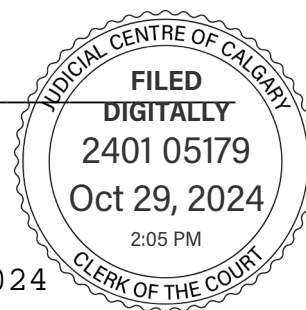


Clerk's Stamp:



QUESTIONING OF QUAN LI
BY A. NAVEED
AFFIDAVIT SWORN OCTOBER 21, 2024
HELD OCTOBER 25, 2024

COURT FILE NUMBER 2401-05179

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

DOCUMENT QUESTIONING ON AFFIDAVIT

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Taken before S. Murphy, Official Court Reporter,
pursuant to Rules 5.26, 6.20, and 13.46 of the Court
of King's Bench of Alberta, at the offices of
Dentons Canada LLP, Calgary, Alberta.

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7 Calgary, Alberta

8 403-531-0590

9

10 (PROCEEDINGS COMMENCED AT 10:09 AM)

11 QUAN LI, Sworn, Questioned by A. Naveed

12 Q A. NAVEED: Good morning, Mr. Li.

13 It's nice to meet you. I'll just have you
14 confirm that you took an oath for the record
15 and that that means that you're going to tell
16 the truth during these proceedings; is that
17 correct?

18 A Correct.

19 Q And can you confirm that that oath is binding
20 on your conscience?

21 A Yes.

22 Q Can you confirm whether you're under the
23 influence of medication or other substances
24 that might affect your ability to give
25 testimony this morning?

26 A No.

27 Q During the course of the examination, I'm going

1 to refer to certain terms, and I'm going to
2 define those at the outset so you know what
3 we're talking about, okay?

4 So when I refer to "the CCAA proceedings",
5 I mean I'm referring to the Alberta Court of
6 King's Bench Action Number 2401-05179 in the
7 matter of the Companies' Creditors Arrangement
8 Act with respect to AlphaBow Energy Ltd., okay?

9 A Okay.

10 Q When I refer to "AlphaBow", I mean AlphaBow
11 Energy Ltd., okay?

12 A Okay.

13 Q When I refer to "Advance", I mean Advance
14 Drilling Ltd., okay?

15 A Okay. Yeah.

16 Q When I refer to "your affidavit", I mean the
17 affidavit you swore on October 21st, 2024. Is
18 that okay?

19 A That's okay.

20 Q When I refer to "the 2018 GORR", I mean the
21 gross overriding royalty agreement dated
22 November 23, 2018, between Advance and
23 AlphaBow, okay?

24 A Okay.

25 Q And when I refer to "the royalty agreement", I
26 mean the royalty agreement dated October 26,
27 2021, between Advance and AlphaBow, okay?

1 A Okay.

2 Q And you understand that you're here to be
3 questioned in respect of your affidavit; is
4 that correct?

5 A Correct. Yeah.

6 Q Okay. And you have your counsel with you?

7 A Yes.

8 Q Okay. I think madam reporter already mentioned
9 this, but I'm going to just put this so it's
10 clear. In order for her to get a clear
11 transcript, it's better if you wait until I
12 fully ask my question and then reply orally as
13 clearly as you can.

14 A I can do that.

15 Q It makes it easier to follow the transcripts
16 and makes it easier for madam reporter to
17 record it. So if you can avoid saying things
18 like "m-hm" or nodding in response, it's hard
19 for her to record that, and I need an oral
20 response.

21 A I understand.

22 Q If I ask you a question and you can't hear me,
23 or maybe I speak quickly, because I have a
24 habit of doing that, let me know. I will slow
25 down or re-ask the question, okay?

26 A Okay.

27 Q Can we agree that if you don't let me know that

1 you haven't heard or understood my question --
2 then we can agree that you have heard and
3 understood the question I'm asking you?

4 A Okay. Yeah.

5 Q Before swearing your affidavit, sir, did you
6 read it from cover to cover?

7 A I do, yeah. I did.

8 Q If you can -- I think you have a copy of it
9 there, sir. If you can flip to the end of it,
10 please. The end of the body.

11 A Yeah.

12 Q Can you confirm for me that's your signature?

13 A Yes, this is my signature.

14 Q Is there anything in your affidavit that you
15 want to correct or modify right now?

16 A No.

17 Q Okay. I have a preliminary point I just want
18 to talk about. I'm going to refer you to
19 Exhibit J of your affidavit. And the reference
20 to that starts at paragraph 25, sir, of the
21 body, and go ahead and take a minute to read
22 that.

23 A Yeah. Yes.

24 Q You will see at the end, it says: (as read)
25 Attached hereto as Exhibit J is a true
26 copy of the payment revenue report and
27 the associated producer statements.

1 Sir, when we go to Exhibit J, it's just an
2 email. It's very, very small, although my eyes
3 can still read it. I'm not that old yet. But
4 it's a very small email, and would you agree,
5 sir, that the actual producer statements and
6 other references are not actually included?
7 It's just an email.

8 So the payment revenue report and the
9 producer statements aren't actually included,
10 so can we have those, please, because I think
11 we're going to -- can you produce those right
12 now because we're going to need them -- and we
13 can take a break, obviously. But we're going
14 to need them 'cause I'm going to --

15 N. KAUR: Do you need them for the
16 cross-examination?

17 A. NAVEED: Yeah. This morning and
18 possibly this afternoon. And I apologize. I
19 noticed that very late last night.

20 N. KAUR: Yeah. I mean, I think --
21 and I'm assuming you're referring to the small
22 attachments that are referred to in the email
23 itself at the top.

