fanjiang@gwdc.ca
Date: 2021-11-08 16:12
To: [Michael Lam](#)
Subject: Re: Settlement Discussion

Hi, Michael,

Thank you for the mail below, which our counsel will review and incorporate into the settlement agreement.

But for the Co2, the information provided are not sufficient as we are going to sign a security agreement against the details of the Co2 related assets/property, and further we will need to verify those Co2. Please send us detailed description, map, facilities and related documents for the agreement draft purpose.

Thanks,

Jiang Fan
Advance Drilling Ltd.

From: [Michael Lam](#)
Date: 2021-11-08 15:09
To: fanjiang@gwdc.ca
Subject: Settlement Discussion

Hello Mr. Fan,

We would like to propose the following:

Average monthly WCS (CAD/BBL)	% to Advance*
between \$50 to \$60	2.00%
between \$60 to \$70	3.00%
between \$70 to \$80	4.00%
between \$80 to \$90	5.00%
between \$90 to \$100	6.00%
between \$100 to \$110	7.00%

between \$110 to \$120	9.00%
between \$120 to \$130	12.50%
\$130 and above	17.50%

*Revenue from Shell (net proceed after hedges)

As for the CO2, these are the steps:

Step 1) We require a "Deviation request" approval from the Director, Emissions Inventory and Trading at AEP allowing us to use uncredited CO2 that is already in a reservoir as a source for an CO2/EOR Project.

Step 2) Inject and keep track of CO2 goes into Viking B

Step 3) A Project Report is generated for the Viking B, verified and accepted by CSA/AEP; and auction the credit

Work that are required:

- Pipeline and Injector conversion – 11-22-41-25W4 (\$300K)
- Pipeline and Injector conversion – 10-15-41-25W4 (\$500K)
- Battery and other minor conversion (\$1.5-2mm)

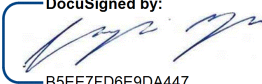
Lastly, Please find the updated Mineral Report; this is the link

https://drive.google.com/drive/folders/1MP5FpUzZjI4Eg_ul4Ib-JkclL77ZY_i?usp=sharing

Thanks!

Michael

**THIS IS EXHIBIT "1"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:

B5EE7ED6E9DA447

**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

ALPHABOW ENERGY LTD.

Mineral Property Report

Generated by Jill Calkins on November 03, 2021 at 3:51:11 pm.

Selection

Admin Company:
Category:
Country:
Province:
Division:
Area(s):
Active / Inactive: Active
Status Types:
Lease Types:
Acreage Status:
Expiry Period:
Acreage Category:

Print Options

Acres / Hectares: Acres
Working Interest DOI: Yes
Other DOI: No
Related Contracts: No Related Units: No
Royalty Information: Yes Expand: Yes
Well Information: Yes
Remarks: No
Acreage: Producing / Non Producing

Sort Options

Division: No
Category: No
Province: Yes
Area: Yes
Location: Yes



Report Date: Nov 03, 2021

Page Number: 1

** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA

Area : AERIAL

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	

M23697	PNGLSE CR	Eff: Jan 27, 2000	640.000			WI	TWP 29 RGE 17 W4M 1
Sub: A	WI	Exp: Jan 26, 2005	640.000	ALPHABOW ENERGY		100.00000000	PNG TO BASE MANNVILLE
A	0400010426	Ext: 15	640.000				
	ALPHABOW ENERGY			Total Rental: 896.00			
100.00000000	ALPHABOW ENERGY						

----- Well U.W.I. Status/Type -----
 100/01-01-029-17-W4/00 ABND ZN/UNKNO
 100/16-01-029-17-W4/00 SUSP/GAS
 100/01-01-029-17-W4/02 FLOW/GAS

Status	Acres	Net	Acres	Net
Prod:	0.000	0.000	NProd:	0.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: LESSOR (M)		Paid by: WI (M)		
ALBERTA ENERGY 100.00000000		ALPHABOW ENERGY 100.00000000		

M23816	PNGLSE CR	Eff: Nov 01, 2001	640.000	C05851 A No		BPO	TWP 29 RGE 17 W4M 4
Sub: A	WI	Exp: Oct 31, 2006	0.000	ALPHABOW ENERGY		100.00000000	PNG BELOW BASE
A	0401110044	Ext: 15	0.000				SECOND_WHITE_SPECKS TO BASE
	ALPHABOW ENERGY			Total Rental: 448.00			MANNVILLE
100.00000000	GEAR ENERGY	Count Acreage = No					(100/02-04-029-17W4/00 WELL)

Status	Acres	Net	Acres	Net
Prod:	0.000	0.000	NProd:	0.000

----- Well U.W.I. Status/Type -----
 100/02-04-029-17-W4/00 SUSP/GAS

Report Date: Nov 03, 2021

Page Number: 2

** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA

Area : AERIAL

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M23816 A _____
Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C05851 A	GROSS OVERRIDE ROYALTY	ALL	N	Y	100.00000000 % of
	Roy Percent: 10.00000000				
	Deduction: YES				
	Gas: Royalty:		Min Pay:		Prod/Sales:
	S/S OIL: Min:	Max:	Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:
	Paid to: ROYPDTO (C)		Paid by: BPO (C)		
	POTTS PETROLEUM 100.00000000		ALPHABOW ENERGY 100.00000000		

PERMITTED DEDUCTIONS -
 CL 5.04 B - ALTERNATE 1 - DEDUCTIONS EQUIVALENT TO CROWN

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: LESSOR (M)		Paid by: BPO (C)		
ALBERTA ENERGY 100.00000000		ALPHABOW ENERGY 100.00000000		

M23816	PNGLSE	CR	Eff: Nov 01, 2001	640.000	C05851	B	No	WI	TWP 29 RGE 17 W4M 4
Sub: B	WI		Exp: Oct 31, 2006	640.000	ALPHABOW ENERGY		100.00000000		PNG BELOW BASE

Report Date: Nov 03, 2021
 Page Number: 159
 ** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : AMISK

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	
M24264	PNGLSE CR	Eff: Aug 09, 1974	640.000	C07109 A No		WI	TWP 038 RGE 08 W4M 19
Sub: A	WI	Exp: Aug 08, 1984	640.000	ALPHABOW ENERGY		94.20000000	PNG TO BASE MANNVILLE
A	37110	Ext: 15	602.880	BATTLE RIVER EN		1.80000000	EXCL PET IN VIKING
	KARVE ENERGY IN			WESTLAKE ENERGY		4.00000000	EXCL NG IN REX
100.00000000	KARVE ENERGY IN						

Total Rental: 896.00

Status	Acres	Net	Acres	Net	Well U.W.I.	Status/Type
Prod:	0.000	0.000	NProd:	0.000	100/13-19-038-08-W4/00	ABND ZN/OIL
					100/13-19-038-08-W4/02	FLOW/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C07109 A	OVERRIDING ROYALTY	ALL	Y	N	94.20000000 % of PROD
	Roy Percent:				
	Deduction: UNKNOWN				
	Gas: Royalty: 12.50000000		Min Pay:		Prod/Sales: PROD
	S/S OIL: Min: 3.50000000	Max: 14.25000000	Div: 15.9		Prod/Sales: PROD
	Other Percent:		Min:		Prod/Sales:
	Paid to: PAIDTO (R)		Paid by: PAIDBY (R)		
	PRAIRIESKY 82.80000000		ALPHABOW ENERGY 100.00000000		
	FREEHOLD ROY PR 17.20000000				

PERMITTED DEDUCTIONS - Nov 21, 2002

NO DEDUCTIONS

GENERAL COMMENTS - Nov 21, 2002

APACHE AND FREEHOLD MAY TAKE IN KIND, ELECTION TO BE EXERCISED WITH A MINIMUM OF 45 DAYS' NOTICE FOR OIL AND 6 MONTHS' NOTICE FOR NATURAL GAS. IF THEY HAVE SIGNIFIED IN WRITING THEIR CONSENT TO THE SALE OF THE PETROLEUM SUBSTANCES UNDER A CONTRACT, THIS RIGHT IS SUSPENDED UNTIL THE EXPIRATION OF THAT

Report Date: Nov 03, 2021
 Page Number: 160
 ** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : AMISK

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M24264 A CONTRACT.
PERMITTED DEDUCTIONS -
 SEE DEDUCTION TEMPLATE

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C07109 A	OVERRIDING ROYALTY	ALL	N	N	16.20000000 % of SALES
	Roy Percent: 2.50000000				
	Deduction: YES				
	Gas: Royalty:		Min Pay:		Prod/Sales:
	S/S OIL: Min:	Max:	Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:
	Paid to: PAIDTO (R)		Paid by: PAIDBY (R)		
	OBSIDIAN EN PTP 100.00000000		ALPHABOW ENERGY 100.00000000		

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: PAIDTO (R)		Paid by: WI (C)		
AB MINISTER FIN 100.00000000		ALPHABOW ENERGY 94.20000000		
		BATTLE RIVER EN 1.80000000		
		WESTLAKE ENERGY 4.00000000		

GENERAL COMMENTS - Jul 01, 2001

Eyes Royalty

FREEHOLD MINERAL TAX - Jul 01, 2001

Royalty Owner Share of Taxes: .00000000%

Report Date: Nov 03, 2021
 Page Number: 161
 ** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : AMISK

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M24264 A **PERMITTED DEDUCTIONS -**
 SEE DEDUCTION TEMPLATE

M24264	PNGLSE	CR	Eff: Aug 09, 1974	640.000	C07109	B No	WI	TWP 038 RGE 08 W4M 19
Sub: B	WI		Exp: Aug 08, 1984	640.000	ALPHABOW ENERGY		94.20000000	PET IN VIKING
A	37110		Ext: 15	602.880	KARVE ENERGY IN		1.80000000	
	KARVE ENERGY IN				WESTLAKE ENERGY		4.00000000	
100.00000000	KARVE ENERGY IN		Count Acreage = No					

Total Rental: 0.00

Status		Acres	Net		Acres	Net
	Prod:	0.000	0.000	NProd:	0.000	0.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C07109 B	OVERRIDING ROYALTY	ALL	Y	N	94.20000000 % of PROD
	Roy Percent:				
	Deduction: UNKNOWN				
	Gas: Royalty: 12.50000000		Min Pay:		Prod/Sales: PROD
	S/S OIL: Min: 3.50000000	Max: 14.25000000	Div: 15.9		Prod/Sales: PROD
	Other Percent:		Min:		Prod/Sales:

Paid to: PAIDTO (R)		Paid by: PAIDBY (R)	
PRAIRIESKY	82.80000000	ALPHABOW ENERGY	100.00000000
FREEHOLD ROY PR	17.20000000		

PERMITTED DEDUCTIONS - Nov 21, 2002
 NO DEDUCTIONS

Report Date: Nov 03, 2021

Page Number: 162

** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA

Area : AMISK

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M24264 B **GENERAL COMMENTS - Nov 21, 2002**
 APACHE AND FREEHOLD MAY TAKE IN KIND, ELECTION TO BE EXERCISED WITH A MINIMUM OF 45 DAYS' NOTICE FOR OIL AND 6 MONTHS' NOTICE FOR NATURAL GAS. IF THEY HAVE SIGNIFIED IN WRITING THEIR CONSENT TO THE SALE OF THE PETROLEUM SUBSTANCES UNDER A CONTRACT, THIS RIGHT IS SUSPENDED UNTIL THE EXPIRATION OF THAT CONTRACT.
PERMITTED DEDUCTIONS -
 SEE DEDUCTION TEMPLATE

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C07109 B	OVERRIDING ROYALTY	ALL	N	N	16.20000000 % of SALES
	Roy Percent: 2.50000000				
	Deduction: YES				
	Gas: Royalty:		Min Pay:		Prod/Sales:
	S/S OIL: Min:	Max:	Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:
	Paid to: PAIDTO (R)		Paid by: PAIDBY (R)		
	OBSIDIAN EN PTP 100.00000000		ALPHABOW ENERGY 100.00000000		

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: PAIDTO (R)		Paid by: WI (C)		
PARKS & REC 100.00000000		ALPHABOW ENERGY 94.20000000		
		KARVE ENERGY IN 1.80000000		

Report Date: Nov 03, 2021
 Page Number: 163
 ** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : AMISK

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M24264 B WESTLAKE ENERGY 4.00000000

GENERAL COMMENTS - Jul 01, 2001

Eyes Royalty

FREEHOLD MINERAL TAX - Jul 01, 2001

Royalty Owner Share of Taxes: .00000000%

PERMITTED DEDUCTIONS -

SEE DEDUCTION TEMPLATE

M24161	PNGLSE CR	Eff: Mar 31, 1994	640.000	C07141 A Unknown	WI	TWP 039 RGE 06 W4M SEC 06
Sub: A	WI	Exp: Mar 30, 1999	640.000	ALPHABOW ENERGY *	100.00000000	CBM BELOW BASE VIKING_ZONE TO
A	0494030803	Ext: 15	640.000	LONGSHORE RES		BASE MANNVILLE
	LONGSHORE RES					
100.00000000	LONGSHORE RES			Total Rental: 896.00		

Status	Acres	Net	Acres	Net
Prod:	0.000	0.000	NProd:	0.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: PAIDTO (R)		Paid by: WI (C)		

Report Date: Nov 03, 2021
 Page Number: 7167
 ** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : NEVIS-13

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M22606	D	EDIE EXPLOR	50.00000000	EMBER RESOURCES	18.75000000	
				GEAR ENERGY	1.87500000	
				SURGE ENERGY IN	54.37500000	

GENERAL COMMENTS - Aug 29, 2012
AS TO N24 ONLY

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: PAIDTO (R)		Paid by: WI (C)		
MINISTER OF FI.	100.00000000	ALPHABOW ENERGY	25.00000000	
		EMBER RESOURCES	18.75000000	
		GEAR ENERGY	1.87500000	
		SURGE ENERGY IN	54.37500000	

M22602	PNGLSE	CR	Eff: Aug 01, 1961	160.000	C05379	C No	WI	TWP 038 RGE 23 W4M NW 16
Sub: A	WR		Exp: Jul 31, 1982	160.000	ALPHABOW ENERGY		91.00000000	PET IN GLAUCONITIC_SS
A	122838		Ext: 15	145.600	SURGE ENERGY IN		9.00000000	
	ALPHABOW ENERGY							
100.00000000	ALPHABOW ENERGY				Total Rental:	224.00		----- Well U.W.I. Status/Type -----

100/14-16-038-23-W4/00 PUMP/OIL

Status		Acres	Net		Acres	Net
	Prod:	0.000	0.000	NProd:	0.000	0.000

Report Date: Nov 03, 2021

Page Number: 7168

** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA

Area : NEVIS-13

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M22602 A _____
Royalty / Encumbrances _____

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C05378 D	GROSS OVERRIDE ROYALTY	ALL	N	N	9.00000000 % of PROD
	Roy Percent: 3.00000000				
	Deduction: YES				
	Gas: Royalty:		Min Pay:		Prod/Sales:
	S/S OIL: Min:	Max:	Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:
Paid to: ROYPDTO (C)		Paid by: ROYPD BY (C)			
ALPHABOW ENERGY 100.00000000		SURGE ENERGY IN 100.00000000			

TAKE IN KIND -

THE ROYALTY OWNER SHALL HAVE THE RIGHT TO ELECT FROM TIME TO TIME UPON NOT LESS THAN THREE MONTHS WRITTEN NOTICE TO THE GRANTOR TO TAKE HIS GROSS OVERRIDING ROYALTY SHARE OF PRODUCTION IN KIND IN RESPECT OF ANY ONE OR MORE OF THE LEASED SUBSTANCES.

PERMITTED DEDUCTIONS -

CERTAIN COSTS AND CHARGES CALCULATED ON THE SAME BASIS AS ALLOWED BY THE CROWN.

THE GRANTOR SHALL BE ENTITLED TO USE, FREE FROM PAYMENT OF THE GROSS OVERRIDING ROYALTY SUCH PART OF THE PRODUCTION OF THE LEASED SUBSTANCES FROM THE SAID LANDS REQUIRED AND USED IN OPERATIONS THEREON.

SURRENDER NOTICE -

20 DAY WRITTEN NOTICE MUST BE GIVEN BY THE GRANTOR TO THE ROYALTY OWNER. THE ROYALTY OWNER THEN HAS 10 DAYS IN WHICH TO RESPOND IF THEY WISH TO ACQUIRE THE INTEREST PROPOSED TO BE SURRENDERED.

Report Date: Nov 03, 2021
 Page Number: 7169

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : NEVIS-13

** REPORTED IN ACRES**

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M22602	A	Royalty / Encumbrances					
		Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
		LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD	
		Roy Percent:					
		Deduction:	STANDARD				
		Gas: Royalty:		Min Pay:		Prod/Sales:	
		S/S OIL: Min:	Max:	Div:		Prod/Sales:	
		Other Percent:		Min:		Prod/Sales:	
		Paid to:	PAYD TO (R)	Paid by:	WI (C)		
		MINISTER OF FI.	100.00000000	ALPHABOW ENERGY	91.00000000		
				SURGE ENERGY IN	9.00000000		

M22602	PNGLSE	CR	Eff: Aug 01, 1961	160.000		WI	TWP 038 RGE 23 W4M NW 16
Sub:	B		Exp: Jul 31, 1982	160.000	ALPHABOW ENERGY	100.00000000	PNG BELOW BASE BELLY_RIVER TO
A	122838		Ext: 15	160.000			BASE GLAUCONITIC_SS
	ALPHABOW ENERGY				Total Rental: 0.00		EXCL CBM FROM TOP MANNVILLE TO
100.00000000	ALPHABOW ENERGY	Count Acreage =	No				BASE GLAUCONITIC_SS
							EXCL PET IN GLAUCONITIC_SS

Status		Acres	Net	Acres	Net
	Prod:	0.000	0.000	NProd:	0.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				

Report Date: Nov 03, 2021
 Page Number: 7170

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : NEVIS-13

** REPORTED IN ACRES**

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M22602	B	Deduction: STANDARD					
		Gas: Royalty:		Min Pay:		Prod/Sales:	
		S/S OIL: Min:	Max:	Div:		Prod/Sales:	
		Other Percent:		Min:		Prod/Sales:	
		Paid to: PAIDTO (R)		Paid by: WI (M)			
		MINISTER OF FI.	100.00000000	ALPHABOW ENERGY	100.00000000		

M22602	PNGLSE	CR	Eff: Aug 01, 1961	160.000	C05379	A No	WI	TWP 038 RGE 23 W4M NW 16
Sub: C	WI		Exp: Jul 31, 1982	160.000	ALPHABOW ENERGY		60.00000000	PNG BELOW BASE GLAUCONITIC_SS
A	122838		Ext: 15	96.000	RALLY CANADA		40.00000000	TO BASE MANNVILLE
	ALPHABOW ENERGY							EXCL CBM
100.00000000	ALPHABOW ENERGY	Count	Acreege = No		Total Rental:		0.00	

Status		Acres	Net	Acres	Net
	Prod:	0.000	0.000	NProd:	0.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: PAIDTO (R)		Paid by: WI (C)		
MINISTER OF FI.	100.00000000	ALPHABOW ENERGY	60.00000000	
		RALLY CANADA	40.00000000	

Report Date: Nov 03, 2021
 Page Number: 7171

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : NEVIS-13

** REPORTED IN ACRES**

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M22602	C						
M22602	PNGLSE	CR	Eff: Aug 01, 1961	160.000	C05390 B No	WI	TWP 038 RGE 23 W4M NW 16
Sub: D	ROY		Exp: Jul 31, 1982	160.000	EMBER RESOURCES	100.00000000	PNG TO BASE BELLY_RIVER;
A	122838		Ext: 15	0.000			CBM FROM TOP MANNVILLE TO BASE
	EMBER RESOURCES				Total Rental: 0.00		GLAUCONITIC_SS
100.00000000	ALPHABOW ENERGY	Count Acreage = No					

Status	Acres	Net	Acres	Net
Prod:	0.000	0.000	NProd:	0.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C05390 B	GROSS OVERRIDE ROYALTY	ALL	Y	N	100.00000000 % of PROD
	Roy Percent:				
	Deduction: UNKNOWN				
	Gas: Royalty: 10.00000000		Min Pay:		Prod/Sales:
	S/S OIL: Min: 5.00000000	Max: 10.00000000	Div: 150.00000		Prod/Sales:
	Other Percent: 10.00000000		Min:		Prod/Sales:
	Paid to: ROYPDTO (C)		Paid by: WI (C)		
	ALPHABOW ENERGY 100.00000000		EMBER RESOURCES 100.00000000		

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
	Roy Percent:			
	Deduction: STANDARD			
	Gas: Royalty:		Min Pay:	Prod/Sales:
	S/S OIL: Min:	Max:	Div:	Prod/Sales:

Report Date: Nov 03, 2021
 Page Number: 7172
 ** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : NEVIS-13

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

Other Percent:	Min:	Prod/Sales:
Paid to: PAIDTO (R) MINISTER OF FI. 100.00000000	Paid by: PAIDBY (R) OVINTIV CANADA 100.00000000	