24 A. NAVEED: Yes, ma'am. Yeah,
25 because they are the actual producer
26 statements, or they should be, or at least
27 that's what paragraph 25 is referring to being

1 attached.

2 N. KAUR: Sure. I think what I
3 can -- I can check with Sarah and the team with
4 respect to the copies of these. And I guess
5 just by way of -- what I see in the email, it
6 says: (as read)

7 We have previously sent statements to
8 Advance based on the settlement made
9 in October 2021.

10 So I'm not sure exactly what that refers to,
11 but I can ask if we have readily available
12 copies, which we can get at least, at the very
13 latest, by the afternoon for you.

14 A. NAVEED: Okay.

15 Can we go off the record?

16 (DISCUSSION OFF THE RECORD)

17 Q A. NAVEED: Sir, so your counsel is
18 going to -- I understand your counsel is going
19 to send over what was meant to be Exhibit J
20 over just now, and so we'll wait for those, but
21 while we do that, I'm going to keep on asking
22 you questions about your affidavit.

23 A Of course, yeah.

24 Q So the first page of your affidavit, sir, says
25 "I Ben Li/Quan Li". I think you wanted to
26 clarify for the record you are Quan Li;
27 correct?

1 A Correct. Yeah.

2 Q So that was, like, a typo or just something
3 left over. It is your affidavit. You're Quan
4 Li, and the "Ben Li" should have been scratched
5 off; is that correct?

6 A That's correct.

7 Q Are you still employed with AlphaBow?

8 A Not anymore.

9 Q How long were you at AlphaBow?

10 A December 2020 to April 2022.

11 Q What was your position at AlphaBow?

12 A Interim CEO.

13 Q Were you interim CEO the whole time?

14 A The whole time.

15 Q Why were you the interim CEO?

16 A I really don't know. I did ask the board of
17 AlphaBow that question, and they never answered
18 me.

19 Q Okay. And so -- sorry -- you left in April of
20 2022; is that right?

21 A April 2022.

22 Q What is your professional education?

23 A Geophysicist.

24 Q When did you get that degree?

25 A 1992.

26 Q And have you practiced as a geophysicist since
27 1992?

1 A Yeah. For 12 years. Yeah.

2 Q When you were at AlphaBow, were you in your
3 professional capacity as a geophysicist or more
4 in a management role?

5 A In management role, because after my
6 geophysicist career, I joined BP, British
7 Petroleum, and that was four years of career.
8 I then immigrated to Canada to study finance,
9 and then I joined CIBC for ten years after my
10 study. So it's more like a combination of my
11 skills for AlphaBow.

12 Q Okay. And so immediately before AlphaBow, you
13 were at CIBC?

14 A Correct.

15 Q And where are you now, sir?

16 A I'm self-employed.

17 Q Okay. Are you still self-employed in a
18 geophysicist capacity or in a management, like,
19 executive C-suite capacity?

20 A It's more C-suite, because after AlphaBow I
21 worked for a company called CTI Plus Resources,
22 which is a metallurgical coal company. I was
23 the CEO there; this time without the interim.
24 And then I left that company in June this year.

25 Q And you're currently, you say --

26 A Self-employed.

27 Q -- self- employed.

1 Do you still have a financial interest in
2 AlphaBow?

3 A I do not have.

4 Q And when would you say, if you had a financial
5 interest, it ended?

6 A I never had a financial interest because they
7 hired me as an interim CEO, but I was put on
8 contractor status.

9 Q So any financial interest, even if it was,
10 like, just a payment for your contracting
11 services, ended in April of 2022?

12 A That's correct, yeah.

13 Q Why did you swear this affidavit, sir?

14 A Because I feel I need to let everybody know
15 what actually happened, what the truth is,
16 yeah.

17 Q Okay. And so were you at AlphaBow when the
18 2018 GORR was executed?

19 A Not the first one. Well, sorry. You defined
20 the term. When you say "GORR", you mean the
21 one in October 2021, yes. That one was
22 executed by me.

23 Q No. There were two. So the --

24 A There were two.

25 Q -- the 2018 GORR, that is defined as the gross
26 overriding royalty agreement dated November 23,
27 2018, between Advance and AlphaBow. When I say

1 "2018 GORR", that's what I mean.

2 A Okay. That one was not executed by me.

3 Q And you were not at AlphaBow at that time?

4 A I was not.

5 Q But at the time the consent judgment that was
6 entered into -- and there was a summary
7 judgment application pending to be heard on
8 October 15 -- sorry -- October 15, 2021 -- you
9 were --

10 A Yes.

11 Q -- at AlphaBow?

12 A Correct.

13 Q So I'm going to show you and your counsel, sir,
14 an application in Court of Queen's Bench, at
15 the time -- that's what it was referred to --
16 between Advance Drilling and AlphaBow Energy
17 Ltd., Court File Number 2101-07914. This is an
18 application for summary judgment application.

19 A M-hm.

20 Q Do you recall that this application was pending
21 in 2021?

22 N. KAUR: Have you ever seen this
23 before?

24 A I haven't seen this before, no.

25 Q A. NAVEED: You haven't seen it
26 before?

27 A Not this one, no.

1 Q Okay. But looking at it now, can you see that
2 it's an application for a summary judgment
3 application? You can take a minute to read it
4 if you need to.