M22602	PNGLSE CR	Eff: Aug 01, 1961	160.000	C05390 C No	WI	TWP 038 RGE 23 W4M NW 16
Sub: E	ROY	Exp: Jul 31, 1982	160.000	EMBER RESOURCES	100.00000000	CBM BELOW BASE GLAUCONITIC_SS
A	122838	Ext: 15	0.000			TO BASE MANNVILLE
	OVINTIV CANADA			Total Rental: 0.00		
100.00000000	ALPHABOW ENERGY	Count Acreage = No				

Status	Acres	Net	Acres	Net
Prod:	0.000	0.000	NProd:	0.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C05390 C	GROSS OVERRIDE ROYALTY	ALL	Y	N	60.00000000 % of PROD
	Roy Percent:				
	Deduction: UNKNOWN				
	Gas: Royalty: 10.00000000		Min Pay:		Prod/Sales:
	S/S OIL: Min: 5.00000000	Max: 10.00000000	Div: 150.00000		Prod/Sales:
	Other Percent: 10.00000000		Min:		Prod/Sales:
	Paid to: ROYPDTO (C) ALPHABOW ENERGY 100.00000000		Paid by: WI (C) EMBER RESOURCES 100.00000000		

	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
	LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
	Roy Percent:				

Report Date: Nov 03, 2021

Page Number: 7173

** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA

Area : NEVIS-13

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M22602	E	Deduction: STANDARD Gas: Royalty: S/S OIL: Min: Other Percent:							
			Max:		Min Pay:		Div:		Prod/Sales:
					Min:				Prod/Sales:
		Paid to: PAIDTO (R) MINISTER OF FI.	100.00000000		Paid by: WI (C) EMBER RESOURCES	100.00000000			

M22621	PNGLSE	CR	Eff: Mar 10, 1971 Exp: Mar 09, 1981 Ext: 15	160.000	C05489 B No	PLD	TWP 038 RGE 23 W4M SE 20
Sub: A	WI			160.000	ALPHABOW ENERGY	12.48000000	PNG BELOW BASE BELLY_RIVER TO
A	24426			19.968	EMBER RESOURCES	12.48000000	TOP MANNVILLE
	PARAMOUNT RES				CANADIAN NAT R.	59.99100000	
100.00000000	EMBER RESOURCES				TRIDENT WX	15.04750000	
					TRIDENT AB	0.00150000	

Total Rental: 224.00

Status		Acres	Net		Acres	Net
	Prod:	0.000	0.000	NProd:	0.000	0.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C05391 B	GROSS OVERRIDE ROYALTY	ALL	Y	N	50.00000000 % of PROD
	Roy Percent:				
	Deduction: YES				
	Gas: Royalty: 10.00000000		Min Pay:		Prod/Sales:
	S/S OIL: Min: 5.00000000	Max: 10.00000000	Div: 150.00000		Prod/Sales:
	Other Percent: 10.00000000		Min:		Prod/Sales:

Report Date: Nov 03, 2021
 Page Number: 7265
 ** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : NEVIS-13

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M22618	D	TRANSPORTING.	60%				
		FREEHOLD MINERAL TAX - Feb 23, 2015					
		LESSEE 85%					

M22619	PNGLSE	CR	Eff: Dec 15, 2005	51.000		WI	TWP 038 RGE 23 W4M PTN S&NE 33
Sub: A	WI		Exp: Dec 14, 2010	51.000	ALPHABOW ENERGY	100.00000000	(PORTIONS DESIGNATED AS RED
A	0405121211		Ext: 15	51.000			DEER RIVER)
	ALPHABOW ENERGY				Total Rental: 71.40		PNG BELOW BASE BELLY_RIVER TO
100.00000000	ALPHABOW ENERGY						BASE MANNVILLE

Status	Acres	Net	Acres	Net	
Prod:	0.000	0.000	NProd:	0.000	0.000
Royalty / Encumbrances					
----- Well U.W.I. Status/Type -----					
100/06-33-038-23-W4/00 ABND ZN/UNKNO					
100/08-33-038-23-W4/00 PROD/OIL					
100/09-33-038-23-W4/00 SUSP/OIL					

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: PAIDTO (R)		Paid by: WI (M)		
MINISTER OF FI.	100.00000000	ALPHABOW ENERGY	100.00000000	

M22620	PNGLSE	FH	Eff: Oct 15, 2005	144.675		WI	TWP 038 RGE 23 W4M PTN SE 33
--------	--------	----	-------------------	---------	--	----	------------------------------

Report Date: Nov 03, 2021
 Page Number: 7266
 ** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : NEVIS-13

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M22620	Sub: A	WI	Exp: Oct 14, 2008	144.675	ALPHABOW ENERGY	100.00000000	PNG BELOW BASE BELLY_RIVER TO BASE GLAUCONITIC_SS
A	ENCANA CORPORAT	ALPHABOW ENERGY	Ext: HBP	144.675			EXCL CBM FROM TOP MANNVILLE TO BASE GLAUCONITIC_SS
100.00000000	ALPHABOW ENERGY				Total Rental: 289.35		

Status	Acres	Net	Acres	Net
Prod:	0.000	0.000	NProd:	0.000

----- Well U.W.I. Status/Type -----
 100/08-33-038-23-W4/00 PROD/OIL

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C05391 A	GROSS OVERRIDE ROYALTY	ALL	Y	N	100.00000000 % of PROD
	Roy Percent:				
	Deduction: YES				
	Gas: Royalty: 10.00000000		Min Pay:		Prod/Sales:
	S/S OIL: Min: 5.00000000	Max: 10.00000000	Div: 150.00000		Prod/Sales:
	Other Percent: 10.00000000		Min:		Prod/Sales:

Paid to: ROYPDTO (C)		Paid by: WI (C)	
PRAIRIESKY	100.00000000	ALPHABOW ENERGY	100.00000000

PERMITTED DEDUCTIONS -
 SAME AS ALBERTA CROWN

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: NO				
Gas: Royalty: 20.00000000		Min Pay:		Prod/Sales:
S/S OIL: Min:				

Report Date: Nov 03, 2021
 Page Number: 7267
 ** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : NEVIS-13

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

25.00000000 **Max:** **Div:** **Prod/Sales:**
 Other Percent: 20.00000000 **Min:** **Prod/Sales:**

Paid to: DEPOSITO(M) **Paid by:** WI (M)
 PRAIRIESKY 100.00000000 ALPHABOW ENERGY 100.00000000

PERMITTED DEDUCTIONS - May 21, 2013

ALL WITHOUT DEDUCTIONS EXCEPT FOR REASONABLE CLEAN OIL TRUCKING FEES FOR
 PETROLEUM, IF APPLICABLE

TAKE IN KIND - Feb 02, 2016

LESSOR IS ALLOWED TO TAKE IN KIND

M23671	PNGLSE CR	Eff: Mar 15, 1978	160.000	C05733 B No	WI	TWP 38 RGE 24 W4M NE 22
Sub: A	ROY	Exp: Mar 14, 1983	160.000	BLACKPEARL RESO	31.25000000	PNG BELOW BASE BELLY_RIVER TO
A	0478030138	Ext: 15	0.000	BAYTEX ENERGY L	11.11110000	BASE NISKU
	ENHANCEENERG			PETRUS RES CORP	11.11110000	(EXCL PNG IN GLAUCONITIC_SS)
100.00000000	ENHANCEENERG			WRD BORGER	15.27780000	(EXCL PNG IN ELLERSLIE)
				OBSIDIAN ENERGY	15.62500000	(EXCL PNG IN BASAL_QUARTZ)
				ENHANCEENERG	15.62500000	

Total Rental: 224.00

----- **Well U.W.I.** **Status/Type** -----
 100/16-22-038-24-W4/00 SUSP/OIL

Status	Acres	Net	Acres	Net
Prod:	0.000	0.000	NProd:	0.000

Royalty / Encumbrances

<Linked> Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C05737 B GROSS OVERRIDE ROYALTY	ALL	Y	N	56.25000000 % of PROD

Report Date: Nov 03, 2021
 Page Number: 8119
 ** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
 Area : WINNIFRED

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

Other Percent:	Max:	Div:	Prod/Sales:
		Min:	Prod/Sales:
Paid to: PAIDTO (R) MINISTER OF FI.	100.00000000	Paid by: WI (M) ALPHABOW ENERGY	100.00000000

M22375	PNGLSE CR	Eff: Nov 04, 1999	480.000			WI	TWP 013 RGE 12 W4M N&SW 27
Sub: A	WI	Exp: Nov 03, 2004	480.000	ALPHABOW ENERGY	100.00000000		PNG TO BASE SECOND_WHITE_SPECKS
A	0499110009	Ext: 15	480.000				
	ALPHABOW ENERGY			Total Rental:	672.00		
100.00000000	ALPHABOW ENERGY						

Status	Acres	Net	Acres	Net
Prod:	0.000	0.000	NProd:	0.000

----- Well U.W.I. Status/Type -----
 100/06-27-013-12-W4/00 FLOW/GAS
 100/09-27-013-12-W4/00 FLOW/GAS
 100/14-27-013-12-W4/00 SUSP/GAS
 102/16-27-013-12-W4/00 ABANDON/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C05304 A	GROSS OVERRIDE ROYALTY	ALL	N	N	100.00000000 % of PROD
	Roy Percent: 10.00000000				
	Deduction: YES				
	Gas: Royalty:		Min Pay:		Prod/Sales:
	S/S OIL: Min:	Max:	Div:		Prod/Sales:
	Other Percent:		Min:		Prod/Sales:

Paid to: ROYPDTO (C) PRAIRIESKY	100.00000000	Paid by: WI (C) ALPHABOW ENERGY	100.00000000
---	--------------	---	--------------

PERMITTED DEDUCTIONS - Aug 29, 2012
 50.0000

Report Date: Nov 03, 2021

Page Number: 8120

** REPORTED IN ACRES**

ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
Area : WINNIFRED

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M22375 A EQUAL TO CROWN, BUT NOT GREATER THAT 50%.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR ROYALTY	ALL	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:				
S/S OIL: Min:	Max:	Min Pay:	Div:	Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: PAIDTO (R)		Paid by: WI (M)		
MINISTER OF FI.	100.00000000	ALPHABOW ENERGY	100.00000000	

Report Date: Nov 03, 2021

Page Number: 8121

** REPORTED IN ACRES**

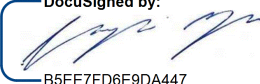
ALPHABOW ENERGY LTD. Mineral Property Report

Province: ALBERTA
Area : WINNIFRED

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code		
File Status	Int Type / Lse No/Name		Gross					
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held	
Area Total:		Total Gross:	53,952.340	Total Net:	50,458.587			
		Prod Gross:	0.000	Prod Net:	0.000	NProd Gross:	0.000	NProd Net: 0.000
Province Total:		Total Gross:	995,586.881	Total Net:	669,865.924			
		Prod Gross:	130,472.821	Prod Net:	78,230.821	NProd Gross:	77,517.464	NProd Net: 34,684.459
Report Total:		Total Gross:	995,586.881	Total Net:	669,865.924			
		Prod Gross:	130,472.821	Prod Net:	78,230.821	NProd Gross:	77,517.464	NProd Net: 34,684.459

** End of Report **

**THIS IS EXHIBIT "J"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:

B5FE7FD6F9DA447

**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

**ALBERTA GOVERNMENT SERVICES
LAND TITLES OFFICE**

IMAGE OF DOCUMENT REGISTERED AS:

222100222

ORDER NUMBER: 51997719

ADVISORY

This electronic image is a reproduction of the original document registered at the Land Titles Office. Please compare the registration number on this coversheet with that on the attached document to ensure that you have received the correct document. Note that Land Titles Staff are not permitted to interpret the contents of this document.

Please contact the Land Titles Office at (780) 422-7874 if the image of the document is not legible.

FORM 26
LAND TITLES ACT
(Section 130)

CAVEAT FORBIDDING REGISTRATION

TAKE NOTICE THAT Advance Drilling Ltd. ("**Caveator**"), claims an interest in and to all of Alhabow Energy Ltd.'s ("**Alhabow**") interest in all petroleum and natural gas *in situ* and underlying the undermentioned lands, under and by virtue of a Gross Overriding Royalty Agreement dated October 28th, 2021, between the Caveator and Alhabow (the "**GORR**") whereunder Alhabow granted the Caveator, an interest in all of Alhabow's interest in all petroleum and natural gas *in situ* and underlying the undermentioned lands under the GORR and that such interest shall run with the lands all as more particularity described in the GORR, the lands being:

See Schedule "A" attached


and the Caveator forbids the registration of any person as transferee or owner of, or of any instrument affecting, the said estate or interest, unless the instrument or certificate of title, as the case may be, is expressed to be subject to the Caveator's claim.

I appoint the following address as the place at which notice of proceedings relating hereto may be served:

ADVANCE DRILLING LTD.
1001, 505 - 3rd Street SW
Calgary, Alberta T2P 3E6

DATED January 25th, 2022.

ADVANCE DRILLING LTD.

Per: 

Fan Jiang, President


AFFIDAVIT IN SUPPORT OF CAVEAT

CANADA)
)
PROVINCE OF ALBERTA)
)
TO WIT:)

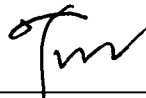
I, FAN JIANG, of Calgary, in the Province of Alberta, MAKE OATH AND SAY AS FOLLOWS:

1. I am agent for the above named Caveator.
2. I believe the Caveator has a good and valid claim on the Lands and I say that this Caveat is not being filed for the purpose of delaying or embarrassing any person interested in proposing to deal with it.

SWORN BEFORE ME at the City of Calgary,)
in the Province of Alberta, this 25th day of)
January, 2022.)



A Commissioner for Oaths in and for the)
Province of Alberta)
Jesse Standing)
Barrister & Solicitor)



FAN JIANG

Schedule A
Lands

Mineral Title #	Title Number	Legal Description
M20297	170X119 ✓	*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 26 TOWNSHIP 43 SECTION 15 QUARTER NORTH EAST BEING IN THE SHARPHEAD INDIAN RESERVE NO. 141 AS SHOWN ON A PLAN DATED JUNE AND JULY A.D. 1898 CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
M20292 / M20293	072 730 041 ✓	*ALL MINES AND MINERALS, AND THE RIGHT TO WORK THE SAME WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 26 TOWNSHIP 43 SECTION 15 QUARTER SOUTH EAST IN THE SURRENDERED PORTION OF SHARPHEAD INDIAN RESERVE NO. 141 AS SHOWN ON A PLAN DATED JUNE AND JULY 1898 CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS
	852 200 715 J	FIRST *ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 40 SECTION 35 QUARTER NORTH WEST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS SECOND
M20292 / M20293	912 091 308	*ALL MINES AND MINERALS EXCEPT COAL, PETROLEUM AND VALUABLE STONE WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 40 SECTION 35 QUARTER SOUTH WEST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS
M24369	142 190 115 +19 ✓	*ALL MINES AND MINERALS, AND THE RIGHT TO WORK THE SAME WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 26 TOWNSHIP 43 SECTION 15 QUARTER SOUTH EAST BEING IN THE SHARPHEAD INDIAN RESERVE NO. 141 CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS AND THE RIGHT TO WORK THE SAME FIRST

		<p>*ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 10 TOWNSHIP 40 SECTION 27 QUARTER NORTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>SECOND</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 10 TOWNSHIP 40 SECTION 27 QUARTER SOUTH WEST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>THIRD</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 10 TOWNSHIP 40 SECTION 27 QUARTER SOUTH EAST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>
	<p>142 200 485 +14</p>	<p>FIRST</p> <p>*ALL COAL, PETROLEUM AND VALUABLE STONE WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 40 SECTION 35 QUARTER NORTH WEST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>SECOND</p> <p>*ALL COAL, PETROLEUM AND VALUABLE STONE WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 40 SECTION 35 QUARTER NORTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>THIRD</p>

		<p>*ALL COAL, PETROLEUM AND VALUABLE STONE WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 40 SECTION 35 QUARTER SOUTH WEST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>FOURTH</p> <p>*ALL COAL, PETROLEUM AND VALUABLE STONE WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 12 TOWNSHIP 40 SECTION 35 QUARTER SOUTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>
<p>M23984</p>	<p>142 216 828 +25</p>	<p>FIRST</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 7 TOWNSHIP 40 SECTION 33 QUARTER NORTH WEST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>SECOND</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 7 TOWNSHIP 40 SECTION 33 QUARTER SOUTH WEST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>THIRD</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 7 TOWNSHIP 40 SECTION 33 QUARTER SOUTH EAST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>
<p>M24585</p>	<p>152 362 883 +4</p>	<p>FIRST</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 21 QUARTER NORTH WEST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>

		<p>SECOND</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 21 QUARTER NORTH EAST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>THIRD</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 21 QUARTER SOUTH WEST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>FOURTH</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 21 QUARTER SOUTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>
M20142	162 054 563 +4	<p>*ALL MINES AND MINERALS WITHIN UPON OR UNDER -MERIDIAN 4 RANGE 26 TOWNSHIP 42 SECTION 26 QUARTER NORTH WEST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>
M20285	112 330 468	<p>FIRST</p> <p>*ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 26 TOWNSHIP 42 SECTION 13 ALL THAT PORTION OF THE SOUTH WEST QUARTER WHICH LIES TO THE EAST OF THE EASTERN LIMIT OF THE ROAD ALLOWANCE DIVIDING CHIEF SHARP HEAD INDIAN RESERVE FROM THE SAID LAND AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 27 MARCH A.D. 1893 CONTAINING 51.3 HECTARES (126.80 ACRES) MORE OR LESS EXCEPTING THEREOUT: 2.70 HECTARES MORE OR LESS, FOR RIGHT OF WAY OF THE CALGARY EDMONTON RAILWAY AS SHOWN ON RAILWAY PLAN C AND E NO 1</p> <p>SECOND</p>

NATDOCS\59624656\V-1

M20285	132 254 351	<p>*ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 26 TOWNSHIP 42 SECTION 13 QUARTER SOUTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>FIRST</p>
M20285	142 414 803	<p>*ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 26 TOWNSHIP 42 SECTION 13 QUARTER SOUTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>FIRST</p> <p>SECOND</p> <p>*ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 26 TOWNSHIP 42 SECTION 13 QUARTER SOUTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>FIRST</p> <p>SECOND</p> <p>*ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 26 TOWNSHIP 42 SECTION 13 ALL THAT PORTION OF THE SOUTH WEST QUARTER WHICH LIES TO THE EAST OF THE EASTERN LIMIT OF THE ROAD ALLOWANCE DIVIDING CHIEF SHARP HEAD INDIAN RESERVE FROM THE SAID LAND AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 27 MARCH A.D. 1893 CONTAINING 51.3 HECTARES (126.80 ACRES) MORE OR LESS EXCEPTING THEREOUT: 2.70 HECTARES MORE OR LESS, FOR RIGHT OF WAY OF THE CALGARY EDMONTON RAILWAY AS SHOWN ON RAILWAY PLAN C AND E NO 1</p> <p>FIRST</p> <p>SECOND</p> <p>*ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 26 TOWNSHIP 42 SECTION 13 QUARTER SOUTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>

NATDOCS\59624656\V-1

M20285	152 289 109	<p>FIRST</p> <p>*ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 26 TOWNSHIP 42 SECTION 13 ALL THAT PORTION OF THE SOUTH WEST QUARTER WHICH LIES TO THE EAST OF THE EASTERN LIMIT OF THE ROAD ALLOWANCE DIVIDING CHIEF SHARP HEAD INDIAN RESERVE FROM THE SAID LAND AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP DATED 27 MARCH A.D. 1893 CONTAINING 51.3 HECTARES (126.80 ACRES) MORE OR LESS EXCEPTING THEREOUT:</p> <p>2.70 HECTARES MORE OR LESS, FOR RIGHT OF WAY OF THE CALGARY EDMONTON RAILWAY AS SHOWN ON RAILWAY PLAN C AND E NO 1</p> <p>SECOND</p> <p>*ALL MINES AND MINERALS EXCEPT COAL WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 26 TOWNSHIP 42 SECTION 13 QUARTER SOUTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>
M23990	902 305 994	<p>FIRST</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 7 TOWNSHIP 40 SECTION 33 QUARTER NORTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>SECOND</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 25 QUARTER NORTH WEST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>THIRD</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 25 QUARTER SOUTH WEST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>
M24515 / M24516 / M24517	152 362 883 +5	<p>FIRST</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 25 QUARTER NORTH WEST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>SECOND</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 25 QUARTER NORTH EAST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>THIRD</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 25 QUARTER SOUTH WEST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>

NATDOCS\59624656\V-1

		<p>FOURTH</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 25 QUARTER SOUTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>
M24067	152 361 123 +9 ✓	<p>FIRST</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 27 QUARTER NORTH WEST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>SECOND</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 27 QUARTER NORTH EAST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>THIRD</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 27 QUARTER SOUTH WEST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>FOURTH</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 1 TOWNSHIP 40 SECTION 27 QUARTER SOUTH EAST AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>
M24318	152 361 123 +2	<p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:</p> <p>THE WHOLE OF SECTION THIRTY THREE (33) TOWNSHIP FORTY (40) RANGE ONE (1) WEST OF THE FOURTH MERIDIAN, CONTAINING 259 HECTARES, MORE OR LESS. AND THE RIGHT TO WORK THE SAME</p>
M24314	152 361 101 +9 ✓	<p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER:</p> <p>THE WHOLE OF SECTION THREE (3) TOWNSHIP FORTY ONE (41) RANGE ONE (1) WEST OF THE FOURTH MERIDIAN, CONTAINING 259 HECTARES, MORE OR LESS. AND THE RIGHT TO WORK THE SAME</p>
M23370	142 200 092 +13 ✓	<p>FIRST</p>

NATDOCS\59624666\IV-1

	<p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 28 TOWNSHIP 42 SECTION 21 QUARTER NORTH WEST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>SECOND</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 28 TOWNSHIP 42 SECTION 21 QUARTER NORTH EAST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>THIRD</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 28 TOWNSHIP 42 SECTION 21 QUARTER SOUTH WEST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>FOURTH</p> <p>*ALL MINES AND MINERALS WITHIN, UPON OR UNDER: MERIDIAN 4 RANGE 28 TOWNSHIP 42 SECTION 21 QUARTER SOUTH EAST AND THE RIGHT TO WORK THE SAME AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p>
--	--



222100222

222100222


REGISTERED 2022 05 04

CAVE - CAVEAT

DOC 1 OF 1 DRR#: D00001L ADR/MLECOPOY

LINC/S: 0024966202 +

**THIS IS EXHIBIT "K"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:

B5EE7ED6E9DA447

**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**



Changhai Zhu
Associate
changhai.zhu@dentons.com
D +1 403 268 7135

Dentons Canada LLP
15th Floor, Bankers Court
850-2nd Street SW
Calgary, AB, Canada T2P 0R8

dentons.com

October 14, 2022

File No.: 571893-3

VIA E-MAIL (jpasieka@mccarthy.ca)

McCarthy Tétrault LLP
Suite 4000
421 – 7th Avenue S.W.
Calgary, AB T2P 4K9

Attention: James Pasieka

Dear Mr. Pasieka

Re: **Settlement Agreement, dated November 12, 2021 (the “Agreement”), between AlphaBow Energy Ltd. (“AlphaBow”) and Advance Drilling Ltd. (“Advance)**

We write to you regarding the above-noted matter. Capitalized terms used herein shall have the same meaning as in the Agreement, unless otherwise defined.