5 A Sure.

6 Q I'm going to enter that as Exhibit 1.

7 N. KAUR: I'm sorry. Is this the
8 complete copy of the document?

9 A. NAVEED: Yes. It's the
10 application.

11 N. KAUR: And it ends at
12 paragraph 20?

13 A. NAVEED: No. Is there a
14 page missing? There might be a page missing.

15 N. KAUR: What we have is two
16 pages, and it ends at paragraph 20.

17 A. NAVEED: I'm going to show you my
18 copy which -- apologies.

19 N. KAUR: I will give this back to
20 you. Maybe before we enter it as an exhibit,
21 if we can just ...

22 A. NAVEED: Yeah, that's fine.

23 N. KAUR: So ours started from
24 paragraph 8 here. So this is the full one.

25 A Okay.

26 A. NAVEED: Can we go off the record?

27 (DISCUSSION OFF THE RECORD)

1 A. NAVEED: Madam reporter, can we
2 please mark as Exhibit 1 the application of
3 Advance Drilling Ltd. for partial summary
4 judgment, filed September 3rd, 2021, in Court
5 File Number 2101-07914, please, as an exhibit.

6 EXHIBIT 1 - Application of Advance
7 Drilling Ltd. for partial summary
8 judgment filed September 3, 2021, in
9 Court File Number 2101-07914

10 Q A. NAVEED: Sir, although you haven't
11 seen this document before, you were aware that
12 there was an action pending between Advance and
13 AlphaBow in 2021?

14 A I do, yeah.

15 Q And I'm going to show you another document
16 here. In advance of the summary judgment
17 application, Advance served a notice to admit
18 facts on AlphaBow in August 2021. Were you
19 aware of that?

20 N. KAUR: Have you seen this
21 before?

22 A No.

23 Q A. NAVEED: Okay. So go ahead and
24 take a minute to look at it.

25 A. NAVEED: Can we go off the record
26 for a minute?

27 (DISCUSSION OFF THE RECORD)

1 A. NAVEED: Madam reporter, we're
2 going to add as an Exhibit 2 the notice to
3 admit facts between Advance Drilling Ltd. and
4 AlphaBow Energy Ltd., again in Court of Queen's
5 Bench 2101-07914 filed August 11, 2021. It
6 does not include the attachments to it, just
7 the notice to admit facts.

8 EXHIBIT 2 - Notice to admit facts
9 between Advance Drilling Ltd. and
10 AlphaBow Energy Ltd. in Court of
11 Queen's Bench 2101-07914 filed
12 August 11, 2021

13 Q A. NAVEED: Sir, had you seen this
14 document before today?

15 N. KAUR: I think you said you
16 hadn't.

17 A Yeah, I don't recall.

18 Q A. NAVEED: Can you tell me who
19 Michael Lam is, please.

20 A Oh, he is a shareholder representative. He
21 worked with me when I was interim CEO for
22 AlphaBow, yes.

23 Q When you say "shareholder representative", what
24 does that mean?

25 A When I need to speak to the board and also the
26 shareholders, I talk to Michael.

27 Q So the board of AlphaBow?

1 A AlphaBow, yes.

2 Q So if you want to talk to the board of AlphaBow
3 or if you want to talk to its other
4 shareholders?

5 A I am not aware of who is the shareholders and
6 how many, but I do know that Michael will be
7 able to communicate to those people.

8 Q Okay. So would you say he was your boss?

9 A You could say that.

10 Q Okay. Did he have an official position or
11 title with AlphaBow?

12 A I don't recall he has a title.

13 Q So if I said to you that he was the president
14 of AlphaBow at the time, would you be surprised
15 to learn that?

16 A I would be surprised because we didn't have
17 that title at that time, yeah.

18 Q So as far as you're aware, he didn't have an
19 official title?

20 A No.

21 Q Do you know if he was an officer or director of
22 AlphaBow?

23 A I am not aware he is a director. He would have
24 told me if he is.

25 Q Could he have been an officer?

26 A I don't think so.

27 N. KAUR: I'm sorry, counsel, from

1 where are we getting this reference to Michael
2 Lam in relation to the affidavit that the
3 witness has sworn?

4 A. NAVEED: It's relevant -- I'll get
5 to that point. Mr. Lam -- I'll get to that.
6 Mr. Lam is part of the background of this whole
7 negotiation.

8 N. KAUR: Are we planning to get to
9 that later because I think it would be helpful
10 to establish that before the question is put to
11 the witness.

12 And I also wanted to clarify that I think
13 when -- the shareholder representative --

14 A. NAVEED: I just want to make sure
15 that you're not giving evidence.

16 N. KAUR: No. I'm just saying that
17 his understanding of "shareholder
18 representative" is what he gave you, not a
19 legal definition. So just to clarify that when
20 you asked him.

21 A. NAVEED: Yeah.

22 N. KAUR: That's my -- it's his
23 understanding -- it's the witness's
24 understanding of what a shareholder
25 representative may have been, so just wanted to
26 clarify that.

27 A. NAVEED: Yeah, that's what --

1 those are his questions. I just want to be
2 careful that counsel isn't giving evidence.

3 N. KAUR: No, no. No evidence from
4 my end. Can't be.

5 A Yeah.

6 Q A. NAVEED: So, sir, you were aware
7 of Michael Lam, and he was involved with
8 AlphaBow in 2021?

9 A He was -- he has an office there, and he comes
10 in regularly for a period of time. I recall he
11 left earlier than I did.

12 Q Do you know -- do you remember when he left?

13 A Beginning of 2022.

14 Q Okay. And is it correct to say Michael Lam was
15 the one who was negotiating the 2021 royalty
16 agreement, or the royalty agreement with
17 Mr. Fan at Advance?

18 A He participated in all the negotiations, yeah.

19 Q Okay. So when you say "participated", what do
20 you mean by that?

21 A Whenever we have a call or with Advance
22 Drilling meeting or meeting with Dentons,
23 Michael Lam would be there if he has no other
24 business, so yeah.

25 Q So he was present, and he was part of the
26 negotiations?

27 A He wasn't president.

1 Q No. "Present." Sorry. He was present at the
2 meetings?

3 A He was present at the meeting when possible,
4 yeah.

5 Q And are you aware whether there were
6 communications directly between Mr. Fan of
7 Advance and Michael Lam that you were not a
8 part of?

9 A There could be because I -- I have no control
10 of what Michael does, yeah.

11 Q But he didn't have an official capacity, as far
12 as you know, with Advance -- sorry -- with
13 AlphaBow?

14 A With AlphaBow.

15 N. KAUR: If you know, you know.
16 If you don't know ...

17 A We didn't have a title for him. That's what I
18 was thinking about.

19 Q A. NAVEED: Okay. But he did
20 negotiate as part of the Advance team with --
21 as part of the AlphaBow team with Advance; is
22 that correct?

23 A Only for the period when I was interim CEO of
24 AlphaBow. I am not aware he was involved in
25 the earlier version, like 2018.

26 Q I'm not asking about the 2018. I'm asking
27 about the 2021.

1 A 2021. Yes, he was involved.

2 Q He was involved?

3 A Yes.

4 Q He was part of the negotiations?

5 A He was part of the negotiations, yeah.

6 Q Okay. Sir, do you know whether AlphaBow
7 retained counsel as part of the negotiations
8 with respect to the 2021 royalty agreement?

9 A Yes, we did.

10 Q Do you know what counsel's name was?

11 A Kenneth Reh.

12 Q Was Mr. Reh also involved in the -- what I'll
13 call "the debt action", which is the statement
14 of claim that's referred to as Exhibit E to
15 your affidavit, sir?

16 A Yes, he was involved in this one.

17 Q And is it fair to say that debt action, which
18 is Exhibit E, is also the same action where the
19 notice to admit facts and the summary judgment
20 application arose?

21 A I am not sure. I -- I -- I'm not sure about
22 the link between the two and Mr. Kenneth Reh's
23 involvement.

24 Q Okay. But you refer to the statement of claim
25 in your affidavit, and it's Exhibit E?

26 A Yes. Mr. Kenneth Reh only process whatever we
27 had forwarded to him, but I remember I

1 forwarded this one. I don't recall these two.

2 Q Okay. So you're --

3 A That's what I'm trying to say, yeah.

4 Q Okay. Do you know whether he was part of the
5 consent judgment that arose from the debt
6 action or not?

7 A I don't recall clearly, no.

8 Q Okay.

9 A He may have, under our direction and
10 discussion, filed certain objections. I recall
11 that. But I don't recall -- because your
12 question is this file linked to this file and
13 his involvement. That one I didn't remember
14 clearly, no.

15 Q Okay. And is it correct to say -- or do you
16 know whether Mr. Reh was involved in the
17 negotiation of the royalty agreement, the 2021
18 royalty agreement?

19 A He was not involved.

20 Q He was not involved at all?

21 A No.

22 Q Did he know anything about it?

23 A He knows and -- he knows about it, we're
24 negotiating with Advance.

25 Q Sir, I'm going to refer you to paragraph 15 of
26 your affidavit. It says: (as read)

27 Through my discussions with Mr. Fan,

1 and subsequently with another
2 representative from Advance ...

3 Do you see that?

4 A Yeah.

5 Q Can you tell me who you're referring to as the
6 other "representative from Advance" that you
7 were dealing with?

8 A There was a deputy. Mr. Fan appeared --
9 withdrew himself.

10 Q Sorry. Can you repeat that? I didn't catch
11 that.

12 A There was a deputy of Advance Drilling that I'm
13 aware. I forgot his name. He came to do the
14 meetings and negotiations, and Mr. Fan appeared
15 to withdraw himself from all of this, and his
16 deputy told me he has been transferred back to
17 headquarters.

18 Q Do you know where headquarters is?

19 A Beijing, China.

20 Q Okay. Sir, can I refer you to paragraph 16 of
21 your affidavit. And go ahead and read that if
22 you need to.

23 A Yeah. Yeah, I have read it.

24 Q In that paragraph you make note that you made
25 some offers to Advance that you could give a
26 portion of, let's say, the impacted assets
27 that's defined in the affidavit to Advance.

1 Were any of those offers made in writing?

2 A No. It's verbal discussion.

3 Q With who?

4 A With Mr. Fan.

5 Q Only Mr. Fan?

6 A Yes.

7 Q Do you remember when?

8 A At the beginning of 2022 -- 2021, yeah.

9 Q Do you remember the exact dates of those?

10 A I would say in the winter, January or February.

11 Q Okay. Sir, can I --

12 A Just to clarify, a portion of the impact assets
13 means those four assets that I am aware of plus
14 a portion means working interest.

15 Q So when you say "the four assets", do you mean
16 Chigwell --

17 A Chigwell.

18 Q -- Green Glades and --

19 A Green Glades, Amisk, and Choice.

20 Q And Choice?

21 A Choice, yeah.

22 Q Okay. We're still at paragraph 16 here.

23 A Okay.

24 Q And you attach an attachment at Exhibit G and
25 speak of a communication from Mr. Fan to
26 Mr. Tsang [phonetic] Deng. I'm going to
27 pronounce that wrong.