Please provide confirmation in writing that you and your office have replaced Mr. Kenneth Reh and his office as counsel for AlphaBow, and that pursuant to section 32 of the Agreement, you and your office are now the proper recipients of notice under the Agreement.

Further to your letter dated August 3, 2022, and our responding letter dated September 8, 2022, the matter of the Without Prejudice Meeting, and the Inaugural Meeting for the EOR Project, as defined in our letter to you dated September 8, 2022, remains outstanding. Subject to the resolution of the issue described below, we would like to hear from you regarding the same.

AlphaBow’s Breach of the Agreement:

Advance has reviewed the monthly Shell producer statements provided by AlphaBow in accordance with section 15 of the Agreement (the “**Producer Statements**”), and has cross-referenced the Producer Statements with the monthly ST60 statistical reports published by the Alberta Energy Regulator (the “**AER Statistical Reports**”) regarding monthly production data in Alberta.

Based on our review, we take the position that AlphaBow is in material breach of the Agreement with respect to its obligations under section 14 to provide Monthly Payments as a percentage of proceeds of sale of production from *all* of the Royalty Lands.

A comparison of the Producer Statements and the AER Statistical Reports shows that the production reported in each of the Producer Statements is consistently an underrepresentation of AlphaBow’s monthly production from the Royalty Lands. In multiple months, the underreporting is in excess of 1,000 cubic meters (“**m³**”) of production, over 6,000 barrels (“**bbl**”).

Davis Brown ► East African Law Chambers ► Eric Silwamba, Jalasi and Linyama ► Durham Jones & Pinegar ► LEAD Advogados ► Rattagan Macchiavello Arocena ► Jiménez de Aréchaga, Viana & Brause ► Lee International ► Kensington Swan ► Bingham Greenebaum ► Cohen & Grigsby ► Sayarh & Menjra ► Larrain Rencoret ► For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

October 14, 2022
Page 2

For example, in July 2022, the Producer Statement provided by AlphaBow to Advance reported a total production of 5,835.6 m³ from 12 wells. The July 2022 AER Statistical Report showed that the sum of AlphaBow's production from those same 12 wells was 6,851.6 m³, a difference of 1,016 m³. Furthermore, the July 2022 AER Statistical Report showed that AlphaBow had production from 13 additional wells, which were part of the Royalty Lands, but for which no production was reported in the July 2022 Producer Statement. The production from these 13 wells amounted to an additional 464.7 m³ of production which was not reflected in the July 2022 Producer Statement. We have found similar underreporting in each of the months for which AlphaBow has provided a Producer Statement.

It is clear that AlphaBow has underreported to Advance the volume of its monthly productions. Any proceeds that AlphaBow has received in relation to the underreported volumes is a material breach of the Agreement. The underreporting has now persisted for months. As a result, Advance would be entitled to terminate the Agreement, and begin enforcement of its Consent Judgment.

Advance is prepared to provide AlphaBow with an opportunity to explain this apparent breach of the Agreement. However, should Advance not, in its sole discretion, receive a satisfactory explanation from AlphaBow, which must be supported by reliable documentation, by **October 24, 2022**, Advance reserves its right to terminate the Agreement, and commence enforcement proceedings with respect to the Consent Judgment.

We look forward to hearing from you.

Yours truly,
Dentons Canada LLP

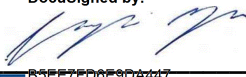


Changhai Zhu
Associate

/cz

Cc: Sean Fairhurst (Dentons Canada LLP); Jiang Fan (Advance Drilling Ltd.); Yingming Wu (Advance Drilling Ltd.); Tao Su (Advance Drilling Ltd.); Ray Lang (Advance Drilling Ltd.); Ben Li (AlphaBow Energy Ltd.); Yueyi Duan (AlphaBow Energy Ltd.)

THIS IS EXHIBIT "L"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024

DocuSigned by:


A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta

Changhai Zhu
Barrister and Solicitor

Zhu, Changhai

From: Collins, Sean F. <scollins@MCCARTHY.CA>
Sent: Wednesday, October 26, 2022 9:35 PM
To: Zhu, Changhai
Cc: Pasieka, James; Fairhurst, Sean; Tai, George
Subject: RE: [EXT] Alpha Bow Energy Ltd. [MT-MTDOCS.FID3692046]
Attachments: AER vs Shell 2022-07.xlsx

[WARNING: EXTERNAL SENDER]

Changhai,

In reply to your letter of October 14, 2022 the issue raised by Advance represents a misapprehension on its part and is easily explained. In short, the AER Statistical Reports to which you refer relate to *gross* production from the Royalty Lands which is greater than AlphaBow's *net* share of production revenue it receives from Shell after accounting for payments on account of royalties, payments to working interest participants, and monthly balancing.

The attached spreadsheet details gross production receipts, deductions therefrom, with the resulting net production received by AlphaBow for the month of July, 2022 (the same month as discussed in the letter under reply). The variance between gross production of 6851.6 m³ and the net production reported by AlphaBow of 5835.6 m³ is set out in the columns entitled APMC Crown, Partnership, and Closing-Opening-receipt. The amounts under: (i) APMC Crown are crown royalties paid directly by Shell on account of Crown Royalties; (ii) Partnership are amounts payable to working interest participants and are paid directly by Shell to working interest participants; and (iii) Closing-Opening-receipt are monthly balancing adjustments done by Shell following reconciliation.

AlphaBow has not underreported the volume of its monthly production and has remitted all amounts owing to Advance in accordance with the Settlement Agreement.

It goes without saying, but for avoidance of doubt, there is no basis for Advance to purport to terminate the Agreement or commence enforcement proceedings.

AlphaBow will be pleased to meet with Advance to provide further clarification if Advance so desires.

Regards,



Sean Collins
Partner | Associé
Bankruptcy and Restructuring | Faillite et restructuration
T: 403-260-3531
C: 403-607-8534
F: 403-260-3501
E: scollins@mccarthy.ca

McCarthy Tétrault LLP
Suite 4000
421 - 7th Avenue SW
Calgary AB T2P 4K9

Visit www.mccarthy.ca for strategic insights and client solutions.



From: Zhu, Changhai <changhai.zhu@dentons.com>
Sent: Tuesday, October 25, 2022 10:21 AM
To: Collins, Sean F. <scollins@MCCARTHY.CA>
Cc: Pasioka, James <JPASIEKA@mccarthy.ca>; Fairhurst, Sean <sean.fairhurst@dentons.com>; Tai, George <george.tai@dentons.com>
Subject: [EXT] RE: Alpha Bow Energy Ltd.

Hi Sean,

Advance will agree to your requested extension. We look forward to hearing from you by no later than October 26, 2022.

Best regards,



Changhai Zhu
Associate

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +1 403 268 7135
changhai.zhu@dentons.com
[Bio](#) | [Website](#)

Dentons Canada LLP
15th Floor, Bankers Court, 850 - 2nd Street SW Calgary, AB T2P 0R8 Canada

[LutViet](#) > [Fernanda Lopes & Associados](#) > [Guevara & Gutierrez](#) > [Paz Horowitz Abogados](#) > [Sirote](#) > [Adepetun Caxton-Martins Agbor & Segun](#) > [Davis Brown](#) > [East African Law Chambers](#) > [Eric Silwamba, Jalasi and Linyama](#) > [Durham Jones & Pinegar](#) > [LEAD Advogados](#) > For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems. To update your commercial electronic message preferences email dentonsinsightsca@dentons.com or visit our website. Please see [dentons.com](https://www.dentons.com) for Legal Notices.

From: Collins, Sean F. <scollins@MCCARTHY.CA>
Sent: Monday, October 24, 2022 6:20 PM
To: Zhu, Changhai <changhai.zhu@dentons.com>
Cc: Pasioka, James <JPASIEKA@mccarthy.ca>
Subject: Alpha Bow Energy Ltd.

[WARNING: EXTERNAL SENDER]

Changhai,

Jim Pasieka has passed along Dentons' letter of October 14, 2022 and asked me to assume conduct of providing AlphaBow's response to the matters raised in the letter under reply. As a preliminary matter, our office has replaced Kenneth Reh as counsel to AlphaBow and further notices under the Agreement should be directed to myself.

Noting the request in the letter under reply that a response be provided by October 24, 2022, we write to advise that, we are working with AlphaBow's senior management to provide a response, the same, however, is not yet ready to be delivered. On behalf of AlphaBow, we would ask for the courtesy of an extension from Advance to provide AlphaBow's response until October 26, 2022. Please let us know if Advance will grant AlphaBow the extension.

Regards,



Sean Collins
Partner | Associé
Bankruptcy and Restructuring | Faillite et restructuration
T: 403-260-3531
C: 403-607-8534
F: 403-260-3501
E: scollins@mccarthy.ca

McCarthy Tétrault LLP
Suite 4000
421 - 7th Avenue SW
Calgary AB T2P 4K9

Visit www.mccarthy.ca for strategic insights and client solutions.



This e-mail may contain information that is privileged, confidential and/or exempt from disclosure. No waiver whatsoever is intended by sending this e-mail which is intended only for the named recipient(s). Unauthorized use, dissemination or copying is prohibited. If you receive this email in error, please notify the sender and destroy all copies of this e-mail. Our privacy policy is available at {www.mccarthy.ca}. Click here to [unsubscribe](#) from commercial electronic messages. Please note that you will continue to receive non-commercial electronic messages, such as account statements, invoices, client communications, and other similar factual electronic communications. Suite 5300, TD Bank Tower, Box 48, 66 Wellington Street West, Toronto, ON M5K 1E6

External Email: Exercise caution before clicking links or opening attachments | **Courriel externe:** Soyez prudent avant de cliquer sur des liens ou d'ouvrir des pièces jointes

This e-mail may contain information that is privileged, confidential and/or exempt from disclosure. No waiver whatsoever is intended by sending this e-mail which is intended only for the named recipient(s). Unauthorized use, dissemination or copying is prohibited. If you receive this email in error, please notify the sender and destroy all copies of this e-mail. Our privacy policy is available at {www.mccarthy.ca}. Click here to [unsubscribe](#) from commercial electronic messages. Please note that you will continue to receive non-commercial electronic messages, such as account statements, invoices, client communications, and other similar factual electronic communications. Suite 5300, TD Bank Tower, Box 48, 66 Wellington Street West, Toronto, ON M5K 1E6

AER Statistical Data			Shell		Working interest split						AER Statistical Report Data				
BTY LOCATION EDIT	BATTERY	OPERATOR	OIL PROD	Shell Producer Stmt	Variance	Shell	APMC Crown	Partnership	Closing-Opening-receipt	Total	OIL RECEIPT	OIL OP INV	OIL CL INV	OIL DELIVS	
01-30-036-07W4	ABBT0050366	AlphaBow Energy Ltd.	142.7	117.2	25.5	117.2	20.2			5.3	142.7	0	29.7	35	137.4
07-21-040-07W4	ABBT0080072	AlphaBow Energy Ltd.	1774.5	1479	295.5	1479	195.3	16.1		84.1	1774.5	18.1	98	200.2	1690.4
12-28-040-01W4	ABBT0052177	AlphaBow Energy Ltd.	1605.7	1481.1	124.6	1481.1	85.7	157.6		-118.7	1605.7	0	224.9	106.2	1724.4
02-32-040-11W4	ABBT7500539	AlphaBow Energy Ltd.	512.5	310.3	202.2	310.3	55.8	30.4		116	512.5	28.1	81.9	226	396.5
04-27-040-10W4	ABBT7500149	AlphaBow Energy Ltd.	491.7	495.5	-3.8	495.5	30.6	11.3		-45.7	491.7	0	91.1	45.4	537.4
09-21-038-23W4	ABBT6090008	AlphaBow Energy Ltd.	83	69.4	13.6	69.4	4.6	14.4		-5.4	83	0	64.7	59.3	88.4
16-32-043-26W4	ABBT0041254	AlphaBow Energy Ltd.	442.7	402.4	40.3	402.4	27	2.4		10.9	442.7	0	55.3	66.2	431.8
04-16-040-12W4	ABBT0043528	AlphaBow Energy Ltd.	489.5	381.2	108.3	381.2	42.7	58.8		6.8	489.5	35.4	173.7	215.9	482.7
10-06-037-25W4	ABBT0102847	AlphaBow Energy Ltd.	74.6	77.1	-2.5	77.1	19			-21.5	74.6	0	45	23.5	96.1
08-07-029-18W4	ABBT0200004	AlphaBow Energy Ltd.	153.6	78.5	75.1	78.5	19.6			55.5	153.6	0	30.5	86	98.1
08-24-042-26W4	ABBT2140092	AlphaBow Energy Ltd.	1081.1	940	141.1	940	73.6	0.5		67	1081.1	0	65.4	132.4	1014.1
	Total		6851.6	5835.6	1016						6851.6	81.6	960.2	1196.1	6697.3

**THIS IS EXHIBIT "M"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:


**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

大成 DENTONS

Changhai Zhu
Associate

changhai.zhu@dentons.com
D +1 403 268 7135

Dentons Canada LLP
15th Floor, Bankers Court
850-2nd Street SW
Calgary, AB, Canada T2P 0R8

dentons.com

November 10, 2022

File No.: 571893-3

VIA E-MAIL (scollins@mccarthy.ca)

McCarthy Tétrault LLP
Suite 4000, 421 – 7th Avenue SW
Calgary AB, T2P 4K9
Attention: Sean Collins

Dear Mr. Collins,

Re: **Settlement Agreement, dated November 12, 2021 (the “Agreement”), between AlphaBow Energy Ltd. (“AlphaBow”) and Advance Drilling Ltd. (“Advance”)**

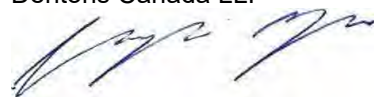
We write to you further to my letter to McCarthy Tétrault, dated October 14, 2022, and to your email response dated October 26, 2022 in relation to the above-noted matter.

Capitalized terms used herein have the same meaning as in the October 14 letter, unless otherwise defined.

We are still considering the sufficiency of your response in relation to the discrepancy between the production amounts reported in the AER Statistical Reports and the Producer Statements for *wells that appear in both documents*. However, we note that your response completely neglects to address the issue of AlphaBow's production from additional wells, which were part of the Royalty Lands, but for which there was no accounting in the Producer Statements.

We look forward to receiving your response by no later than **November 21, 2022**.

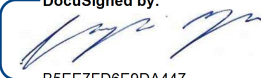
Yours truly,
Dentons Canada LLP



Changhai Zhu
Associate

/cz

**THIS IS EXHIBIT "N"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:


B6EE7FD6E9DA447...

**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

Zhu, Changhai

From: Ben Li <benli@alphabowenergy.com>
Sent: Wednesday, November 30, 2022 4:53 PM
To: Zhu, Changhai
Cc: sutao@gwdc.ca; fanjiang@gwdc.ca
Subject: One week extension

[WARNING: EXTERNAL SENDER]

Changhai

We found some mistakes (back to Dec.2021) on calculation of payment . Our PA group is working on adjustments. It will take couple more days to finish it .

This also effects the amount of Oct. payment. Can we have another week to get it right before issue check to Advance for October payment?

Regards

Ben

Get [Outlook for iOS](#)

**THIS IS EXHIBIT "O"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:



**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

Zhu, Changhai

From: Ben Li <benli@alphabowenergy.com>
Sent: Wednesday, December 7, 2022 11:06 PM
To: Zhu, Changhai
Cc: sutao@gwdc.ca; fanjiang@gwdc.ca
Subject: Fwd: Advance Drilling Report Oct 2022
Attachments: Discrepancy Summary Dec 07, 2022.xlsx

[WARNING: EXTERNAL SENDER]

Changhai

Please find the attached summary ready for Advance Drilling Ltd.

The total amount we are owing since 2021 due to the missing calculation of Gibson and Secure sales revenue is:
\$151,993.39

Freehold Royalty has not been deducted from the total revenue as our team is still working on it .

We will have the Oct payment and \$151,993,39 to you tomorrow.

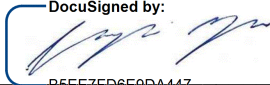
Regards

Ben

AER Statistics Report	Reported to Advance Drilling Ltd				Adjustments									
	AER Report production	Production Reported	Total Revenue reported	Amount Paid	Missing Production per AER report	Actual missing Production pe	Missing revenue	Monthly total production	Monthly total Revenue	Total volume in BBL	Per BBL Revenue(CAD/BBL)	Correct payment amount	Missing Payment	
Dec-21	7,157.00	6,692.40	\$ 2,926,906.74	\$ 87,807.20	464.60	217.10	\$ 112,162.75	6,909.50	\$ 3,039,069.49	43,184.38	\$ 70.37	\$ 121,562.78	\$ 33,755.58	
Jan-22	5,757.10	6,209.80	\$ 3,055,829.09	\$ 122,233.16	452.70	334.10	\$ 197,671.03	6,543.90	\$ 3,253,500.12	40,899.38	\$ 79.55	\$ 130,140.00	\$ 7,906.84	
Feb-22	6,727.10	6,118.10	\$ 3,103,935.61	\$ 155,196.78	609.00	474.90	\$ 313,733.53	6,593.00	\$ 3,417,669.14	41,206.25	\$ 82.94	\$ 170,883.46	\$ 15,686.68	
Mar-22	7,377.40	6,232.80	\$ 3,274,207.71	\$ 163,710.39	1,144.60	407.20	\$ 336,088.63	6,640.00	\$ 3,610,296.34	41,500.00	\$ 87.00	\$ 180,514.82	\$ 16,804.43	
Apr-22	7,152.60	6,279.50	\$ 3,595,691.05	\$ 215,741.46	873.10	327.00	\$ 261,850.15	6,606.50	\$ 3,857,541.20	41,290.63	\$ 93.42	\$ 231,452.47	\$ 15,711.01	
May-22	7,421.70	6,184.60	\$ 3,730,921.18	\$ 223,855.27	1,237.10	257.60	\$ 222,859.33	6,442.20	\$ 3,953,780.51	40,263.75	\$ 98.20	\$ 237,226.83	\$ 13,371.56	
Jun-22	7,140.00	5,786.30	\$ 3,513,016.73	\$ 210,781.00	1,353.70	334.60	\$ 284,409.98	6,120.90	\$ 3,797,426.71	38,255.63	\$ 99.26	\$ 227,845.60	\$ 17,064.60	
Jul-22	6,851.60	5,835.60	\$ 3,106,709.16	\$ 155,335.46	1,016.00	348.80	\$ 255,712.44	6,184.40	\$ 3,362,421.60	38,652.50	\$ 86.99	\$ 168,121.08	\$ 12,785.62	
Aug-22	7,443.60	6,475.70	\$ 3,283,987.67	\$ 164,199.38	967.90	318.10	\$ 210,745.07	6,793.80	\$ 3,494,732.74	42,461.25	\$ 82.30	\$ 174,736.64	\$ 10,537.25	
Sep-22	7,642.70	6,341.60	\$ 3,259,857.79	\$ 162,992.89	1,301.10	276.40	\$ 167,396.36	6,618.00	\$ 3,427,254.15	41,362.50	\$ 82.86	\$ 171,362.71	\$ 8,369.82	
Oct-22	7,814.70	7,007.90	\$ 4,283,146.69	\$ 256,988.80	806.80	-	\$ -	7,007.90	\$ 4,283,146.69	43,799.38	\$ 97.79	\$ 256,988.80	\$ -	
	78,485.50	69,164.30	\$ 37,134,209.42	\$ 1,918,841.80	9,321.20	3,295.80	\$ 2,362,629.27	72,460.10	\$ 39,496,838.69	452,875.63	\$	\$ 2,070,835.19	\$ 151,993.39	

Advanced Drilling Average realized sales price:		
CAD/BBL	% to Advance	
Up to \$60		2.00%
From \$60 to 70		3.00%
From \$70 to \$80		4.00%
From \$80 to \$90		5.00%
From \$90 to \$100		6.00%
From \$100 to \$110		7.00%
From \$110 to \$120		8.00%
From \$120 and above		17.50%
Capped at \$350,000/month		

**THIS IS EXHIBIT "P"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:


**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

Zhu, Changhai

From: Ava Jiang <avajiang@alphabowenergy.com>
Sent: Monday, December 12, 2022 2:45 PM
To: benli@alphabowenergy.com
Cc: Zhu, Changhai
Subject: RE: AlphaBow Energy Ltd. and Advance Drilling Ltd.
Attachments: Gibson 2251388 Producer Statement.pdf; Gibson 2251469 Producer Statement-Correcting Invoice 2251387.pdf; Gibson 2251470 Producer Statement-Correcting Invoice 2251388.pdf; Secure Final Invoice 2210-12915-0 (Oct 2022, Alphabow Energy Ltd.).xls; Shell 2022 10 ALPHABOW_670344.pdf; Gibson 2251387 Producer Statement.pdf

[WARNING: EXTERNAL SENDER]

Good afternoon Ben and Changhai,

October producer statements from Shell, Gibson and Secure are attached per your request.