1 A No, no. It's good.

2 Q Thank you.

3 Were you a part of those discussions? Is
4 it correct that you weren't a part of those
5 discussions?

6 A I was not.

7 Q You were not. So this document that you attach
8 as Exhibit G --

9 A Yeah.

10 Q -- was just forwarded to you; is that right?

11 A Mr. Fan forwarded it to me.

12 Q Do you know, is this a letter?

13 A It is a letter. Mr. Fan told me it is a letter
14 he sent to Mr. Deng after meeting him in
15 Beijing to discuss AlphaBow and their debt.

16 Q So if I take you to the first page after the
17 exhibit stamp page, this is not in English; is
18 that right?

19 A No, it's not.

20 Q What language is that, sir?

21 A That's -- that is in Chinese.

22 Q Chinese. Okay. It's a letter, you're saying?

23 A It is an attachment -- Mr. Fan send it to me.
24 So when I read it, I understood that he visited
25 Mr. Deng, and then as a follow-up, he must have
26 sent this letter to Mr. Deng because he said to
27 me, This is the letter I sent to Mr. Deng.

1 Q How did Mr. Fan give this to you?

2 A By email.

3 Q By email. But the email is not attached here?

4 A No.

5 Q No. Okay. Can I have an undertaking for you
6 to produce that email that this document was
7 attached to?

8 A I --

9 N. KAUR: We can take that under
10 advisement.

11 A Yeah. I am no longer in --

12 N. KAUR: Yeah. That's okay.

13 A. NAVEED: Madam reporter, the
14 undertaking is to produce the email that
15 Exhibit E --

16 N. KAUR: I thought it was 'G'.

17 A. NAVEED: -- sorry -- Exhibit G was
18 attached to, and counsel has given that under
19 advisement.

20 UNDERTAKING 1 - To produce the email
21 that was with Exhibit G of Quan Li's
22 affidavit (Taken Under Advisement)

23 Q A. NAVEED: Sir, if I get you to flip
24 to what would be the third page of that
25 Exhibit G. Sorry -- the fourth page after you
26 factor in the exhibit slip-sheet page. Is this
27 an English -- is this your understanding to be

1 an English translation of the communication?

2 A Yes, it is.

3 Q Did you translate this?

4 A Yes, I did.

5 Q And is this a certified translation?

6 A I don't think so.

7 Q So this is your understanding of what the
8 letter says?

9 A That's correct.

10 Q And you just typed it up?

11 A I did, yeah.

12 Q And are you a certified translator, sir?

13 A I am not.

14 Q But you understand both Chinese written and
15 English?

16 A Yeah. I studied four years in London, Imperial
17 College.

18 Q Sir, I'm going to direct you to paragraph 19 of
19 your affidavit.

20 A M-hm. Yeah.

21 Q In this paragraph you define the royalty
22 agreement.

23 A M-hm.

24 Q And is that Exhibit H to your affidavit, sir?

25 N. KAUR: I will just take the
26 witness to the document.

27 A Yes.

1 Q A. NAVEED: And you signed it, sir?

2 A Yes, I did. Yeah.

3 Q Look at the last page, page 3. That's your
4 signature?

5 A Yes, that is my signature.

6 Q Did you read Exhibit H, the royalty agreement,
7 before you signed it?

8 N. KAUR: What was the question
9 again?

10 A. NAVEED: Did he read Exhibit H
11 before he signed it?

12 A Yes, I did. Yeah.

13 Q A. NAVEED: Taking you back to
14 paragraph 19, in it, you indicate that Advance
15 provided to AlphaBow a similar agreement to the
16 GORR, and I think when you refer to "GORR", you
17 are referring to Exhibit A of your affidavit;
18 is that right?

19 A Yeah. Correct.

20 Q So you can turn to Exhibit A if you'd like,
21 sir. So with reference to the text of the
22 agreement at Exhibit H, can you tell me what
23 led you to believe that all the terms were the
24 same as Exhibit A?

25 A The situation would not allow me to suggest any
26 modifications to the subsequent agreement,
27 which referred to as 'H'. The situation at

1 that time wouldn't allow me to do that.

2 Q But that's not an answer to my question. I'm
3 asking you what led you to believe that they
4 were the same because you depose that they were
5 the same, or you believe that they were the
6 same.

7 A I believe they are similar.

8 Q Yeah. So what led you to believe they're
9 similar?

10 A Because of the intentions of Advance, their
11 debt, and then the way we pay them, and
12 subsequent discussion. Even during the
13 statement of claim, the missed funds discussion
14 with me and with Mr. Deng and also writing the
15 letter, the intention has always been the same
16 from their position in 2018.

17 Q Intention is different than what is written on
18 the piece of paper, though, sir. They are very
19 different pieces of paper. They have different
20 writing.

21 A Right. But at that time I was not in the
22 position to suggest any changes to the
23 agreement -- to the new version of the
24 agreement. I was not in that position.

25 Q If I ask you to turn to paragraph 19 of your
26 affidavit, sir.

27 A M-hm.

1 Q The very second -- I guess it would be the
2 second-last sentence, you say: (as read)

3 However, no mineral property report
4 were enclosed.

5 A Yes. I didn't see that. But as I said, I was
6 not in the position to suggest any changes
7 to -- to the agreement pushed to me.

8 Q Is your evidence that you have no knowledge of
9 what was to be included in Schedule A to the
10 royalty agreement? Is that correct?

11 A I assumed it should be the similar areas as the
12 terms with the 2018 agreement.

13 Q Okay. I'm not asking you to assume. I'm
14 asking you to tell me -- answer this question:
15 Is it your evidence that you had no knowledge
16 of what was to be included in Schedule A to the
17 royalty agreement? Are you saying that?