Thank you,
Ava

From: Ben Li <benli@alphabowenergy.com>
Sent: December 12, 2022 2:21 PM
To: Ava Jiang <avajiang@alphabowenergy.com>
Cc: Zhu, Changhai <changhai.zhu@dentons.com>
Subject: FW: AlphaBow Energy Ltd. and Advance Drilling Ltd.

Ava

Please provide associated Shell producer statement and any other documentation evidencing AlphaBow's production revenue for October to Changhai

Ben

From: Zhu, Changhai <changhai.zhu@dentons.com>
Sent: December 12, 2022 2:04 PM
To: Ben Li <benli@alphabowenergy.com>
Cc: Collins, Sean F. <scollins@MCCARTHY.CA>; Osleeb, Katie <katie.osleeb@dentons.com>; Fan Jiang (GWDC) <fanjiang@gwdc.ca>; Fairhurst, Sean <sean.fairhurst@dentons.com>; Tai, George <george.tai@dentons.com>
Subject: RE: AlphaBow Energy Ltd. and Advance Drilling Ltd.

Thanks Mr. Li.

Further to the notice of default – please also provide the associated Shell producer statement and any other documentation evidencing AlphaBow's production revenue for October.

Best regards,

 **Changhai Zhu**
Associate

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +1 403 268 7135
changhai.zhu@dentons.com
Bio | Website

Dentons Canada LLP
15th Floor, Bankers Court, 850 - 2nd Street SW Calgary, AB T2P 0R8 Canada

LuatViet > Fernanda Lopes & Associados > Guevara & Gutierrez > Paz Horowitz Abogados > Sirote > Adepetun Caxton-Martins Agbor & Segun > Davis Brown > East African Law Chambers > Eric Silwamba, Jalasi and Linyama > Durham Jones & Pinegar > LEAD Advogados > For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems. To update your commercial electronic message preferences email dentonsinsightsca@dentons.com or visit our website. Please see dentons.com for Legal Notices.

From: Ben Li <benli@alphabowenergy.com>
Sent: Monday, December 12, 2022 2:00 PM
To: Zhu, Changhai <changhai.zhu@dentons.com>
Cc: Collins, Sean F. <scollins@MCCARTHY.CA>
Subject: RE: AlphaBow Energy Ltd. and Advance Drilling Ltd.

[WARNING: EXTERNAL SENDER]

Here you go

Group Details

Group:	Import	Payment Type:	Credit	# Payments:
Frequency:	No Frequency Assigned	Due Date:	12/12/2022	Total Amount:
Company Name:	ALPHABOW ENERGY LTD	Return Account:	0004 80609 08055409951	Last Modified:

Name	Reference	Due Date	Amount
ADVANCE DRILLING LTD.	1318565	12/12/2022	\$151,993.39

Group Details

Group:	Import	Payment Type:	Credit	# Payments:
Frequency:	No Frequency Assigned	Due Date:	12/12/2022	Total Amount:
Company Name:	ALPHABOW ENERGY LTD	Return Account:	0004 80609 08055409951	Last Modified:

Name	Reference	Due Date	Amount
ADVANCE DRILLING LTD.	1318563	12/12/2022	\$256,988.80

From: Zhu, Changhai <changhai.zhu@dentons.com>
Sent: December 12, 2022 1:54 PM
To: Ben Li <benli@alphabowenergy.com>
Cc: Collins, Sean F. <scollins@MCCARTHY.CA>
Subject: RE: AlphaBow Energy Ltd. and Advance Drilling Ltd.

Hi Mr. Li,
 I'll check with Advance again, but Dentons did not receive anything.
 Can you send me any confirmation of the completion of the ETFs?
 Thanks,

 **Changhai Zhu**
 Associate

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +1 403 268 7135
changhai.zhu@dentons.com
 Bio | Website

Dentons Canada LLP
 15th Floor, Bankers Court, 850 - 2nd Street SW Calgary, AB T2P 0R8 Canada

LuatViet > Fernanda Lopes & Associados > Guevara & Gutierrez > Paz Horowitz Abogados > Sirote > Adepetun Caxton-Martins Agbor & Segun > Davis Brown > East African Law Chambers > Eric Silwamba, Jalasi and Linyama > Durham Jones & Pinegar > LEAD Advogados > For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure,

copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems. To update your commercial electronic message preferences email dentonsinsightsca@dentons.com or visit our website. Please see dentons.com for Legal Notices.

From: Ben Li <benli@alphabowenergy.com>
Sent: Monday, December 12, 2022 1:51 PM
To: Osleeb, Katie <katie.osleeb@dentons.com>; scollins@mccarthy.ca
Cc: Zhu, Changhai <changhai.zhu@dentons.com>; Fairhurst, Sean <sean.fairhurst@dentons.com>; fanjiang@gwdc.ca; sutao@gwdc.ca; rlang@gwdc.ca; ywu@gwdc.ca; Yueyi Duan <yueyiduan@alphabowenergy.com>
Subject: RE: AlphaBow Energy Ltd. and Advance Drilling Ltd.

[WARNING: EXTERNAL SENDER]

Changhai

Two payments already been sent through EFT last week. Please check it

Regards

Ben

From: Osleeb, Katie <katie.osleeb@dentons.com>
Sent: December 12, 2022 1:46 PM
To: Ben Li <benli@alphabowenergy.com>; scollins@mccarthy.ca
Cc: Zhu, Changhai <changhai.zhu@dentons.com>; Fairhurst, Sean <sean.fairhurst@dentons.com>; fanjiang@gwdc.ca; sutao@gwdc.ca; rlang@gwdc.ca; ywu@gwdc.ca; Yueyi Duan <yueyiduan@alphabowenergy.com>
Subject: AlphaBow Energy Ltd. and Advance Drilling Ltd.

Good afternoon Mr. Li and Mr. Collins,

On behalf of Changhai Zhu, please see the attached letter of today's date.

Thank you,



Katie Osleeb
Legal Assistant

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +1 403 268 6870
katie.osleeb@dentons.com
[Bio](#) | [Website](#)

Dentons Canada LLP
15th Floor, Bankers Court, 850 - 2nd Street SW Calgary, AB T2P 0R8 Canada

[LuatViet](#) > [Fernanda Lopes & Associados](#) > [Guevara & Gutierrez](#) > [Paz Horowitz Abogados](#) > [Sirote & Adepetun Caxton-Martins Agbor & Segun](#) > [Davis Brown](#) > [East African Law Chambers](#) > [Eric Silwamba, Jalasi and Linyama](#) > [Durham Jones & Pinegar](#) > [LEAD Advogados](#) > For more information on the firms that have come together to form Dentons, go to dentons.com/legacyfirms

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems.

To update your commercial electronic message preferences email dentonsightsca@dentons.com or visit our website. Please see dentons.com for Legal Notices.



Producer Statement

Gibson Energy Infrastructure Partnership

To: AlphaBow Energy Ltd.
 1700, 222 3rd Avenue SW
 Calgary, AB T2P 0B4
 Canada

Invoice Number: 2251387
 Date: 11/24/2022
 Payment Due Date: 11/25/2022

Contact: Mary Moyer
 Phone: 587-393-5062

GST Number: 733465280-RT0001

For the Production Month of Oct-2022
 Deal Number: ALP21TP0006

CAL @ Coronation - CT

Battery/ Originating Location	Volume (M3)	Density Sulphur Butane Propane	Base Price (CAD/M3)	Pipeline Tariff/ Terminal Fee (CAD/M3)	EQ (CAD/M3)	Other Fees (CAD/M3)	Pipeline Loss Allowance (CAD/M3)	Net Price (CAD/M3)	Value (CAD)
ABBT7830001/ 100/06-01-031-14W4/00 (ABBT7830001)	6.60	839.90 0.86 0 0	714.35	(24.11)	(12.27)	0.00	(0.90)	677.070	(4,468.66)

Subtotal: 6.60 (4,468.66)

CAL @ Coronation - TM

Battery/ Originating Location	Volume (M3)	Density Sulphur Butane Propane	Base Price (CAD/M3)	Pipeline Tariff/ Terminal Fee (CAD/M3)	EQ (CAD/M3)	Other Fees (CAD/M3)	Pipeline Loss Allowance (CAD/M3)	Net Price (CAD/M3)	Value (CAD)
ABBT0063969/ 100/03-03-030-11W4/00 (ABBT0063969-A)	17.48	878.70 1.40 0.00 0	714.35	(24.11)	(38.73)	0.00	(0.90)	650.614	(11,372.73)

Subtotal: 5.50 (3,496.43)

Subtotal: 22.98 (14,869.17)

Subtotal: (19,337.83)



Producer Statement

Gibson Energy Infrastructure Partnership

Page 2 of 2

Tax - GST:	(966.89)
------------	----------

Statement Total (Canadian Dollars):	(20,304.72)
-------------------------------------	-------------

For questions regarding this invoice, please email commercialinvoices@gibsonenergy.com



Producer Statement

Gibson Energy Infrastructure Partnership

To: AlphaBow Energy Ltd.
 1700, 222 3rd Avenue SW
 Calgary, AB T2P 0B4
 Canada

Invoice Number: 2251388
 Date: 11/24/2022
 Payment Due Date: 11/25/2022

Contact: Mary Moyer
 Phone: 587-393-5062

GST Number: 733465280-RT0001

For the Production Month of Oct-2022
 Deal Number: ALP21TP0004

MPR @ Secure Fox Creek - T

Battery/ Originating Location	Volume (M3)	Density Sulphur Butane Propane	Base Price (CAD/M3)	Pipeline Tariff/ Terminal Fee (CAD/M3)	EQ (CAD/M3)	Other Fees (CAD/M3)	Pipeline Loss Allowance (CAD/M3)	Net Price (CAD/M3)	Value (CAD)
ABBT0090089/ 100/10-07-060-21W5/00 (ABBT0090089)	.27	766.60 0.01 12.00 1.00	737.63	(16.49)	(9.60)	0.00	(0.74)	710.815	(191.92)
ABBT1300008/ 100/14-07-060-22W5/00 (ABBT1300008)	4.88	849.90 0.22 0.00 0	737.01	(16.48)	(57.45)	0.00	(0.74)	662.344	(3,232.24)

Subtotal: 5.15 (3,424.16)

Subtotal: (3,424.16)

Tax - GST: (171.21)

Statement Total (Canadian Dollars): (3,595.36)



Producer Statement

Gibson Energy Infrastructure Partnership



Producer Statement

Gibson Energy Infrastructure Partnership

To: AlphaBow Energy Ltd.
 1700, 222 3rd Avenue SW
 Calgary, AB T2P 0B4
 Canada

Invoice Number: 2251469 (Correcting Invoice No: 2251387)
 Date: 11/24/2022
 Payment Due Date: 11/25/2022

Contact: Mary Moyer
 Phone: 587-393-5062

GST Number: 733465280-RT0001

For the Production Month of Oct-2022
 Deal Number: ALP21TP0006

CAL @ Coronation - TM

Battery/ Originating Location	Volume (M3)	Density Sulphur Butane Propane	Base Price (CAD/M3)	Pipeline Tariff/ Terminal Fee (CAD/M3)	EQ (CAD/M3)	Other Fees (CAD/M3)	Pipeline Loss Allowance (CAD/M3)	Net Price (CAD/M3)	Value (CAD)
ABBT0063969/ 100/03-03-030-11W4/00 (ABBT0063969-A)	110.00	878.70 1.40 0.00 0	714.35	(24.11)	(38.73)	0.00	(0.90)	650.610	(71,567.10)
ABBT0063969/ 100/03-03-030-11W4/00 (ABBT0063969-A)	(17.48)	878.70 1.40 0.00 0	714.35	(24.11)	(38.73)	0.00	(0.90)	650.614	11,372.73
ABGP0001272/ 100/06-01-031-14W4/00 (ABGP0001272)	34.60	691.00 0.50 0 0	714.35	(24.11)	(53.41)	0.00	(0.90)	635.930	(22,003.18)
ABGP0001272/ 100/06-01-031-14W4/00 (ABGP0001272)	(5.50)	691.00 0.50 0 0	714.13	(24.10)	(53.41)	0.00	(0.90)	635.715	3,496.43

Subtotal: 121.62 (78,701.11)

Subtotal: (78,701.11)

Tax - GST: (3,935.06)

Statement Total (Canadian Dollars): (82,636.17)



Gibson Energy Infrastructure Partnership

For questions regarding this invoice, please email commercialinvoices@gibsonenergy.com



Producer Statement

Gibson Energy Infrastructure Partnership

To: AlphaBow Energy Ltd.
 1700, 222 3rd Avenue SW
 Calgary, AB T2P 0B4
 Canada

Invoice Number: 2251470 (Correcting Invoice No: 2251388)
 Date: 11/24/2022
 Payment Due Date: 11/25/2022

Contact: Mary Moyer
 Phone: 587-393-5062

GST Number: 733465280-RT0001

For the Production Month of Oct-2022
 Deal Number: ALP21TP0004

MPR @ Secure Fox Creek - T

Battery/ Originating Location	Volume (M3)	Density Sulphur Butane Propane	Base Price (CAD/M3)	Pipeline Tariff/ Terminal Fee (CAD/M3)	EQ (CAD/M3)	Other Fees (CAD/M3)	Pipeline Loss Allowance (CAD/M3)	Net Price (CAD/M3)	Value (CAD)
ABBT0090089/ 100/10-07-060-21W5/00 (ABBT0090089)	1.70	766.60 0.01 12.00 1.00	737.23	(16.48)	(9.60)	0.00	(0.74)	710.412	(1,207.70)
ABBT0090089/ 100/10-07-060-21W5/00 (ABBT0090089)	(.27)	766.60 0.01 12.00 1.00	737.63	(16.49)	(9.60)	0.00	(0.74)	710.815	191.92
ABBT1300008/ 100/14-07-060-22W5/00 (ABBT1300008)	30.70	849.90 0.22 0.00 0	737.23	(16.48)	(57.45)	0.00	(0.74)	662.560	(20,340.59)
ABBT1300008/ 100/14-07-060-22W5/00 (ABBT1300008)	(4.88)	849.90 0.22 0.00 0	737.01	(16.48)	(57.45)	0.00	(0.74)	662.344	3,232.24

Subtotal: 27.25 (18,124.13)

Subtotal: (18,124.13)

Tax - GST: (906.21)

Statement Total (Canadian Dollars): (19,030.34)



Gibson Energy Infrastructure Partnership

For questions regarding this invoice, please email commercialinvoices@gibsonenergy.com

SECURE

Cover Page
For the month of Oct 2022

Date: 11/22/2022
Time: 09:38 AM
Page 1 of 1

To: Alphabow Energy Ltd.
300, 708 - 11 Avenue SW
Calgary, AB
Canada T2R 0E4

From: Secure Energy Services Inc.
2300, 225 - 6 Avenue SW
Calgary, AB
Canada T2P 1N2
GST #857304323

Attn: Marketing Accounting
Email: MaryMoyer@alphabowenergy.com

Attn: Marketing Accounting
Phone: 403-398-6104
Email: marketing.accounting@secure-energy.com

Invoice: 2210-12915

Invoice Date: Nov 22, 2022 09:38 AM

Terms: Payment is due on the 25th following the month of receipt/delivery of product;
If the 25th is a Holiday or Saturday, payment is due on the previous CDN business day;
If the 25th is a Sunday or Monday Holiday, payment is due on the next CDN business day.

Statement	Contract	Type	Rev #	Subtotal	Tax	Total
OT4202210-035899	WP-11475-00	Purchase	0	(\$119,072.91)	(\$5,953.64)	(\$125,026.55)
				(\$119,072.91)	(\$5,953.64)	(\$125,026.55)
				Net due to Alphabow Energy Ltd. (CDN)		\$125,026.55



Shell Trading Canada
400 4TH AVENUE SW, PO BOX 100 STATION M CALGARY, AB, Canada, T2P 2H5
Producer Statement
Production Month :Oct-2022

Counterparty Information	Bank Information	Invoice Information
Company Name: ALPHABOW ENERGY LTD Address: 1800 222 3RD AVE SW CALGARY ,AB T2P 0B4 Canada Attention of: AVA JIANG Phone: 587 899 2866 Email: AVAJIANG@ALPHABOWENERGY.COM GST Reg. No. : QST Reg. No. : If you have received this invoice in error, please contact us.	Bank Name: TORONTO-DOMINION BANK-000480609 SWIFT Code: TDOMCATT Bank Address: Account Name: ALPHABOW ENERGY LTD Account Number: 80605409951 Routing Number: 000480609 Please quote Invoice Number and Company Name on payment PLEASE PAY BY WIRE TRANSFER	Invoice Number: 670344 Invoice Date: 24-Nov-2022 13:36:07 Due Date: 25-Nov-2022 Shell Contact: STC ACCOUNTINGTEAM Phone: 1 403 2163609 Email: TR-STC-Invoices@shell.com GST Reg. No. : 833532781 RT0001 QST Reg. No. : 1222055331 TQ0001

Purchases

Logistic System	Contract Deal Num#	Density/ Sulphur/ Butane/ Propane	Base Price	Quality	Pipeline Tariff	Pipeline L/A	Other	Net Price	Volume	Amount Due (You)/Us	Tax
<i>LSD</i>	<i>BTY Code</i>										
Market Balancing Trans	CALPLP0001-45 58119387	0.0 0.000 0.00 0.000								(63,466.86) CAD	T
				<i>BRN - Forecast vs Actual Variance Adjustment</i>							
BRN - Gibson 959 HAR - Gibson 959 HAR, AB TRK 100/02-32-040-11W4	CALPLP0001-36 58119416 ABB77500539	922.0 3.300 0.00 0.000	636.283883	65.21	22.83	0.86	0.00	547.379883 CAD	(618.90) M3_Heavy	(338,773.41) CAD	T
BRN - Gibson 959 HAR - Gibson 959 HAR, AB TRK 100/01-30-036-07W4	CALPLP0001-34 58119466 ABB70050366	874.3 1.510 0.00 0.000	636.283883	29.96	4.35	0.86	0.00	601.109883 CAD	(83.80) M3_Heavy	(50,373.00) CAD	T
BRN - Gibson 959 HAR - Gibson 959 HAR, AB TRK 100/04-16-040-12W4	CALPLP0001-35 58119479 ABB70043528	875.5 1.780 0.00 0.000	636.283883	32.58	24.69	0.86	0.00	578.149883 CAD	(483.10) M3_Heavy	(279,304.20) CAD	T
BRN - Gibson 959 HAR - Gibson 959 HAR, AB TRK 100/12-28-040-01W4	CALPLP0001-43 58119486 ABB70052177	957.0 3.460 0.00 0.000	636.283883	82.19	31.32	0.86	8.89	513.019883 CAD	(1,346.20) M3_Heavy	(690,627.38) CAD	T



Shell Trading Canada
400 4TH AVENUE SW, PO BOX 100 STATION M CALGARY, AB, Canada, T2P 2H5
Producer Statement
Production Month :Oct-2022

Purchases

Logistic System	Contract Deal Num#	Density/ Sulphur/ Butane/ Propane	Base Price	Quality	Pipeline Tariff	Pipeline L/A	Other	Net Price	Volume	Amount Due (You)/Us	Tax
LSD	BTY Code										
BRN - Gibson Provost - 07-21-040-07W4	CALPLP0001-8 58119469	954.6 3.730	636.283883	83.19	20.44	0.86	0.00	531.789883 CAD	(1,504.90) M3_Heavy	(800,290.60) CAD	T
07-21-040-07W4	ABBT0080072	0.00 0.000									
Market Balancing Trans	CALPLP0001-18 58119385	0.0 0.000 0.00 0.000								48.20 CAD	T
				<i>KOCHAB - Forecast vs Actual Variance Adjustment</i>							
CAL - IPL CAL Lease - IPF Stettler, AB TRK	CALPLP0001-41 58119421	894.2 2.020	715.638275	54.89	16.90	0.00	0.00	643.844775 CAD	(150.40) M3_Light	(96,834.25) CAD	T
100/09-21-038-23W4	ABBT6090008	0.00 0.000									
CAL - IPL CAL Lease - IPF Stettler, AB TRK	CALPLP0001-40 58119457	851.2 0.870	715.638275	17.95	16.90	0.00	0.00	680.784775 CAD	(78.00) M3_Light	(53,101.21) CAD	T
08-07-029-18W4	ABBT0200004	0.00 0.000									
CAL - Secure Big Valley - Secure Big Valley, AB TRK	CALPLP0001-39 58119432	760.2 0.920	715.638275	25.30	22.87	0.90	0.00	666.563745 CAD	(7.90) M3_Light	(5,265.85) CAD	T
100/11-05-029-18W4	ABBT0147381	0.00 0.000									
Market Balancing Trans	CALPLP0001-46 58119375	0.0 0.000 0.00 0.000								833.10 CAD	T
				<i>CSW - Forecast vs Actual Variance Adjustment</i>							
CSW - IPL Central AB Lease - Stettler, AB TRK	CALPLP0001-19 58119427	810.3 0.060	738.526914	(6.07)	4.90	0.00	0.00	739.693414 CAD	(824.60) M3_Light	(609,951.18) CAD	T
100/08-24-042-26W4	ABBT2140092	0.00 0.000									
CSW - IPL Central AB Lease - Stettler, AB TRK	CALPLP0001-26 58119435	825.8 0.090	738.526914	(5.27)	4.90	0.00	0.00	738.893414 CAD	(850.50) M3_Light	(628,428.85) CAD	T
100/16-32-043-26W4	ABBT0041254	0.00 0.000									
CSW - IPL Central AB Lease - Stettler, AB TRK	CALPLP0001-29 58119459	845.7 0.310	738.526914	7.52	4.90	0.00	0.00	726.103414 CAD	(145.70) M3_Light	(105,793.27) CAD	T
100/16-19-036-21W4	ABBT5810001	0.00 0.000									



Shell Trading Canada
400 4TH AVENUE SW, PO BOX 100 STATION M CALGARY, AB, Canada, T2P 2H5
Producer Statement
Production Month :Oct-2022

Purchases

Logistic System	Contract Deal Num#	Density/ Sulphur/ Butane/ Propane	Base Price	Quality	Pipeline Tariff	Pipeline L/A	Other	Net Price	Volume	Amount Due (You)/Us	Tax
LSD	BTY Code										
CSW - IPL Central AB Lease - Stettler, AB TRK	CALPLP0001-38 58119467	816.0 0.060	738.526914	(6.07)	4.90	0.00	0.00	739.693414 CAD	(32.50) M3_Light	(24,040.04) CAD	T
100/10-06-037-25w4	ABBT0102847	0.000									
HL - Gibson PL - Gibson Hard Light, AB TRK	CALPLP0001-44 58119470	899.9 2.280	676.148481	61.27	24.63	0.97	0.00	589.278481 CAD	(507.60) M3_Light	(299,117.75) CAD	T
100/04-27-040-10W4	ABBT7500149	0.000									
Purchases SubTotal										(4,044,486.55) CAD	
GST(5%) SubTotal										(202,224.29) CAD	
Total Purchases										(4,246,710.84) CAD	

Grand Total										(4,044,486.55) CAD	
GST(5%)										(202,224.29) CAD	
Total Due to ALPHABOW ENERGY LTD										(4,246,710.84) CAD	

**THIS IS EXHIBIT "Q"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:


**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

Zhu, Changhai

From: Ben Li <benli@alphabowenergy.com>
Sent: Monday, September 26, 2022 1:50 PM
To: Zhu, Changhai; fanjiang@gwdc.ca; sutao@gwdc.ca
Cc: Fairhurst, Sean; Tai, George; ywu@gwdc.ca; yueyiduan@alphabowenergy.com
Subject: Advance Drilling Revenue Payment Aug 2022
Attachments: Shell Final 2022 08 ALPHABOW_664025.pdf; Advance Drilling Revenue Payment Aug 2022.xlsx

[WARNING: EXTERNAL SENDER]

Changhai

Please find attached Aug payment calculation . Payment will be made tomorrow.

Regards

Ben

From: Ava Jiang <avajiang@alphabowenergy.com>
Sent: September 22, 2022 4:35 PM
To: Ben Li <benli@alphabowenergy.com>
Subject: Advance Drilling Revenue Payment Aug 2022

Hi Ben,

Please find the attached Aug 2022 Advanced drilling payment calculation.

Thank you,
Ava Jiang

avajiang@alphabowenergy.com



AlphaBow Energy Ltd.

300, 708 – 11th Avenue SW, Calgary AB T2R 0E4



Shell Trading Canada
400 4TH AVENUE SW, PO BOX 100 STATION M CALGARY, AB, Canada, T2P 2H5
Producer Statement
Production Month :Aug-2022

Counterparty Information		Bank Information		Invoice Information	
Company Name:	ALPHABOW ENERGY LTD	Bank Name:	TORONTO-DOMINION BANK-000480609	Invoice Number:	664025
Address:	1800 222 3RD AVE SW CALGARY ,AB T2P 0B4 Canada	SWIFT Code:	TDOMCATT	Invoice Date:	22-Sep-2022 15:26:54
Attention of:	AVA JIANG	Bank Address:		Due Date:	26-Sep-2022
Phone:	587 899 2866	Account Name:	ALPHABOW ENERGY LTD	Shell Contact:	STC ACCOUNTINGTEAM
Email:	AVAJIANG@ALPHABOWENERGY.COM	Account Number:	80605409951	Phone:	1 403 2163609
GST Reg. No. :		Routing Number:	000480609	Email:	TR-STC-Invoices@shell.com
QST Reg. No. :		Please quote Invoice Number and Company Name on payment		GST Reg. No. :	833532781 RT0001
If you have received this invoice in error, please contact us.		PLEASE PAY BY WIRE TRANSFER		QST Reg. No. :	1222055331 TQ0001

Purchases

Logistic System	Contract Deal Num#	Density/ Sulphur/ Butane/ Propane	Base Price	Quality	Pipeline Tariff	Pipeline L/A	Other	Net Price	Volume	Amount Due (You)/Us	Tax
<i>LSD</i>	<i>BTY Code</i>										
Market Balancing Trans	CALPLP0001-45 57094641	0.0 0.000 0.00 0.000								12,805.56 CAD	T
			<i>BRN - Forecast vs Actual Variance Adjustment</i>								
BRN - Gibson 959 HAR - Gibson 959 HAR, AB TRK 100/02-32-040-11W4	CALPLP0001-36 57094681 ABB77500539	922.3 3.300 0.00 0.000	636.553211	65.35	23.10	0.86	0.00	547.239211 CAD	(631.60) M3_Heavy	(345,636.27) CAD	T
BRN - Gibson 959 HAR - Gibson 959 HAR, AB TRK 100/01-30-036-07W4	CALPLP0001-34 57094691 ABB70050366	877.2 1.510 0.00 0.000	636.553211	31.27	4.35	0.86	0.00	600.069211 CAD	(91.90) M3_Heavy	(55,146.36) CAD	T
BRN - Gibson 959 HAR - Gibson 959 HAR, AB TRK 100/12-28-040-01W4	CALPLP0001-43 57094731 ABB70052177	957.0 3.270 0.00 0.000	636.553211	80.73	30.65	0.86	8.73	515.579211 CAD	(1,103.70) M3_Heavy	(569,044.78) CAD	T
BRN - Gibson 959 HAR - Gibson 959 HAR, AB TRK 100/04-16-040-12W4	CALPLP0001-35 57094743 ABB70043528	876.0 1.780 0.00 0.000	636.553211	32.81	24.56	0.86	0.00	578.319211 CAD	(592.10) M3_Heavy	(342,422.80) CAD	T



Shell Trading Canada
400 4TH AVENUE SW, PO BOX 100 STATION M CALGARY, AB, Canada, T2P 2H5
Producer Statement
Production Month :Aug-2022

Purchases

Logistic System	Contract Deal Num#	Density/ Sulphur/ Butane/ Propane	Base Price	Quality	Pipeline Tariff	Pipeline L/A	Other	Net Price	Volume	Amount Due (You)/Us	Tax
LSD	BTY Code										
BRN - Gibson Provost - 07-21-040-07W4	CALPLP0001-8 57094726	954.6 3.730	636.553211	83.19	20.44	0.86	0.00	532.059211 CAD	(1,545.10) M3_Heavy	(822,084.69) CAD	T
07-21-040-07W4	ABBT0080072	0.00 0.000									
Market Balancing Trans	CALPLP0001-18 57094630	0.0 0.000 0.00 0.000								46.10 CAD	T
CAL - IPL CAL Lease - IPF Stettler, AB TRK	CALPLP0001-41 57094676	900.2 2.020	729.051967	57.83	16.90	0.00	0.00	654.318467 CAD	(65.30) M3_Light	(42,727.00) CAD	T
100/09-21-038-23W4	ABBT6090008	0.00 0.000									
CAL - IPL CAL Lease - IPF Stettler, AB TRK	CALPLP0001-40 57094679	858.4 0.870	729.051967	21.48	16.90	0.00	0.00	690.668467 CAD	(171.20) M3_Light	(118,242.44) CAD	T
08-07-029-18W4	ABBT0200004	0.00 0.000									
CAL - Secure Big Valley - Secure Big Valley, AB TRK	CALPLP0001-39 57094713	853.1 0.920	729.051967	19.57	22.86	0.90	0.00	685.723667 CAD	(8.00) M3_Light	(5,485.78) CAD	T
100/11-05-029-18W4	ABBT0147381	0.00 0.000									
CAL - Secure Big Valley - Secure Big Valley, AB TRK	CALPLP0001-49 58558122	930.0 2.500	729.051967	79.05	22.72	0.90	0.00	626.381967 CAD	(3.90) M3_Light	(2,442.88) CAD	T
100/01-01-029-19W4	ABBT0147376	0.00 0.000									
CAL - Secure Big Valley - Secure Big Valley, AB TRK	CALPLP0001-51 58566861	930.0 2.500	729.051967	79.05	22.86	0.90	0.00	626.243667 CAD	(2.60) M3_Light	(1,628.24) CAD	T
100/10-04-029-18W4	ABBT0147390	0.00 0.000									
Market Balancing Trans	CALPLP0001-46 57094648	0.0 0.000 0.00 0.000								363.94 CAD	T
Market Balancing Trans	CALPLP0001-46 57094648	0.0 0.000 0.00 0.000								587,753.94 CAD	T



Shell Trading Canada
400 4TH AVENUE SW, PO BOX 100 STATION M CALGARY, AB, Canada, T2P 2H5
Producer Statement
Production Month :Aug-2022

Purchases

Logistic System	Contract Deal Num#	Density/ Sulphur/ Butane/ Propane	Base Price	Quality	Pipeline Tariff	Pipeline L/A	Other	Net Price	Volume	Amount Due (You)/Us	Tax
LSD	BTY Code										
CSW - IPL Central AB Lease - Stettler, AB TRK 100/10-06-037-25w4	CALPLP0001-38 57094685 ABBT0102847	817.5 0.060 0.00 0.000	722.413088	(6.07)	4.90	0.00	0.00	723.579588 CAD	(76.10) M3_Light	(55,064.41) CAD	T
CSW - IPL Central AB Lease - Stettler, AB TRK 100/16-19-036-21W4	CALPLP0001-29 57094692 ABBT5810001	845.1 0.310 0.00 0.000	723.307570	7.23	4.90	0.00	0.00	711.174070 CAD	(94.90) M3_Light	(67,490.42) CAD	T
CSW - IPL Central AB Lease - Stettler, AB TRK 100/16-32-043-26W4	CALPLP0001-26 57094699 ABBT0041254	832.5 0.090 0.00 0.000	723.307570	(1.98)	4.90	0.00	0.00	720.384070 CAD	(691.20) M3_Light	(497,929.47) CAD	T
CSW - IPL Central AB Lease - Stettler, AB TRK 100/08-24-042-26W4	CALPLP0001-19 57094706 ABBT2140092	816.1 0.060 0.00 0.000	722.413088	(6.07)	4.90	0.00	0.00	723.579588 CAD	(997.30) M3_Light	(721,625.92) CAD	T
HL - Gibson PL - Gibson Hard Light, AB TRK 100/04-27-040-10W4	CALPLP0001-44 57094749 ABBT7500149	899.0 2.280 0.00 0.000	684.226836	60.82	28.63	1.00	0.00	593.776836 CAD	(400.80) M3_Light	(237,985.75) CAD	T
Purchases SubTotal										(3,283,987.67) CAD	
GST(5%) SubTotal										(164,199.36) CAD	
Total Purchases										(3,448,187.03) CAD	

Grand Total	(3,283,987.67) CAD
GST(5%)	(164,199.36) CAD
Total Due to ALPHABOW ENERGY LTD	(3,448,187.03) CAD

**THIS IS EXHIBIT "R"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:



B6EE7FD6E0DA447...

**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

Zhu, Changhai

From: Zhu, Changhai <changhai.zhu@dentons.com>
Sent: Friday, February 17, 2023 9:13 AM
To: benli@alphabowenergy.com; scollins@MCCARTHY.CA
Cc: Fairhurst, Sean; Tai, George; fanjiang.gwdc@gmail.com; sutao@gwdc.ca; rlang@gwdc.ca; yueyiduan@alphabowenergy.com
Subject: Advance v AlphaBow - Notice of Default RE Freehold Royalty
Attachments: 2023.02.17 - Notice of Default RE Freehold Royalty.pdf

Good Morning,

Please see attached correspondence. The same is being sent to you via registered mail.

Best regards,

 **Changhai Zhu**
Associate

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +1 403 268 7135
changhai.zhu@dentons.com
[Bio](#) | [Website](#)

Dentons Canada LLP
15th Floor, Bankers Court, 850 - 2nd Street SW Calgary, AB T2P 0R8 Canada

[Zaanouni Law Firm & Associates](#) > [LuatViet](#) > [Fernanda Lopes & Associados](#) > [Guevara & Gutierrez](#) > [Paz Horowitz Abogados](#) > [Sirote](#) > [Adepetun Caxton-Martins Agbor & Segun](#) > [Davis Brown](#) > [East African Law Chambers](#) > For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems. To update your commercial electronic message preferences email dentonsinsightsca@dentons.com or visit our website. Please see [dentons.com](https://www.dentons.com) for Legal Notices.



Changhai Zhu
Associate
changhai.zhu@dentons.com
D +1 403 268 7135

Dentons Canada LLP
15th Floor, Bankers Court
850-2nd Street SW
Calgary, AB, Canada T2P 0R8

dentons.com

February 17, 2023

File No.: 571893-3

VIA REGISTERED MAIL and E-MAIL

AlphaBow Energy Ltd.
300, 708 – 11 Ave SW
Calgary, AB T2R 0E4
Attention: Ben Li
Email: BenLi@alphabowenergy.com

c/o McCarthy Tétrault LLP
Suite 4000, 421 – 7th Avenue SW
Calgary, AB T2P 4K9
Attention: Sean Collins
Email: scollins@mccarthy.ca

Dear Sirs,

Re: **Notice of Default of Settlement Agreement and Release entered between AlphaBow Energy Ltd. (“AlphaBow”) and Advance Drilling Ltd. (“Advance”)**

Any capitalized terms used herein, unless otherwise defined, shall have the meaning ascribed to those terms in the Settlement Agreement and Release entered into between AlphaBow and Advance dated November 12, 2021 (the “**Agreement**”).

The Agreement sets out AlphaBow’s obligation to pay the Monthly Payments to Advance in clear terms. Pursuant to Clause 14b of the Agreement:

Each Monthly Payment shall be in an amount that is equivalent to the applicable percentage ... of AlphaBow’s **actual proceeds of sale of production from Shell Trading Canada (and/or any replacement or additional entity or entities providing similar trading and market services for AlphaBow’s production)**

Furthermore, the applicable percentage to be used in the calculation of the Monthly Payments is to be determined with reference to the Realized Sales Price, defined as:

... the price per barrel derived from **actual total volume of production for the particular month and proceeds of sale of production received from Trading Company for the particular month.** The Realized Sales Price per barrel shall be derived by ... dividing **the total Amount Due to AlphaBow for the particular month from the Trading Company by the Volume of Product.**

AlphaBow’s deductions of the ‘Freehold Royalty’, in the amounts of \$168,825.43, from its Monthly Payment for the November 2022 production, and \$143,602.48, from its Monthly Payment for the December 2022 production are not permitted under the Agreement. Pursuant to the Agreement, the Monthly Payments must be calculated using the actual proceeds of sale of production to the trading companies (Shell, Secure, and Gibson), any after the fact deductions are not permitted.

Furthermore, AlphaBow deducted the ‘Freehold Royalty’ in calculating the per barrel price of December’s production, which is also not permitted under the Agreement.

The effect of AlphaBow’s improper deduction of the ‘Freehold Royalty’ is reflected in the following tables:

Davis Brown ► East African Law Chambers ► Eric Silwamba, Jalasi and Linyama ► Durham Jones & Pinegar ► LEAD Advogados ► Rattagan Macchiavello Arocena ► Jiménez de Aréchaga, Viana & Brause ► Lee International ► Kensington Swan ► Bingham Greenebaum ► Cohen & Grigsby ► Sayarh & Menjra ► Larrain Rencoret ► For more information on the firms that have come together to form Dentons, go to dentons.com/legacyfirms



RE: November 2022 Production	Obligation under the Agreement	After Improper Deduction of Freehold Royalty
Total Revenue:	\$3,644,619.21	\$3,475,793.78
Price per bbl:	\$85.97	\$81.99
% Payable to Advance:	5%	5%
Payment to Advance:	\$182,230.96	\$173,789.69
Deficiency in Payment:	\$8,441.27	

RE: December 2022 Production	Obligation under the Agreement	After Improper Deduction of Freehold Royalty
Total Revenue:	\$2,872,049.66	\$2,728,447.18
Price per bbl:	\$73.00	\$69.35
% Payable to Advance:	4%	3%
Payment to Advance:	\$114,881.99	\$81,853.42
Deficiency in Payment:	\$33,028.57	

AlphaBow's deficiency in payment for the November 2022 and December 2022 production totals **\$41,469.84**. AlphaBow's failure to pay to Advance the appropriate Monthly Payments for the production months of November 2022, and December 2022 is a default under the Agreement. Should such default not be cured within 10 business days of this notice, Advance will proceed to enforce its rights under the Agreement and pursue any remedies available to it without further notice to AlphaBow.

Yours truly,
Dentons Canada LLP

Changhai Zhu
Associate

/cz

Cc: Sean Fairhurst (via email)
George Tai (via email)
Jiang Fan (via email)
Tao Su (via email)
Ray Lang (via email)
Yueyi Duan (via email)

**THIS IS EXHIBIT "S"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:



B6EE7FD6E0DA447...

**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

Zhu, Changhai

From: Ben Li <benli@alphabowenergy.com>
Sent: Friday, February 24, 2023 12:13 PM
To: Zhu, Changhai; scollins@MCCARTHY.CA
Cc: Fairhurst, Sean; Tai, George; fanjiang.gwdc@gmail.com; sutao@gwdc.ca; rlang@gwdc.ca; yueyiduan@alphabowenergy.com
Subject: RE: Advance v AlphaBow - Notice of Default RE Freehold Royalty

[WARNING: EXTERNAL SENDER]

Changhai

After reviewing , Alphabow will make the correction for last two months' statement. The payment will be made next Monday.

Regards

Ben

From: Zhu, Changhai <changhai.zhu@dentons.com>
Sent: Friday, February 17, 2023 9:13 AM
To: Ben Li <benli@alphabowenergy.com>; Collins, Sean F. <scollins@MCCARTHY.CA>
Cc: Fairhurst, Sean <sean.fairhurst@dentons.com>; Tai, George <george.tai@dentons.com>; Fan Jiang <fanjiang.gwdc@gmail.com>; Tao Su <sutao@gwdc.ca>; Ray Lang <rlang@gwdc.ca>; Yueyi Duan <yueyiduan@alphabowenergy.com>
Subject: Advance v AlphaBow - Notice of Default RE Freehold Royalty

Good Morning,

Please see attached correspondence. The same is being sent to you via registered mail.

Best regards,

 **Changhai Zhu**
Associate

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +1 403 268 7135
changhai.zhu@dentons.com
[Bio](#) | [Website](#)

Dentons Canada LLP
15th Floor, Bankers Court, 850 - 2nd Street SW Calgary, AB T2P 0R8 Canada

[Zaanouni Law Firm & Associates](#) > [LuatViet](#) > [Fernanda Lopes & Associados](#) > [Guevara & Gutierrez](#) > [Paz Horowitz Abogados](#) > [Sirote](#) > [Adepetun Caxton-Martins Agbor & Segun](#) > [Davis Brown](#) > [East](#)

African Law Chambers > For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems. To update your commercial electronic message preferences email dentonsinsightsca@dentons.com or visit our website. Please see [dentons.com](https://www.dentons.com) for Legal Notices.