18 A At that point, I didn't see anything in -- in
19 that new agreement pushed to me, yeah.

20 Q So "yes" or "no", sir?

21 A Repeat your question again.

22 Q So is it your evidence that you -- and you're
23 acting on behalf of AlphaBow, okay -- had no
24 knowledge of what was to be included in
25 Schedule A to the royalty agreement?

26 A Schedule A.

27 N. KAUR: Schedule A to the royalty

1 agreement, which is at Exhibit A or 'H'.

2 A. NAVEED: No. That's Exhibit H,
3 and that's the mineral property report.

4 N. KAUR: So Exhibit H.

5 A Then I have no knowledge.

6 Q A. NAVEED: You have no knowledge.
7 You were acting on behalf of AlphaBow. So is
8 it your evidence that AlphaBow had no
9 knowledge?

10 A Because they didn't attach that to the new
11 agreement pushed to me.

12 A. NAVEED: Can we go off the record?

13 (DISCUSSION OFF THE RECORD)

14 (ADJOURNMENT)

15 Q A. NAVEED: Sir, can I just have you
16 confirm for the record that you did not discuss
17 your evidence with anyone during the break?

18 A I did not, yeah.

19 N. KAUR: And just to clarify, I
20 just checked with Mr. Quan Li if the document
21 that has been sent at Exhibit J -- if that's
22 what is supposed to be here or not, that
23 exhibit reference, but that's all that we
24 discussed, whether or not we actually had the
25 correct document that was supposed to be sent.
26 That's all.

27 Q A. NAVEED: Okay. And, sir, we're

1 going to go back to Exhibit J, and to confirm,
2 what is currently attached as Exhibit J was
3 accidentally included, and it wasn't meant to
4 be included; is that right? Because it's a
5 discussion between counsel and Mr. Ben Li; is
6 that right?

7 A That's correct, yeah.

8 Q Okay. So is it correct to say you want to
9 correct Exhibit J and attach the correct
10 attachment?

11 A That's correct.

12 Q So may I have an undertaking, please, for you
13 to provide what was the intended Exhibit J.

14 N. KAUR: Yes. We'll take that.

15 A Yes.

16 UNDERTAKING 2 - To provide what is
17 the intended Exhibit J to Quan Li's
18 affidavit

19 Q A. NAVEED: And I appreciate we had a
20 bit of a break, so I'm just going to repeat one
21 thing, and then we'll get going, okay.

22 So you said, just before the break, that
23 Exhibit H is the 2021 royalty agreement?

24 A Yeah.

25 Q That you reviewed it, sir?

26 A Yeah.

27 Q And then you signed it?

1 A Yeah.

2 Q But you did not review Schedule A referred to
3 in that document?

4 A Schedule A?

5 Q Yeah. Which is the royalty lands or the
6 mineral property report.

7 A Schedule A, yeah.

8 Q Okay. So you signed it without reviewing
9 Schedule A?

10 A That's right.

11 Q Okay. Sir, I'm going to now show you an email
12 dated October 28, 2021, at 9:27 PM. This is an
13 email between counsel for AlphaBow, Mr. Reh,
14 and counsel for Advance, Mr. Fairhurst. I'll
15 give you a minute, sir, to take a look at that.

16 A Okay. Yeah.

17 A. NAVEED: I'm going ask that to
18 be -- I'm going to take that back for a minute.
19 I'm going to ask that to be marked, madam
20 reporter, as Exhibit 3. And that is an email
21 dated October 28, 2021, at 8:27 PM between
22 Mr. Reh and Mr. Fairhurst.

23 THE COURT REPORTER: 8:27 or 9:27?

24 A. NAVEED: 8:27.

25 EXHIBIT 3 - Email dated October 28,
26 2021, at 8:27 PM between Kenneth Reh
27 and Sean Fairhurst

1 Q A. NAVEED: Were you aware, sir, that
2 your counsel or counsel for AlphaBow was
3 discussing execution of the royalty agreement
4 with counsel of Advance?

5 A Not this particular action, no, I was not
6 aware.

7 Q So you weren't aware that they were discussing
8 execution of the royalty agreement?

9 A Well, for this letter, they exchange at the
10 timing what to do, when we can have that
11 delivered. I wasn't aware of this.

12 Q Okay. So when it says -- when Mr. Fairhurst
13 says in the email -- this is the third
14 paragraph: (as read)

15 With respect to the GORR, we request
16 that AlphaBow print and attach the
17 mineral property report.

18 You weren't aware of that?

19 A This is -- this is the first time I saw this.

20 Q Okay. Sir, next I'm going to refer you to an
21 email on the same day, October 28, 2021, at
22 9:50 PM. So later in the day, about an hour
23 later, roughly, maybe a little bit more.

24 A M-hm.

25 Q I will get you to take a look at that, sir.

26 N. KAUR: Should we start from the
27 back or ...

1 A. NAVEED: No, it has exhibits. If
2 you want to start from the back. It's a
3 one-page email, and then there's attachments.

4 N. KAUR: Okay.

5 A. NAVEED: It's probably easier if
6 you start with reading the email.

7 N. KAUR: Okay. Perfect.

8 A Okay. I have read it.

9 Q A. NAVEED: Do you want to take a
10 minute, sir, to read the attachments? You can
11 if you want. That's fine. I'm mostly going to
12 ask you about the email.

13 A Okay. Sure.

14 A. NAVEED: Madam reporter, we're
15 going to attach the October 28 email at 9:30 PM
16 between Mr. Reh and Mr. Fairhurst as Exhibit 4,
17 please. Plus two attachments, being the
18 consent judgment and the 2021 royalty
19 agreement. And an email from Michael Lam.

20 EXHIBIT 4 - Email dated October 28,
21 2021, at 9:30 PM between Kenneth Reh
22 and Sean Fairhurst with attachments:
23 consent judgment, 2021 royalty
24 agreement, and email from Michael Lam

25 A. NAVEED: Can we go off the record
26 for one second?

27 (DISCUSSION OFF THE RECORD)

1 A. NAVEED: Madam reporter, the
2 attachments for Exhibit 4 will be the consent
3 judgment, the GORR agreement, and the email
4 exchange.

5 A Okay. I have read it.

6 N. KAUR: Just by way of -- so I
7 have this attachment here at the end, which is
8 page 1, and then there's page 3. Is there
9 something in the middle that we should have?
10 And then, I mean, it ends without prejudice,
11 and then there's a half email.

12 S. FAIRHURST: Let me see your copy.

13 A. NAVEED: Can we go off the record
14 for one second?

15 (DISCUSSION OFF THE RECORD)

16 Q A. NAVEED: So, sir, we've attached
17 as Exhibit 4 to this transcript an email dated
18 Thursday, October 28, 2021, at 9:50, so it's
19 just an hour later than the earlier email.
20 Again, between counsel, your -- AlphaBow's
21 counsel Ken Reh and Advance's counsel
22 Mr. Fairhurst, and referenced in this email you
23 will see that AlphaBow's counsel Mr. Reh sends
24 over Mr. Fairhurst a signed copy of the consent
25 judgment --

26 A Yeah.

27 Q -- a signed copy of the GORR agreement, and

1 a -- indicating also at paragraph 2: (as read)
2 The schedule of mineral titles may be
3 found at this link.

4 And he provides a Google Drive link there, too
5 large to attach directly.

6 Sir, were you aware of the Google Drive
7 link at this point of the day?

8 A No.

9 Q Okay. So AlphaBow's counsel exchanged some
10 things, but you weren't aware of it, and that
11 included the mineral report?

12 A No.

13 Q Okay. If I get you to look at the GORR
14 agreement, which is -- or the royalty
15 agreement?

16 A Yeah.

17 Q Is it correct that this royalty agreement that
18 is -- that I'm showing you now, which is
19 attached to this email, is the same as the one
20 that is Exhibit H of your affidavit? And go
21 ahead and take a look.

22 A Yes, it is the same.

23 Q Okay. Thanks.

24 N. KAUR: Just to clarify, Mr. Li
25 has just looked at the agreement, not at
26 Schedule A. Would you like him to look at
27 Schedule A as well, or is that sufficient?

1 A. NAVEED: No, that's sufficient.

2 Q A. NAVEED: Sir, I'm now going to
3 refer you to an email dated October 29, 2021,
4 at 10:35 AM, so the next day. This also is an
5 email between Mr. Reh and Mr. Fairhurst.

6 A M-hm.

7 Q This again refers, on the third page, to the
8 Google Drive link which has a schedule of
9 mineral titles. You're also indicating, sir,
10 that you were not -- still not aware of the
11 Schedule A?

12 A I'm still not aware.

13 A. NAVEED: Okay. Madam clerk [sic],
14 I'm going to exhibit the October 29, 2021,
15 email of 10:35 AM between Mr. Reh and
16 Mr. Fairhurst as Exhibit 5.

17 EXHIBIT 5 - Email dated October 29,
18 2021, 10:35 AM between Kenneth Reh
19 and Sean Fairhurst

20 Q A. NAVEED: Sir, I'm now going to
21 show you another email dated November 8th,
22 2021, at 4:12.

23 A M-hm.

24 Q Sir, this email is an email from Michael --
25 from Mr. Fan at Advance to Michael Lam at
26 AlphaBow. Take a minute and ...

27 Okay. Sir, if I direct you -- right at the

1 end, Mr. Lam sends to Mr. Fan --

2 A M-hm.

3 Q -- says: (as read)

4 Lastly, please find the updated
5 mineral report. This is the link.

6 A Yeah.

7 Q Is that right?

8 A That's what I see here.

9 Q Yeah. And at this point, sir, had you been
10 provided with the link to the mineral report?

11 A I do not think so, but I recall Mr. Lam did
12 discuss the table of the royalty, which we both
13 agreed on, and also the CO2 situation.

14 Q That's fine. I'm asking about the link and the
15 mineral report.

16 A I do not know the link, no.

17 A. NAVEED: Madam reporter, we're
18 going to mark this email November 8, 2021,
19 between Mr. Lam and Mr. Fan as Exhibit 6.

20 EXHIBIT 6 - Email dated November 8,
21 2021, between Michael Lam and Jiang
22 Fan

23 Q A. NAVEED: Sir, I'm going to direct
24 you to paragraph 20 of your affidavit. At the
25 very end, sir, of that paragraph you say:

26 (as read)

27 I understood the following to be the

1 relevant provisions ...

2 And then if you flip over, there's an extract.

3 It looks like it's Schedule B to the royalty
4 agreement, 2021 royalty agreement.

5 A M-hm.

6 Q Do you see that?

7 A Yeah.

8 Q Is it your evidence that you understood that
9 there were no other terms of the royalty
10 agreement that were relevant?