**THIS IS EXHIBIT "T"
REFERRED TO IN THE AFFIDAVIT OF JIANG FAN
VIRTUALLY SWORN BEFORE ME
THIS 28th DAY OF OCTOBER, 2024**

DocuSigned by:



**A Notary Public / A Commissioner for Oaths
In and for the Province of Alberta**

**Changhai Zhu
Barrister and Solicitor**

Introduction To 2015 CAPL Overriding Royalty Procedure

This is the second version of the CAPL Overriding Royalty Procedure. The 1997 versions of the CAPL Farmout & Royalty Procedure and the largely parallel Overriding Royalty Procedure became widely accepted in 1998, and have fundamentally changed the way in which our industry has documented earning agreements and royalty agreements.

Users have found that the documents: (i) reduced the cycle time and effort required to complete appropriate documentation; (ii) focused negotiations on key business components of transactions; (iii) streamlined administrative processes, while increasing document and data integrity; and (iv) focused resources on additional value creation opportunities.

This document is intended to cover Overriding Royalties that do not arise from a new earning agreement. These Overriding Royalties would tend to fall within one of the following groupings: (i) an ORR reserved when undeveloped lands are being sold; (ii) an update to an old agreement to modernize the ORR coverage or to address a clarification of interests; (iii) an agreement in which a Party is continuing or validating lands to earn the other Party's Working Interest; (iv) for the "grant" of an ORR on existing lands as a way to obtain funds; or (v) for the "grant" of an ORR by the Royalty Payor to a prospect generator, senior management or a geologist. These Overriding Royalties will often be for <5%.

There are six major objectives associated with this update to the document.

1. Make required modifications while maintaining the integrity and substance of the 1997 document.
 - Changes arising from industry's experiences with that document.
 - Changes requiring a greater scope resulting from evolving business needs.
 - Horizontal Wells and a better platform for shale projects and other projects with high handling costs.
 - Changes required because of completion of the 2007 CAPL Operating Procedure and the 2015 update.
 - Reasonable solutions to reasonably foreseeable problems.
 - Increased breadth and depth of coverage to an extent not feasible with the initial 1997 document.
 - Trend towards "plainer language" drafting style in industry agreements.
2. Create a document that will be widely used in a timely manner after completion.
 - Representatives of major stakeholders (CAPL, CAPLA, CAPP, PASC, PJVA, Legal and EPAC) involved directly on the project committee to increase alignment and assist in the marketing effort.
 - Ensure that the document is balanced (Royalty Owners and Royalty Payors, large and small companies).
 - Extensive use of annotations to assist users of all experience levels on an ongoing basis.
 - Emphasis on encouraging cross-functional industry comments over the evolution of the document.
 - An attempt to cover a range of typical industry transaction types (80-90% solution), with users expected to modify the document to address exceptions and special needs.
 - Particular care required for "granted" Overriding Royalties.
3. Minimize administrative effort associated with royalty arrangements.
 - Focus the document on the procedural elements that typically do not vary materially in agreements.
 - Shift of new procedural content to the document adds length, but simplifies finalization of Head Agreement.
 - Royalty Allocation Wells, possibility of high handling costs before First Point of Measurement.
 - Companies had historically been saying basically the same thing in a multitude of different ways.
 - Provide a platform to focus on the business issues associated with the particular transaction.
 - Not an attempt to pre-structure the business component of the transaction.
 - Users expected to amend the document to address special needs.
 - Anticipate greater focus on specific facilities and production issues in negotiations.
4. Align document with evolving business needs.
 - Continue to reduce the administrative burden associated with royalty agreements.
 - Identify major improvement opportunities that can deliver desired business results.
5. Simplification.
 - Leverage "plainer language" efforts to simplify presentation and increase clarity for users without sacrificing content.
 - Aggressive editing of the 1997 document and drafts of the update to the CAPL Farmout & Royalty Procedure.
 - Increased use of headings and white space, subdivision of longer provisions.
 - Making cross-references more transparent.
 - Balance simplification with the retention of the required content and options.
 - Options where necessary, but few options to accommodate exceptions to general practices.
 - See the sample one page election sheet included as Addendum II at the end of the document.
 - Incorporate provisions from the 2015 CAPL Operating Procedure to streamline the document.
6. Structure the document to exploit advances in systems technology.
 - Menu format to optimize accuracy of data and streamline data entry for contracts driven land information systems.
 - Structured for possible use with an electronic document preparation tool in due course.

To optimize consistency in handling ORRs, much of this document is taken verbatim from the text and commentary on the CAPL Farmout & Royalty Procedure. The differences typically reflect the likelihood that many of the ORRs to which this document will apply will be relatively small or be in circumstances in which the ORR was "granted", rather than reserved. The more significant differences are identified in the applicable portions of the annotations. (See also Addendum I.)

TABLE OF CONTENTS

1.00 DEFINITIONS AND INTERPRETATION 1

 1.01 Definitions..... 1

 1.02 Incorporation Of Provisions From 2015 CAPL Operating Procedure..... 1

 1.03 Multiple Royalty Owner Parties..... 2

 1.04 Multiple Royalty Payor Parties 3

 1.05 Modifications To CAPL Document Form 3

2.00 OVERRIDING ROYALTY..... 3

 2.01 Quantification Of Overriding Royalty..... 3

 2.02 Effect Of Pooling Or Unitization On Calculation 4

 2.03 Royalty Allocation Methodology For Certain Horizontal Wells..... 5

 2.04 Royalty Owner's Rights To Take Overriding Royalty In Kind..... 7

 2.05 Royalty Payor's Allowed Deductions..... 8

 2.06 Monthly Accounting To Royalty Owner 10

 2.07 Royalty Owner's Lien..... 10

 2.08 Royalty Wells To Be Produced Equitably..... 10

 2.09 Royalty Owner's Rights Upon Surrender 10

 2.10 Audits Of Overriding Royalty..... 10

3.00 WELL INFORMATION TO ROYALTY OWNER..... 11

 3.01 Well Information To Royalty Owner 11

 3.02 Royalty Owner's Well Information Requirements, If Applicable 11

4.00 LIABILITY AND INDEMNITY 11

 4.01 Royalty Payor's Responsibility 11

 4.02 Royalty Owner's Responsibility 12

5.00 ASSIGNMENT 12

 5.01 Incorporation Of Assignment Procedure 12

 5.02 Dispositions Of Royalty Lands 12

6.00 LAND MAINTENANCE COSTS 12

 6.01 Royalty Owner Party As Title Administrator 12

 6.02 Land Maintenance Charges..... 12

7.00 DEFAULT..... 13

 7.01 Royalty Owner's Default Remedies 13

8.00 DISPUTE RESOLUTION 13

 8.01 Parties To Negotiate In Good Faith..... 13

9.00 RESERVED FORMATIONS..... 13

 9.01 Royalty Owner's Access To Reserved Formations 13

 9.02 Royalty Payor's Activities And Reserved Formations..... 13

OVERRIDING ROYALTY PROCEDURE

Note: Material differences relative to corresponding FO&RP content indicated by shading. See also the annotations.
Attached to and forming part of the Agreement dated _____, between _____

1.00 DEFINITIONS AND INTERPRETATION

1.01 Definitions

In this Overriding Royalty Procedure (and in addition to the definitions incorporated by reference from Clause 1.01 of the 2015 CAPL Operating Procedure under Clause 1.02):

"Agreement" means the Head Agreement and the Schedules attached to it, including this Overriding Royalty Procedure.

"Effective Date" means _____.

"Head Agreement" means the Agreement, other than the Schedules.

"Overriding Royalty" means that interest in a portion of the Petroleum Substances within, upon, under or attributed to the Royalty Lands that is reserved by or granted to the Royalty Owner under the Head Agreement, which interest is as more particularly outlined in Article 2.00.

"Overriding Royalty Procedure" means this Schedule.

"Reserved Formations" means any rights held under the Title Documents by the Royalty Owner that are not included in the Royalty Lands and that, by surface area, coincide with the Royalty Lands

"Royalty Lands" means, as applicable: (i) the areal, stratigraphic and substance rights described as "Royalty Lands" in Schedule "A" (or elsewhere in the Agreement); or (ii) made subject to the Overriding Royalty in the manner outlined in the Head Agreement, or so much of those rights as remain subject to the Agreement and the Title Documents at the relevant time, and includes the Petroleum Substances within, upon or under those Royalty Lands.

"Royalty Owner" means a Party reserving the Overriding Royalty or being granted the Overriding Royalty, as applicable.

"Royalty Payor" means a Party holding a Working Interest subject to the Overriding Royalty.

"Royalty Well" means any well from which production: (i) is or may be obtained from the Royalty Lands; or (ii) may be allocated to the Royalty Lands under a pooling, unit or other arrangement.

"Title Documents" means the documents of title described as "Title Documents" (or any similar reference) in Schedule "A" (or elsewhere in the Agreement), insofar as they relate to the Royalty Lands. The Title Documents include all amendments, renewals, extensions, continuations or replacements (whether by operation of the applicable document, the Regulations, law or equity or other agreement of the Parties) thereof, in whole or in part.

1.02 Incorporation Of Provisions From 2015 CAPL Operating Procedure

The following provisions of the standard form 2015 CAPL Operating Procedure are incorporated herein by reference, *mutatis mutandis*, as may be modified more specifically below:

- 1.01 "Affiliate";
- "Business Day";
- "Completion";
- "Equipping";
- "Equipping Costs";
- "Facility Fees", with "Clause 8.01" replacing "Article 21.00" in the second last line;
- "Facility Usage", with "Royalty Payor's" replacing "Party's" in the first line and "from a Royalty Well" replacing "of a Non-Taking Party under Article 6.00 or those produced from an Independent Well" in the second and third lines;
- "First Point of Measurement";
- "Gross Negligence or Wilful Misconduct";
- "Horizontal Leg";
- "Horizontal Well", with the addition at the end of ", provided that each Horizontal Leg of a Royalty Well with more than one Horizontal Leg will be treated as a separate Royalty Well" for the purposes of Article 2.00;
- "HSE";

- "Losses and Liabilities";
- "Market Price", in which the optional sentence therein will ___/will not ___ (*Specify*) be selected to apply;
- "Operation";
- "Party";
- "Petroleum Substances";
- "Recompletion";
- "Regulations";
- "Schedule";
- "Spacing Unit", in which the following paragraph is added at the end of the definition: "Notwithstanding the preceding portion of this definition, a reference in Clause 2.03 to a Spacing Unit that includes Royalty Lands being penetrated by a Royalty Allocation Well refers to the applicable area(s) that would apply to that well under the Regulations if that well were drilled as a vertical well on each such area.";
- "Spud", in which the phrase "in the AFE or Operation Notice" is deleted;
- "Title Administrator"; and
- "Working Interest", in which the phrase "a Production Facility; or" is deleted;
- 1.02 "References And Interpretation";
- 1.04 "Conflicts", with "Article 4.00" replacing the phrase "Article 4.00" in the ninth line of Subclause 1.04A;
- 1.05 "No Partnership Or Fiduciary Relationship", with "Article 7.00" replacing the phrase "Article 5.00" in the first line of Subclause 1.05A and the deletion of the content in items (i) and (ii) from the seventh and eighth lines of Subclause 1.05A;
- 1.06 "Governing Law", with "Clause 8.01" replacing the phrase "Article 21.00" in the fifth line;
- 1.07 "Extension Under Alberta Limitations Act", with "Clause 8.01" replacing the phrase "Article 21.00" in the first line;
- 1.08 "Time Of Essence";
- 1.09 "No Amendment Except In Writing";
- 1.10 "Waiver";
- 1.11 "Supersedes Previous Agreements";
- 1.12 "Limitation On Right Of Acquisition";
- 3.04 "Proper Practices In Joint Operations", with the deletion of the last sentence;
- 3.05 "Health, Safety And The Environment", with the deletion of the last sentence of Subclause 3.05A;
- 3.06 "Protection From Liens", with "Clause 7.01" replacing the phrase "Clause 5.05" in the third line;
- 3.07 "Records And Accounts";
- 3.10 "Maintenance Of Title Documents", with the addition at the end of the first sentence of Subclause 3.10B of: ", provided that the Royalty Payor is not obligated to consult in this manner with a Royalty Owner, unless that application also pertains to the Reserved Formations";
- 3.14 "Measurement";
- 18.01 "Confidentiality Requirement", with the deletion of the phrase "subject to the disclosure process in Clause 18.03" in the second line. The following optional addition at the end of this Clause will ___/will not ___ apply (*Specify*): "Notwithstanding the preceding portion of this Clause and the requirements of the Agreement pertaining to public announcements, the Parties holding a Working Interest in the applicable Royalty Lands have no obligation to the Royalty Owner to keep confidential information obtained from any Royalty Well";
- 18.05 "Confidentiality Requirement To Continue";
- 19.01 "Parties To Discuss Public Announcements";
- 22.01 "Service Of Notice", with the deletion of the last sentence of Subclause 22.01A;
- 22.02 "Addresses For Service"-The Parties' addresses for service will be as set forth herein or in the Head Agreement, as applicable;
- 24.03 "Multiple Assignment Not To Increase Costs", with "Royalty Payor" replacing "Operator" in the first and third lines and "or Overriding Royalty" added after "Working Interest" in the second line;
- 25.01 "Parties To Supply Further Assurances";
- 25.03 "Enurement";
- 25.04 "Use Of Name"; and
- 25.05 "Waiver Of Relief".

In those incorporated provisions, "Operating Procedure" will be read as "Overriding Royalty Procedure", "Joint Lands" will be read as "Royalty Lands", "Joint Operations" will be read as "Operations", "Non-Operator" will be read as "Party", "Operator" will be read as "Royalty Payor" or "Royalty Payor Party designated as the representative of the Royalty Payor", as applicable, and references to "Authority for Expenditure", "for the Joint Account" and "Production Facility" will be deleted. Nothing in any of those incorporated provisions requires the Royalty Owner to assume any cost, risk or expense associated with an Operation conducted hereunder unless otherwise provided herein or in the Head Agreement.

1.03 Multiple Royalty Owner Parties

If the Royalty Owner comprises more than one Party:

- (a) the Royalty Payor will provide required information and notices individually to each Royalty Owner Party;

- (b) elections to be made by the Royalty Owner hereunder may be made individually by each Royalty Owner Party; and
- (c) the rights and obligations of the Royalty Owner Parties will be several and not joint or collective, and, subject to any modifications to the Royalty Owner Parties' interests effected under the Agreement, will accrue proportionately to them in the percentages set forth in the Head Agreement.

1.04 Multiple Royalty Payor Parties

If the Royalty Payor comprises more than one Party:

- (a) the Royalty Payor's obligations and liabilities to the Royalty Owner will be joint and several;
- (b) the Royalty Owner may deal solely with the Royalty Payor Party designated as the Royalty Payor's representative in the Head Agreement for matters arising under the Head Agreement or this Overriding Royalty Procedure, provided that: (i) the Royalty Owner will provide each Royalty Payor Party with any notice it serves to the Royalty Payor; (ii) the Royalty Payor is bound by the acts and elections of that representative acting in that capacity; and (iii) the Royalty Payor may designate another representative by notice to the Royalty Owner; and
- (c) the Royalty Payor's rights and obligations will accrue proportionately to the Royalty Payor Parties in the percentages set forth in the Head Agreement, subject to: (i) Paragraph 1.04(a); and (ii) any modifications to the Royalty Payor Parties' interests effected under the Agreement.

If the Royalty Payor initially comprises one Party and it subsequently disposes of a portion of its interest as permitted hereunder, the Royalty Payor Parties will designate one of them as their representative under this Clause.

1.05 Modifications To CAPL Document Form

This Overriding Royalty Procedure is in the form of the 2015 CAPL Overriding Royalty Procedure published by the Canadian Association of Petroleum Landmen. It is modified only by filling in the blanks and making the elections required herein and by those additional changes specifically identified: (i) herein by underlining or strikethrough text; (ii) in the Head Agreement; or (iii) in a Schedule of elections to this Overriding Royalty Procedure. Each modification hereof that has not been specifically identified in this manner will be deemed to be inoperative, and the 2015 CAPL Overriding Royalty Procedure will apply as if that modification had not been made.

2.00 OVERRIDING ROYALTY

2.01 Quantification Of Overriding Royalty

A. Description Of Overriding Royalty-The Overriding Royalty is an interest in land. The quantification of the Overriding Royalty under this Clause 2.01 is subject to the other provisions of this Article, including the modified calculation under Subclause 2.02C for production of Petroleum Substances allocated to the Royalty Lands under a pooling, unit or other combination of Royalty Lands with other lands or any other such allocation under Clause 2.03 for a Horizontal Well drilled partly on the Royalty Lands. The Overriding Royalty is created effective as of the date and in the manner provided in the Head Agreement and this Overriding Royalty Procedure. The Overriding Royalty is based on a grant of a 100% Working Interest. It will be determined on a well by well basis at the First Point of Measurement, and will be as follows:

- (a) for crude oil, Alternate ____ will apply (*Specify 1 or 2*), after the removal of basic sediment, water and other applicable impurities.

Alternate 1 (Fixed Percentage):

____% of the gross monthly production thereof from each Royalty Well.

Alternate 2 (Sliding Scale):

the gross monthly production thereof from each Royalty Well (expressed in cubic metres) divided by _____. That amount will be deemed a percentage, and will be not less than ____% and not more than ____%. However, the Royalty Payor will quantify the Overriding Royalty for a Royalty Well producing crude oil from two or more formations of the Royalty Lands separately for each such formation, except to the extent otherwise provided in the Agreement or that the Crown in right of the Province in which the Royalty Well is located permits the commingling of production from those formations for the purpose of calculating Crown royalty payments.

- (b) for all other Petroleum Substances, Alternate ____ will apply (*Specify 1 or 2*), after the removal of basic sediment, water and other applicable impurities.

Alternate 1 (Fixed Percentage):

____% of the gross monthly production thereof from each Royalty Well.

Alternate 2 (Free And Clear Of Facility Fees):

- (i) insofar as not taken in kind by the Royalty Owner under Clause 2.04, the gross proceeds from the Royalty Payor's sale of ____% of the gross monthly production thereof from each Royalty Well, free and clear of all costs through the First Point of Measurement and all Facility Fees otherwise chargeable under Clause 2.05, other than for certain enrichment expenses prescribed by Subclause 2.05D; and
- (ii) insofar as taken in kind by the Royalty Owner, ____% of the gross monthly production thereof from each Royalty Well, free and clear of all costs through the First Point of Measurement.

This grammatical paragraph applies if the Royalty Payor's Working Interest subject to the Overriding Royalty is less than 100%. In such event, the Royalty Payor will prorate the Overriding Royalty calculated under the preceding portion of this Subclause by multiplying the initial calculated Overriding Royalty by the percentage of the Royalty Payor's applicable Working Interest.

- B. Petroleum Substances Not Accruing To Royalty Owner-Notwithstanding the calculation at the First Point of Measurement under Subclause 2.01A, the reservation of the Overriding Royalty to the Royalty Owner will not include Petroleum Substances that the Royalty Payor reasonably uses or unavoidably loses in the Royalty Payor's drilling, Completion and production Operations for the Royalty Lands. This includes the use of those Petroleum Substances in batteries, gas plants, pipelines, treaters, compressors, separators, satellites and similar equipment serving Royalty Wells, insofar only as that use is proportionate to their use to handle those Petroleum Substances. However, the permitted use contemplated in this Subclause does not include the use of Petroleum Substances for any enhanced recovery operations or as line fill for any transportation pipelines.
- C. Other Hydrocarbons Used In Fracture Stimulation Programs-Notwithstanding any provision of the Agreement, any hydrocarbon substances used in a fracture stimulation program on a Royalty Well will not be regarded as Petroleum Substances as and when recovered from that Royalty Well. This Subclause does not modify the Royalty Payor's obligation under this Article for any such hydrocarbon substances that originally were Petroleum Substances within, upon or under the Royalty Lands (or allocated thereto under Clause 2.02) and that were produced from another Royalty Well for use in any such fracture stimulation program.
- D. Other Hydrocarbons And Storage Facility-Notwithstanding any provision of the Agreement, any hydrocarbon substances produced from a well not subject to the Agreement that are injected in the Royalty Lands as part of a storage project will not be regarded as Petroleum Substances as and when recovered from a Royalty Well. This Subclause does not modify the Royalty Payor's obligation under this Article with respect to any such substances that had originally been Petroleum Substances within, upon or under the Royalty Lands (or allocated thereto under Clause 2.02) and that were originally produced from another Royalty Well.

2.02 Effect Of Pooling Or Unitization On Calculation

- A. Right To Pool On Acreage Basis-Subject to the limitation in the next sentence and any application of Clause 2.03 for a Horizontal Well drilled partly on the Royalty Lands, the Royalty Payor is authorized to pool the Petroleum Substances (or any of them) in a formation underlying all or a portion of the Royalty Lands insofar as is required to form a Spacing Unit in that formation. Any such pooling must allocate production therefrom to the applicable Royalty Lands on a basis that: (i) is not unreasonable; and (ii) is not less than the proportion that the surface area of the Royalty Lands included in the Spacing Unit bears to the total surface area of the Spacing Unit, and Subclause 2.02B applies if both of those conditions are not satisfied. The Royalty Payor will promptly notify the Royalty Owner of any such permitted pooling, including in that notice a description of the extent to which the Royalty Lands have been pooled and the pooled Spacing Unit.
- B. Other Poolings And Units-The Royalty Payor must promptly notify the Royalty Owner of any intention to pool, unitize or otherwise combine any portion of the Royalty Lands with any other lands, other than as provided in Subclause 2.02A or Clause 2.03. That notice must include the technical justification therefor and the proposed terms thereof, provided that the Royalty Payor is not required to provide interpretive data to the Royalty Owner. Unless otherwise permitted under Subclause 2.02A or Clause 2.03, the Royalty Payor may not enter into that pooling, unitization or combination without the Royalty Owner's prior written consent, which consent may not be unreasonably delayed or withheld. For this purpose, the Royalty Owner may withhold that consent, by notice to the other Parties, if it has a reasonable belief that the proposed pooling, unitization or combination would result in it receiving an inequitable allocation of applicable production volumes hereunder and by including in that notice its basis for withholding consent. A Royalty Owner Party that fails to consent or object to that notice from the Royalty Payor within 20 Business Days following its receipt of that notice will be deemed to have consented to that pooling, unitization or other combination.
- C. Impact On Quantification Of Overriding Royalty-This Subclause applies if any portion of the Royalty Lands is pooled, unitized or combined with any other lands under this Clause. Clause 2.01 will thereupon be deemed

to be amended to calculate the volume of the Overriding Royalty by applying the percentage(s) or formula prescribed by that Clause to the quantity of Petroleum Substances allocated to the affected Royalty Lands under the applicable pooling, unitization or combination. If that pooling, unitization or combination applies to crude oil and the sliding scale in Alternate 2.01A(a)(2) applies, the gross monthly production of crude oil to be used under that Alternate in determining the percentage therein will be:

- (a) for poolings using Royalty Lands to form a Spacing Unit under Subclause 2.02A or B, the total production of crude oil from the Royalty Well subject to that pooling before the proration of production to the applicable Royalty Lands under that pooling; and
- (b) for other forms of poolings, or for any unitization or combination whereby crude oil is allocated to Royalty Lands comprising all or a portion of a crude oil Spacing Unit, the total production of crude oil allocated to that Spacing Unit.

2.03 Royalty Allocation Methodology For Certain Horizontal Wells

A. Definitions In This Clause-In this Clause:

"Allocation Ratio" means, subject to any further required allocation under Clause 2.02 due to a pooling or unitization applicable to the Royalty Lands, the allocation described in Alternate ____ (*Specify 1 or 2*):

Alternate 1 (Ratio Of Royalty Length To Total Horizontal Length):

the Royalty Length of a Royalty Allocation Well divided by the Total Horizontal Length of that well, expressed as a percentage and rounded to two decimal places.

Alternate 2 (Allocation As In Regulations):

the allocation of production volumes to the Royalty Lands from a particular Royalty Allocation Well using the same allocation methodology as is prescribed by the Regulations in the jurisdiction in which that well is located if that well were drilled partly on Crown lands and partly on other lands, regardless of whether it will actually produce from any such Crown lands.

"As Drilled Survey" means a diagrammatic presentation of final survey data obtained after a Royalty Allocation Well has been drilled that shows the actual wellpath of that well, including its Heel, Toe, applicable Royalty Length and Total Horizontal Length.

"Heel" means the point described on the "As Drilled Survey" for the applicable Horizontal Well corresponding to, as applicable, either:

- (a) for a well in which intermediate casing is set within the formation being drilled horizontally, the downhole coordinates of the applicable Horizontal Leg corresponding to the bottom of the intermediate casing; or
- (b) for a well in which the intermediate casing is set in a formation above the formation being drilled horizontally or in a case in which there is no intermediate casing, the downhole coordinates at which the applicable Horizontal Leg reaches at least 85 degrees inclination from vertical within the formation being drilled horizontally.

"Royalty Allocation Well" means a Royalty Well drilled as a Horizontal Well so that the Horizontal Leg penetrates in part a Spacing Unit that includes Royalty Lands and in part other lands.

"Royalty Length" means that portion of the Total Horizontal Length of a Royalty Allocation Well that is located on a Spacing Unit including Royalty Lands (including for this purpose half of any road allowance being traversed by the Horizontal Leg of that well), as described on the As Drilled Survey for that well.

"Toe" means the bottom hole coordinates of a Royalty Allocation Well, as described on the As Drilled Survey for that well, or the bottom hole coordinates of the applicable Horizontal Leg if a Royalty Allocation Well includes more than one Horizontal Leg, provided that any permanent plugging back or cementing off of a portion of a Horizontal Leg prior to the commencement of production from that Royalty Allocation Well will result in a corresponding adjustment to its Toe, Total Horizontal Length and Royalty Length, as applicable.

"Total Horizontal Length" means the horizontal length in metres of a Royalty Allocation Well, measured within that well between its Heel and Toe, as identified on the As Drilled Survey for that well.

- B. Royalty Owner's Consent And Royalty Payor's Discretion-The Royalty Payor will notify the Royalty Owner of any Royalty Well that is anticipated to be a Royalty Allocation Well prior to Spudding it, and will include with that notification the preliminary survey plan for that well, as well as that well's anticipated Heel, Toe, Royalty Length, Total Horizontal Length and, subject to any application of Alternate 2 of the definition of Allocation

Ratio, the preliminary, estimated Allocation Ratio. Each Party comprising the Royalty Owner confirms that it consents to the drilling of one or more Royalty Allocation Wells and the allocation of production therefrom on the basis provided in this Clause. This consent is subject to the discretion of the Royalty Payor:

- (a) not to proceed to drill any anticipated Royalty Allocation Well;
- (b) to modify the anticipated wellpath trajectory and bottom hole location, or either of them, for any Royalty Allocation Well; and
- (c) to Complete or otherwise manage a Royalty Allocation Well;

in the manner that it sees fit, insofar as the Royalty Payor otherwise complies with its obligations under the Agreement. Notwithstanding the foregoing portion of this Subclause (but subject to any application of Alternate 2 of the definition of Allocation Ratio), the Allocation Ratio for a Royalty Allocation Well will be adjusted accordingly insofar as any modification contemplated in Paragraph (b) above alters the Royalty Length or the Total Horizontal Length of that Royalty Allocation Well.

C. Calculation Of Overriding Royalty Respecting Royalty Allocation Well

- (a) This Subclause is subject to any provision in the Head Agreement to the contrary, any different outcome that may be agreed in writing by the Parties for a particular Royalty Allocation Well, any application of Alternate 2 of the definition of Allocation Ratio and any additional allocation that may be required to be made under Clause 2.02 due to a pooling or unitization applicable to the Royalty Lands.
- (b) Insofar as this Clause 2.03 applies to a Royalty Allocation Well, the quantity of produced Petroleum Substances allocated to a Spacing Unit that includes Royalty Lands under this Clause from that Royalty Allocation Well will be determined by multiplying the Allocation Ratio by the total volume of Petroleum Substances produced from that Royalty Allocation Well.
- (c) During the period prior to receipt of the As Drilled Survey and confirmation of the Allocation Ratio for the applicable Royalty Allocation Well, the Royalty Payor will use as a preliminary Allocation Ratio the anticipated Royalty Length of that Royalty Allocation Well to its anticipated Total Horizontal Length, as contained in the preliminary survey plan for that Royalty Allocation Well.

D. No Alteration Of Allocation Over Time-The Parties recognize that the productivity of a Royalty Allocation Well may change over time, but, other than for any potential adjustment contemplated in the definition of Toe in Subclause 2.03A, this will not result in any alteration of the Allocation Ratio.

E. Separate Calculations For Distinct Horizontal Legs-If a Royalty Allocation Well includes more than one Horizontal Leg, the Royalty Payor will make the calculation contemplated in this Clause for each such Horizontal Leg as if it were by itself an individual Royalty Allocation Well. Notwithstanding the preceding sentence (but subject to any application of Alternate 2 of the definition of Allocation Ratio), if it is not feasible for the Royalty Payor to determine the production actually attributable to each such separate Horizontal Leg, it will use as a basis for the calculation the ratio of the Total Horizontal Length of each such Horizontal Leg to the sum of the Total Horizontal Lengths of all of those Horizontal Legs.

F. Confirmation Of Allocation Ratio

- (a) The Royalty Payor will use reasonable efforts to obtain an As Drilled Survey for any Royalty Allocation Well in a timely manner following the drilling rig release of that well. It will provide a copy of the As Drilled Survey for any Royalty Allocation Well to the Royalty Owner within 30 days after receiving it.
- (b) This Paragraph is subject to any application of Alternate 2 of the definition of Allocation Ratio. The Royalty Payor will notify the Royalty Owner of the Allocation Ratio for a Royalty Allocation Well within 45 days after the Royalty Payor's receipt of the As Drilled Survey for that well. It will outline in that notice the basis for the calculation of the Allocation Ratio in reasonable detail. The information in that notice will be deemed to be correct unless, within 30 days after its receipt, a Party comprising the Royalty Owner notifies the Royalty Payor that it does not believe that the information in that notice is accurate, its reasons for that belief and its suggested correction to the Allocation Ratio. The Parties will refer the matter for resolution under Clause 8.01 in a timely manner if they are otherwise unable to agree on the Allocation Ratio. This Paragraph and Subclause 2.03G will also apply, *mutatis mutandis*, to any required adjustment of the Allocation Ratio provided for in that definition.

G. Modified Allocation Ratio And Adjustment Of Accounts-This Subclause applies insofar as an initial Allocation Ratio used for the calculation of the Overriding Royalty for a Royalty Allocation Well is being modified as a result of the receipt of the As Drilled Survey or any application of the Regulations pursuant to Alternate 2 of

the definition of Allocation Ratio, as applicable. Any such modification to the Allocation Ratio for a Royalty Allocation Well will be done on a cash basis, and the Parties will adjust accounts accordingly for the required amount within 60 days following the finalization of that Allocation Ratio. Any such adjustment will be made using the Market Price that was used for the calendar month to which the applicable portion of any such adjustment pertains. The Royalty Payor will effect any such adjustment with or against the production volumes or amount payable to the Royalty Owner in conjunction with the calculation of the Overriding Royalty in the calendar month following finalization of that Allocation Ratio. The Royalty Payor will identify clearly any such adjustment attributable to a modified Allocation Ratio on its statement delivered with respect to the calculation of the Overriding Royalty for the production month in which that adjustment is effected.

2.04 Royalty Owner's Rights To Take Overriding Royalty In Kind

- A. Royalty Payor Initially Appointed As Agent-The Royalty Payor is appointed as the Royalty Owner's agent for the handling and disposition of the Overriding Royalty share of Petroleum Substances, subject to this Clause. All acts of the Royalty Payor under this Clause in the handling and disposition of those Petroleum Substances and the receipt of proceeds of sale therefrom will be as trustee for the Royalty Owner.
- B. Royalty Owner's Election To Take In Kind
- (a) The Royalty Owner may, on a minimum of 60 days' prior notice to the Royalty Payor, revoke the agency established in Subclause 2.04A and elect to take delivery of the Petroleum Substances comprising the Overriding Royalty in kind at the First Point of Measurement. The Royalty Owner may exercise this right separately for each type of Petroleum Substance. Any such election will be effective on the first day of the calendar month following expiry of that minimum 60-day period.
 - (b) The Royalty Owner will supply the Royalty Payor in a timely manner with such information about the Royalty Owner's arrangements for disposition of Petroleum Substances being taken in kind under this Subclause as the Royalty Payor may reasonably require to co-ordinate custody transfer and shipping arrangements for those Petroleum Substances. The Royalty Owner will be deemed to have failed to take those Petroleum Substances in kind if it does not provide the Royalty Payor with that information.
- C. Delivery Of Volumes Being Taken In Kind
- (a) This Subclause applies if the Royalty Owner takes in kind its Overriding Royalty share of production of Petroleum Substances.
 - (b) The Royalty Payor will remove basic sediment, water and other applicable impurities from Petroleum Substances being taken in kind by a Royalty Owner in accordance with good oilfield practice, so that relevant pipeline specifications can be met. The Royalty Payor will provide the Royalty Owner, at the Royalty Payor's cost, production tankage capacity for an accumulation of the Overriding Royalty share of any such crude oil or liquid products extracted from natural gas at the wellhead consistent with the Royalty Payor's shipping schedule for its own share of those Petroleum Substances.
 - (c) The Royalty Payor will deliver the Overriding Royalty share of Petroleum Substances being taken in kind by the Royalty Owner to it (or its nominee) at the First Point of Measurement, in accordance with usual and customary pipeline and shipping practice. It will deliver those Petroleum Substances free and clear of all charges to that point, other than: (i) as prescribed in Paragraph 2.04C(d); and (ii) for certain enrichment expenses prescribed by Subclause 2.05D.
 - (d) Costs for the removal and disposal of basic sediment, water and other applicable impurities from Petroleum Substances to and including the First Point of Measurement will be allocated between the Royalty Payor and the Royalty Owner on the same basis as prescribed by Subclause 2.05A, except insofar as Paragraph 2.05A(2)(c) or Alternate 2.01A(b)(2) require the Royalty Payor to retain full responsibility for those costs.
 - (e) The Royalty Owner will assume sole responsibility for all costs and expenses incurred for the transportation, processing or other handling of Petroleum Substances delivered to it under this Subclause following that delivery.
 - (f) This Paragraph is subject to any provision of the Agreement that otherwise requires the Royalty Owner to assume any responsibility for any particular Encumbrance. Notwithstanding any other provision of this Overriding Royalty Procedure, a Royalty Owner that takes in kind does not otherwise assume any responsibility for the lessor royalty or any encumbrances attributable to the Overriding Royalty share of Petroleum Substances it takes in kind. The Royalty Payor retains full responsibility for all such burdens relating to that share of Petroleum Substances.
- D. Dispositions By Royalty Payor As Agent-Unless otherwise agreed by the Royalty Payor and the Royalty Owner, this Subclause applies insofar as the Royalty Owner is not taking its Overriding Royalty share of

Petroleum Substances in kind under this Clause. The Royalty Payor will dispose of those Petroleum Substances on behalf of the Royalty Owner by:

- (a) selling them at a Market Price and accounting to the Royalty Owner for the proceeds of that sale; or
- (b) purchasing them for the Royalty Payor's own account (or the account of an Affiliate) at a Market Price and accounting to the Royalty Owner for the proceeds of that purchase.

E. Revocation Of Royalty Owner's Election To Take In Kind

- (a) Insofar as the Royalty Owner has elected under Subclause 2.04B to take the Overriding Royalty in kind, it may re-establish the agency in Subclause 2.04A on a minimum of 60 days' prior notice to the Royalty Payor. Any such election will be effective as of the first day of the calendar month following expiry of that minimum 60-day period. The Royalty Owner may exercise this revocation right separately for each type of Petroleum Substance.
- (b) Notwithstanding the remainder of this Clause 2.04, the Royalty Payor may, by notice to the Royalty Owner, revoke a particular election of a Royalty Owner to take its Overriding Royalty share of Petroleum Substances in kind if the Royalty Owner failed to comply with its election to take them in kind for a period of greater than 45 consecutive days at any point after that election became effective.

F. Marketing Fee If Electing Royalty Owner Fails To Take In Kind-This Subclause applies insofar as a Royalty Owner that elected to take its Overriding Royalty share of Petroleum Substances in kind under Subclause 2.04B fails to fulfill that obligation. Insofar as a Royalty Payor disposes of that Royalty Owner's Overriding Royalty share of those Petroleum Substances under this Clause after that election became effective, that Royalty Payor may charge a marketing fee of:

- (a) 2.5% of the proceeds of sale of that production, determined (by an adjustment to the applicable Market Price) at the wellhead, for all such Petroleum Substances delivered at the wellhead, provided that there will be a minimum marketing fee of \$0.10/gigajoule for any such natural gas; or
- (b) 2.5% of the proceeds of sale of that production, determined (by an adjustment to the Market Price) at the outlet of the applicable gas plant, for all such Petroleum Substances delivered at or after that location, provided that there will be a minimum marketing fee of: (i) \$0.10/gigajoule for natural gas; and (ii) \$2/tonne for sulphur.

2.05 Royalty Payor's Allowed Deductions

A. Costs Through First Point of Measurement-Costs and expenses incurred to and including the First Point of Measurement for the Overriding Royalty share of Petroleum Substances will be borne solely by the Royalty Payor, provided that the responsibility for expenses for removal, transportation and disposal of basic sediment, water and other applicable impurities to and including the First Point of Measurement will be as prescribed by Alternate __ (Specify 1 or 2):

Alternate 1 (Royalty Payor Responsible For All Costs):

The Royalty Payor will be solely responsible for all expenses for removal, transportation and disposal of basic sediment, water and other applicable impurities from the Overriding Royalty share of Petroleum Substances to and including the First Point of Measurement.

Alternate 2 (Royalty Owner Bears Proportionate Share Of Certain Costs):

- (a) *Except for any prohibition on the charges under Alternate 2.01A(b)(2) and as provided in Paragraph 2.05A(2)(c), the Royalty Owner will be responsible, on a well by well basis, for all expenses for removal, transportation and disposal of basic sediment, water and other applicable impurities from the Overriding Royalty share of Petroleum Substances to and including the First Point of Measurement.*
- (b) *The Royalty Payor will handle costs described in Paragraph 2.05A(2)(a) as a deduction against the amount payable to the Royalty Owner under Clause 2.06 insofar as it does not take its Overriding Royalty in kind under Clause 2.04. The Royalty Payor will invoice the Royalty Owner for any such amounts on a monthly basis insofar as it takes its Overriding Royalty in kind. The Royalty Owner will pay that invoice within 30 days after receipt, subject to its rights to verify amounts owing hereunder.*
- (c) *Notwithstanding Paragraph 2.05A(2)(a), nothing in this Alternate 2 requires the Royalty Owner to assume any responsibility for any costs and expenses reasonably associated with the removal, storage and disposal of water:*
 - (i) *previously injected into that Royalty Well in conjunction with any fracture stimulation program conducted as part of the Completion or Recompletion of that Royalty Well; and*

- (ii) *being recovered during the initial cleanup period following that Completion or Recompletion in which high, initial volumes of fluids used in that fracture stimulation program are being recovered and managed using water storage facilities that are temporarily on site.*

B. Costs After First Point of Measurement

- (a) This Subclause is subject to the limitations on deductions prescribed by Subclause 2.05C and the handling of certain enrichment expenses under Subclause 2.05D. The deductions contemplated in this Subclause and Subclause 2.05C also do not include certain adjustments to proceeds under the definition of Market Price for transportation expenses.
- (b) Insofar as the Royalty Payor disposes of Petroleum Substances comprising the Overriding Royalty on behalf of the Royalty Owner hereunder, the Royalty Owner will be responsible, on a well by well basis, for the following costs and expenses incurred after the First Point of Measurement for its share of those Petroleum Substances:
 - (i) for crude oil and liquid products extracted from natural gas at the wellhead, any associated Facility Fees and any transportation expenses to transport those Petroleum Substances from the First Point of Measurement to the point of sale;
 - (ii) for other Petroleum Substances, the relevant Facility Fees if Alternate 2.01A(b)(1) applies; and
 - (iii) for any further costs incurred to satisfy pipeline specification requirements or for any secondary removal, storage or disposal of water, basic sediment and other impurities insofar as Alternate 2.01A(b)(2) does not apply.

However, a cost or expense attributable to more than one Petroleum Substance being disposed of by the Royalty Payor may be deducted only once.

- C. Limitations On Deductions If Royalty Payor Markets-Notwithstanding Subclauses 2.05A and B, this Subclause potentially limits the deductions the Royalty Payor may make under those Subclauses against the amount payable to the Royalty Owner under Clause 2.06 for expenses incurred by the Royalty Payor in handling the Overriding Royalty share of Petroleum Substances. Those authorized deductions are subject to Alternate(s): 1 only ___; 2 only ___; 3 only ___; a combination of ___; or none of 1, 2 or 3 ___ below (*Specify Alternate*). However, the applicable deductions for the Overriding Royalty share of Petroleum Substances from or allocated to a Royalty Well may not exceed the lowest authorized deduction prescribed below if more than one such Alternate is selected to apply:

Alternate 1 (Deductions As Prescribed By Regulations):

The deductions must not exceed those permitted by the Regulations for the calculation of royalties if the lessor under the relevant Title Documents were the Crown in right of the Province in which the Royalty Lands are located.

Alternate 2 (Percentage Cap On Deductions):

The deductions must not be greater than ___% of the Market Price received by the Royalty Payor from the sale of the Royalty Owner's Overriding Royalty share of those Petroleum Substances, provided that the Market Price will first be adjusted for certain enrichment expenses as prescribed by Subclause 2.05D, if any.

Alternate 3 (Dollar Cap On Deductions Re Natural Gas And Associated Products):

The deductions for natural gas and associated products must not be greater than \$___/10³m³ of natural gas, provided that the Market Price will first be adjusted for certain enrichment expenses as prescribed by Subclause 2.05D, if any.

- D. Special Handling Of Enrichment Expenses-It is the Parties' intention that neither the Royalty Payor nor the Royalty Owner will suffer a loss as a result of expenses incurred to enrich the Overriding Royalty share of Petroleum Substances to increase the heating value or to facilitate transportation or marketing of those Petroleum Substances. Notwithstanding any other provision of this Article, the Royalty Payor may deduct against the gross proceeds of sale of the Overriding Royalty share of Petroleum Substances any such expenses incurred by the Royalty Payor to enrich those Petroleum Substances. For this purpose, enrichment operations include condensate blending in the case of heavy oil and any enrichment by propane or butane in the case of gas with a low heating value.
- E. Deductions Expressed As Cash Obligations-The Royalty Payor's right to make the deductions set forth in Subclauses 2.05A-D pertains to the costs and expenses that would otherwise be incurred by the Royalty Owner to bring those Petroleum Substances to the point of sale if it took them in kind. The allowable deductions from the proceeds of sale of the Royalty Owner's Overriding Royalty share of Petroleum Substances are expressed as cash obligations for convenience of record keeping and audit. This handling is

not to be construed as altering the nature of the Overriding Royalty as an interest in land.

2.06 Monthly Accounting To Royalty Owner

- A. Royalty Payor Receives Funds As Trustee-The Royalty Payor may commingle with its own funds monies it receives for the Overriding Royalty on behalf of a Royalty Owner hereunder. Notwithstanding any such commingling, a Royalty Payor receiving funds with respect to the disposition of the Overriding Royalty share of produced Petroleum Substances will be deemed to hold those funds in trust for the Royalty Owner.
- B. Payment To Royalty Owner
- (a) The Royalty Payor must remit to the Royalty Owner all funds accruing to the Royalty Owner for the Overriding Royalty on or before the 25th day of the calendar month next following the calendar month in which those funds were received by the Royalty Payor. For the purpose of this Subclause, "received" will be read as "normally received" if the purchaser of those Petroleum Substances fails to pay the Royalty Payor for that production, unless the Royalty Payor can reasonably demonstrate that:
 - (i) both the Overriding Royalty share of that production and the Royalty Payor's own Working Interest share of that production were specifically sold under that particular contract; and
 - (ii) the Royalty Payor has made reasonable efforts to collect the applicable amount owing from that purchaser, provided that any such recovered proceeds will be applied first to the amount owing to the Royalty Owner.
 - (b) The Royalty Payor must provide the Royalty Owner with a statement in written or electronic format showing in reasonable detail the manner in which the Royalty Payor calculated payment for the Overriding Royalty, including the unit sale price for those Petroleum Substances. It will provide to the Royalty Owner, upon request, a copy of all reports the Royalty Payor is required to submit under the Regulations for the production of those Petroleum Substances, insofar as the Royalty Owner does not otherwise have independent access to that information under the Regulations.

2.07 Royalty Owner's Lien

As of the effective date that the Overriding Royalty is created, the Royalty Owner will secure the Overriding Royalty by having a lien and charge on the Royalty Payor's Working Interest in the Royalty Lands, the wells and equipment thereon and the Petroleum Substances within, upon or under the Royalty Lands or produced therefrom. The Overriding Royalty and that lien are interests in land that attach to the Title Documents, and the Overriding Royalty is a charge and encumbrance against the applicable Working Interest of the Royalty Payor and its successors in interest with respect to all or any of that Working Interest. However, this lien will not preclude a Party from entering into any *bona fide* financing that requires a pledge or the granting of other security.

2.08 Royalty Wells To Be Produced Equitably

The Royalty Payor will not discriminate against the Petroleum Substances produced or producible from the Royalty Lands in the production and marketing thereof because they are subject to the Overriding Royalty. The Royalty Payor will use reasonable efforts to produce Petroleum Substances from a Royalty Well equitably with production from any diagonally or laterally offsetting well producing from the same pool as a Royalty Well, insofar as the Royalty Payor, or its Affiliate, has an interest in that offsetting well. The Parties will resolve any dispute about the performance of the Royalty Payor's obligations under this Clause in accordance with Clause 8.01.

2.09 Royalty Owner's Rights Upon Surrender

This optional Clause will ___/will not ___ (Specify) apply herein.

If there are multiple Royalty Payor Parties and any of them proposes to surrender all or a portion of the Royalty Lands to the grantor of the Title Documents, that Royalty Payor Party will first comply with the applicable provisions of any other agreement otherwise governing the Royalty Payor. Insofar as those Royalty Lands are thereafter proposed for surrender or there is only one Royalty Payor, Article 11.00 of the standard form 2015 CAPL Operating Procedure will apply, *mutatis mutandis*, between the Royalty Payor and the Royalty Owner. For this purpose, the Royalty Payor will notify the Royalty Owner of the proposed surrender at least 20 days before the next anniversary date or other obligation date contemplated in Clause 11.01 therein, and the 30-day response period thereto contemplated in that Clause will be reduced to 10 days.

2.10 Audits Of Overriding Royalty

- A. Audit Rights-Upon reasonable notice to the Royalty Payor and at the Royalty Owner's own expense, the Royalty Owner may audit the Royalty Payor's books, records and accounts with respect to the production, disposition or sale of the Overriding Royalty. The Royalty Owner may conduct that audit within 24 months following the end of the applicable calendar year with respect to the Overriding Royalty. The Royalty Owner will conduct any such audit in accordance with: (i) the provisions of the standard form 2011 PASC

Accounting Procedure, *mutatis mutandis*; and (ii) insofar as they do not conflict with that document, the guidelines in the then most current PASC Joint Venture Audit Protocol Bulletin.

- B. Presumption Of Correctness-Any statement issued by the Royalty Payor to the Royalty Owner about the calculation of the Overriding Royalty will be presumed to be true and correct 26 months after the end of the calendar year in which that statement was issued, unless the Royalty Owner takes written exception thereto and requests an adjustment under this Clause within that 26-month period. The adjustment processes in Clause 107 of the standard form 2011 PASC Accounting Procedure will apply, *mutatis mutandis*, to any adjustments proposed to be made as a result of an audit or any other review of financial statements conducted under this Clause 2.10.
- C. Resolution Of Disputes-Any dispute respecting an audit or a proposed retroactive adjustment under this Clause will be resolved under Clause 8.01.

3.00 WELL INFORMATION TO ROYALTY OWNER

3.01 Well Information To Royalty Owner

- A. Information Provided-This Subclause A is subject to any restriction on disclosure of well information from a Royalty Well to the Royalty Owner under any applicable agreement in existence when the Overriding Royalty was created, provided that the Royalty Payor will make reasonable efforts to have the other applicable Working Interest owner(s) under that existing agreement consent to disclosure to the Royalty Owner, on a confidential basis, of well information from any Royalty Well to which this Subclause applies. If the Royalty Payor drills a Royalty Well on the Royalty Lands or lands pooled therewith to complete a Spacing Unit, it will supply the following information to the Royalty Owner at the Royalty Payor's sole expense:
 - (a) notice of intention to drill that Royalty Well before Spudding that well; and
 - (b) this Paragraph will ___/ will not ___ (Specify) apply herein:

subject to Subclause 3.01B, the additional information described in the well information requirement Schedule and Clause 3.02, for each such Royalty Well.
- B. Deferral Of Delivery Of Well Information-The Royalty Payor's obligation to deliver information from a Royalty Well under Paragraph 3.01A(b) will be suspended until seven days after the applicable Crown land sale if:
 - (a) that Royalty Well is being drilled to obtain information to evaluate any petroleum and natural gas rights then offered for public tender by the Crown; and
 - (b) any of those offered rights correspond to the formations being penetrated by that Royalty Well and are within 3.2 kilometres of that well.

3.02 Royalty Owner's Well Information Requirements, If Applicable

If Paragraph 3.01A(b) has been selected to apply, the Royalty Payor will supply the Royalty Owner with the information prescribed in the well information requirement Schedule. Unless otherwise agreed in the Head Agreement, this obligation applies to:

- (a) all formations penetrated by that Royalty Well with respect to drilling information (including logs), insofar as those formations are not more than 15 metres deeper than formations included in the Royalty Lands at the relevant location; and
- (b) only formations of the Royalty Lands for cores, drillstem or wireline tests and Completion and production activities.

Subject to any application of Subclause 3.01B to a particular Royalty Well, the Royalty Payor will supply all data to be provided to the Royalty Owner under this Article on a current basis at the Royalty Payor's sole cost and expense. The Royalty Owner will notify the Royalty Payor of: (i) the Royalty Owner's representative(s) to whom the information described in this Article is to be provided; and (ii) the reasonable number of additional copies or samples of any of that information required by the Royalty Owner if it requires more than one copy or sample.

4.00 LIABILITY AND INDEMNITY

4.01 Royalty Payor's Responsibility

- A. General Obligation-Subject to any application of Subclause 4.01B to limit the Royalty Payor's responsibility for Losses and Liabilities, the Royalty Payor will, with respect to activities hereunder:

- (a) be liable to the Royalty Owner for all Losses and Liabilities that the Royalty Owner may suffer, sustain, pay or incur; and, in addition
 - (b) indemnify and hold harmless the Royalty Owner, its Affiliates and the respective directors, officers and employees of the Royalty Owner and its Affiliates from and against all Losses and Liabilities that may be brought against or suffered by them or that they may sustain, pay or incur.
- B. Limitations On Royalty Payor's Responsibility-The Royalty Payor's obligation under Subclause 4.01A will apply only insofar as the Losses and Liabilities contemplated therein are a direct result of:
- (a) any act, omission or failure to act (whether negligent or otherwise) of the Royalty Payor, any of its Affiliates or the respective directors, officers, employees, agents or contractors of the Royalty Payor or any of its Affiliates with respect to Operations or activities conducted by the Royalty Payor or on its behalf hereunder;
 - (b) a breach of a provision herein by the Royalty Payor, any of its Affiliates or the respective directors, officers, employees, agents or contractors of the Royalty Payor or any of its Affiliates; or
 - (c) the Gross Negligence or Wilful Misconduct of the Royalty Payor, any of its Affiliates or the respective directors, officers, employees, agents or contractors of the Royalty Payor or any of its Affiliates.

However, the Royalty Payor's obligation under this Clause will not apply, insofar as the particular act, omission or failure to act resulting in those Losses and Liabilities was done or omitted to be done in accordance with the Royalty Owner's written instructions or written approval and that act, omission or failure to act was inherent in those instructions or that approval.

4.02 Royalty Owner's Responsibility

Clause 4.01 will apply, *mutatis mutandis*, to the Royalty Owner's activities and obligations with respect to the Reserved Formations.

5.00 ASSIGNMENT

5.01 Incorporation Of Assignment Procedure

The 1993 CAPL Assignment Procedure (or the most current replacement therefor then endorsed for use by the Canadian Association of Petroleum Landmen) is incorporated by reference into the Agreement using the addresses for service provided in the Agreement. It will be deemed to apply as if it had been included as a Schedule. It applies to the recognition process for all dispositions made under this Article, but will not apply (and is not required) for other assignments between or among any of the Parties by operation of another provision of this Overriding Royalty Procedure. Subclause 24.04B of the standard form 2015 CAPL Operating Procedure will apply, *mutatis mutandis*, for the purposes of processing any notice of assignment thereunder in circumstances in which the Parties' interests are inconsistent in the Royalty Lands.

5.02 Dispositions Of Royalty Lands

Article 24.00 (using Alternate 24.01A-consent not to be unreasonably withheld) of the standard form 2015 CAPL Operating Procedure will apply, *mutatis mutandis*, to any disposition of Royalty Lands by either the Royalty Owner or the Royalty Payor.

6.00 LAND MAINTENANCE COSTS

6.01 Royalty Owner Party As Title Administrator

This Clause applies if a Royalty Owner Party is identified in the Head Agreement as being the Title Administrator with respect to the maintenance and administration of one or more of the Title Documents pertaining to the Royalty Lands. Any such designated Title Administrator will have the same rights and obligations as the Operator under the standard form 2015 CAPL Operating Procedure for that purpose with respect to each such Title Document that includes rights in addition to the Royalty Lands. It is the Parties' intention that the Royalty Payor (or the applicable representative of the Royalty Payor Parties, as applicable) will assume these responsibilities in due course with respect to any Title Document that pertains solely to Royalty Lands in which the Royalty Payor holds a Working Interest hereunder, and each Party will execute such documents or other authorizations as are required to effect this change at that time.

6.02 Land Maintenance Charges

Insofar as Clause 6.01 applies to a particular Title Document, the applicable Royalty Owner will initially pay all rentals, shut-in or suspended well payments and any other payments required to maintain the applicable Royalty Lands in good standing. The Royalty Payor will reimburse the Royalty Owner therefor within 30 days of being

invoiced for those charges relating to the Royalty Lands, notwithstanding that the Royalty Owner may hold Reserved Formations. Notwithstanding the preceding portion of this Clause, the responsibility for any compensatory royalties will be borne by the Parties holding a working interest in the applicable formation to which the obligation to pay compensatory royalties pertains.

7.00 DEFAULT

7.01 Royalty Owner's Default Remedies

- A. Royalty Payor's Failure To Pay-Subclauses 5.05B, C, E, F and H of the standard form 2015 CAPL Operating Procedure will apply, *mutatis mutandis*, to any failure of the Royalty Payor to pay the Overriding Royalty or any other amount it is required to pay the Royalty Owner hereunder, as if the Royalty Owner is the Operator and the Royalty Payor the defaulting Party thereunder. For this purpose, the reference in the fifth line of Paragraph 5.05B(g) thereof to "the lien referred to in Subclause 5.05A" will be amended to read "the Royalty Owner's lien hereunder".
- B. Remedies Are Cumulative-The rights and remedies granted to the Royalty Owner under this Article are in addition to and not in substitution for any other right or remedy that it may have under the Agreement. The existence or the exercise of those rights will not deprive the Royalty Owner of any other right or remedy at law or in equity, including damages and indemnity, except as otherwise expressly provided in the Agreement.

8.00 DISPUTE RESOLUTION

8.01 Parties To Negotiate In Good Faith

The Parties will attempt to resolve any dispute arising hereunder through consultation and negotiation in good faith. Article 21.00 of the standard form 2015 CAPL Operating Procedure will ___/will not ___ (*Specify*) apply, *mutatis mutandis*, herein. Insofar as the Parties are unable to resolve their dispute through negotiation, they will submit it to arbitration under, as applicable, Clause 21.03 thereof or, if that Article has not been selected to apply, the Arbitration Act of the Province of Alberta (as amended) if the dispute pertains solely to one or more of the issues listed below:

- (a) the determination of Facility Fees being charged for Facility Usage under Subparagraph (b)(ii) or (iii) of the definition of Facility Fees incorporated by reference in Clause 1.02;
- (b) the settlement of a disputed Allocation Ratio (as defined in Subclause 2.03A) under Paragraph 2.03F(b);
- (c) whether a Royalty Payor has used reasonable efforts under Clause 2.08 to produce a Royalty Well equitably relative to certain offsetting wells producing from the same pool as the Royalty Well; or
- (d) the settlement of an unresolved audit exception or a retroactive adjustment of accounts under Clause 2.10 with respect to the Overriding Royalty, if it is reasonably estimated to result in a potential adjustment of less than \$50,000.

9.00 RESERVED FORMATIONS

9.01 Royalty Owner's Access To Reserved Formations

The Royalty Owner (or its nominee) may enter upon the Royalty Lands at any time to drill a well to penetrate any Reserved Formations and to obtain production therefrom. The Royalty Owner will conduct (or cause to be conducted) any such drilling and any testing and production activities with respect to the Reserved Formations in a manner that will interfere as little as is reasonably possible with Operations conducted on the Royalty Lands under the Agreement. Nothing in this Clause, however, permits the Royalty Owner (or its nominee) to use a well drilled to the Reserved Formations for the production or testing of Petroleum Substances from any formation then included in the Royalty Lands, unless otherwise agreed in writing by the Parties or permitted under this Agreement.

9.02 Royalty Payor's Activities And Reserved Formations

The Royalty Payor will conduct (or cause to be conducted) any Operations on the Royalty Lands under this Agreement in a manner that will interfere as little as is reasonably possible with drilling, testing and production activities with respect to the Reserved Formations.

**ADDENDUM
I-CORRELATION TO FARMOUT & ROYALTY PROCEDURE**

Provision	Overriding Royalty Procedure	Farmout & Royalty Procedure
Definitions & Interpretation	1.00	1.00
Definitions	1.01*	1.01
Incorporation Of Provisions From 2015 CAPL Operating Procedure	1.02*	1.02
Multiple Royalty Owner Parties	1.03	1.03
Multiple Royalty Payor Parties	1.04*	1.04
Modifications To CAPL Form	1.05	1.05
Overriding Royalty	2.00	5.00
Quantification Of Overriding Royalty	2.01*	5.01
Effect Of Pooling Or Unitization On Calculation	2.02	5.02
Royalty Allocation Methodology For Certain Hz Wells	2.03	5.03
Royalty Owner's Rights To Take ORR In Kind	2.04*	5.04
Royalty Payor's Allowed Deductions	2.05	5.05
Monthly Accounting To Royalty Owner	2.06	5.06
Royalty Owner's Lien	2.07	5.07
Royalty Wells To Be Produced Equitably	2.08	5.08
Royalty Owner's Rights Upon Surrender	2.09*	5.09
Audits Of Overriding Royalty	2.10	5.10
Other Miscellaneous Articles		
Well Information To Royalty Owner	3.00*	9.00
Liability And Indemnity	4.00	11.00
Assignment	5.00	12.00
Land Maintenance Costs	6.00*	18.04, 13.00
Default	7.00*	14.01B&F
Dispute Resolution	8.00	15.00
Reserved Formations	9.00	16.00

* The handling of topics in the CAPL Overriding Royalty Procedure is inherently different than that in the CAPL Farmout & Royalty Procedure because there are no Earning Wells being drilled under the Overriding Royalty Procedure. The asterisked references indicate provisions in which there are special modifications in this document to reflect different considerations applicable to an ORR governed by this document. These include:

- Differences in language to accommodate the "reserved" and "granted" ORRs potentially governed by this document (i.e., definitions of Overriding Royalty, Royalty Lands and Royalty Owner; Clause 2.01, Clause 2.07 and related annotations);
- Differences in the CAPL Operating Procedure provisions incorporated by reference in Clause 1.02 (e.g., use of Spacing Unit, no insurance obligation, deletion of many operational type provisions, need to populate addresses for service);
- Clause 1.04-no requirement to obtain Royalty Owner consent to a change to the Royalty Payor representative;
- Clause 2.04-increase notice periods for take in kind elections and revocations from 30 days to 60 days to reduce the administrative burden associated with what will typically be small ORRs;
- Clause 2.09-optional surrender provision;
- Article 3.00-option whereby Royalty Owner may obtain well information from Royalty Wells;
- Article 6.00-streamlined provisions respecting the possibility that a Royalty Owner could be the Title Administrator and the allocation of land maintenance charges to the Royalty Lands;
- Article 7.00-streamlined default provision that offers similar rights for financial defaults; and
- No provision offering rights upon Abandonment, such that this would need to be a custom modification negotiated by the Royalty Owner.

II-OVERRIDING ROYALTY PROCEDURE ELECTIONS AND AMENDMENTS**Effective Date (Clause 1.01):** _____**Incorporation Of Provisions From 2015 CAPL Operating Procedure (Clause 1.02):**

- (a) Definition of Market Price: Optional sentence will ____/will not ____ apply.
(b) Clause 18.01 (Confidentiality Requirement): Optional sentence will ____/will not ____ apply.

Quantification Of Overriding Royalty (Subclause 2.01A, if applicable):

- (a) For crude oil, Alternate ____ will apply (Specify 1 or 2).
• If Alternate 1 applies: ____%.
• If Alternate 2 applies, divided by _____ and not less than ____% or more than ____%.
- (b) For all other Petroleum Substances, Alternate ____ will apply (Specify 1 or 2).
• If Alternate 1 applies: ____%
• If Alternate 2 applies: (i) ____%; and (ii) ____%.

Definition Of Allocation Ratio (Subclause 2.03A): Alternate ____ will apply (Specify 1 or 2).**Royalty Payor's Allowed Deductions (Clause 2.05), if applicable:**

- (a) Costs through First Point of Measurement (Subclause 2.05A): Alternate ____ will apply (Specify 1 or 2).
(b) Limitations On Deductions (Subclause 2.05C): Alternate(s) (Specify): (i) 1 only ____; (ii) 2 only ____; (iii) 3 only ____; (iv) 1, 2 and 3 ____; (v) other combination of more than one of 1, 2 and 3 (Specify) ____; or (vi) none of 1, 2 and 3 ____.
• If Alternate 2 applies, deductions not greater than ____% of Market Price.
• If Alternate 3 applies, deductions not greater than: \$_____/10³m³.

Royalty Owner's Rights Upon Surrender (Clause 2.09): This optional Clause will ____/will not ____ apply.**Well Information To Royalty Owner (Paragraph 3.01A(b)):** This optional Paragraph will ____/will not ____ apply.**Dispute Resolution (Clause 8.01):** Article 21.00 of the CAPL Operating Procedure will ____/will not ____ apply.