11 A Correct.

12 Q Sir, can I get you to go to paragraph 19,
13 please.

14 N. KAUR: Sorry. Paragraph 19 of
15 the affidavit, counsel?

16 A. NAVEED: Of the affidavit, yeah.

17 N. KAUR: Okay.

18 A. NAVEED: Can we go off the record
19 for a moment?

20 (DISCUSSION OFF THE RECORD)

21 Q A. NAVEED: Sir, now that you've seen
22 email correspondence between counsel of Advance
23 at the time and counsel of AlphaBow, does that
24 refresh your memory in understanding that
25 AlphaBow and Advance had exchanged the mineral
26 property report which was to be schedule --
27 which was Schedule A to the 2021 royalty

1 agreement?

2 A Now, yes. I believe they may have through the
3 Google Map [sic] that Mr. Lam provided.

4 Q Sir, I'm going to direct you to paragraph 21 of
5 your affidavit. In that paragraph, sir, you
6 say your request for meetings to discuss the
7 royalty agreement prior to signing it were
8 denied; is that right?

9 A Yes.

10 Q Do you have any correspondence that your
11 request for a meeting was denied?

12 A Just phone calls.

13 Q So nothing in writing?

14 A Not in email or writing, no. Just phone calls.

15 Q Thank you.

16 At the end of that same paragraph, you say:
17 (as read)

18 I was pressured to sign the royalty
19 agreement.

20 I take it you mean you were pressured on behalf
21 of Advance to sign the royalty agreement; is
22 that right?

23 A I mean --

24 N. KAUR: "On behalf of Advance"?

25 Q A. NAVEED: On behalf of AlphaBow.

26 A Okay. Yes.

27 Q What kind of pressure was exerted upon you?

1 A Because before Advance submit a statement of
2 claim, it was all discussions on repaid -- how
3 we repaid the debt, the account payables for
4 the services they provided. And we continued
5 to pay them based on 2.5 percent each month.
6 But then since they submit the statement of
7 claim, I understand from Mr. Fan, due to the
8 pressure from their headquarter's new
9 supervisor in charge, they need to recover the
10 fund for the services provided. So he has to
11 submit the statement of claim and then quickly
12 move to default judgment.

13 And as you probably heard on the street,
14 AlphaBow had over 400 creditors in addition to
15 Advance Drilling. So I have been through that
16 statement of claim, default judgment many
17 times. 9 out of 10, the party holding that
18 order, default judgment order, they would just
19 come to the door and just say, I want this; I
20 want that. We just have to give them because
21 they can garnish our bank account. When that
22 happens, our bank account is frozen. Then we
23 cannot do anything. We cannot pay our people;
24 we cannot pay maintenance contractors; we
25 cannot pay regular services. And this run the
26 risk of oil spills and environmental issues.
27 There's lots of issues there.

1 So we are very, very cautious not to get to
2 the judgment time. So a lot of effort was
3 already put in before Advance move to the
4 judgment, but then --

5 Q So --

6 A But then once they have that, they would ask me
7 to do this and this, and based on my previous
8 experience, there's no way I can argue back. I
9 just have to sign it.

10 Q So it's a claim. It's a rightful claim that
11 Advance is bringing because it's not being
12 paid. It's not really pressure. It's just
13 enforcing its rights.

14 N. KAUR: Sorry. I'm going to
15 object to that. Are you suggesting a legal
16 position with a claim being advanced? Mr. Li
17 cannot answer what the legal position was.

18 A. NAVEED: That's not what I'm
19 asking. I asked him about his pressure. He
20 gave --

21 N. KAUR: And just to clarify,
22 counsel --

23 A. NAVEED: -- me a long-winded
24 response.

25 N. KAUR: -- is the pressure you're
26 saying -- what's the question with respect to
27 the pressure? Who exerted the pressure?

1 A. NAVEED: No, no. I asked him what
2 kind of pressure, and he gave a long-winded
3 response, which from what I can take --

4 A The pressure --

5 A. NAVEED: -- from that is the
6 pressure was a statement of claim.

7 A The pressure is after you have a default
8 judgment, you can actually go in and forcefully
9 take money out of my bank account. That is the
10 pressure I have. It's like a knife hanging on
11 my -- my head, and they can cut that thread any
12 time. That is the pressure.

13 Q A. NAVEED: Okay. So it's fair to
14 say that it was actually Advance's summary
15 judgment application and the consent judgment,
16 all of those things, that was the pressure;
17 that's correct?

18 A Yes. It changes everything because previously
19 we try to pay them all on friendly terms, and
20 that statement of claim, default judgment
21 changed everything.

22 A. NAVEED: So I want to just clarify
23 one point. Earlier Exhibit 25 -- paragraph 25,
24 you've given an undertaking to produce what you
25 intended as Exhibit J. I just want to clarify
26 that's going to be in exhibitable form,
27 counsel.

1 N. KAUR: "Exhibitible form", you
2 mean -- yeah, we'll produce that in the form of
3 an undertaking that can be attached as an
4 exhibit.

5 A. NAVEED: Yeah. Just wanted to
6 make sure.

7 Then I'm going to ask for a further -- that
8 will satisfy what was intended to be Exhibit J,
9 okay. I'm going to ask for a further
10 undertaking to produce the payment revenue
11 report and associated producer statements of
12 all months following execution of the
13 settlement agreement between Advance and
14 AlphaBow.

15 N. KAUR: We'll take that under
16 advisement.

17 UNDERTAKING 3 - To produce the
18 payment revenue report and associated
19 producer statements of all months
20 following execution of the settlement
21 agreement between Advance Drilling
22 Ltd. and AlphaBow Energy Ltd.

23 (Taken Under Advisement)

24 Q A. NAVEED: Sir, I'm going to direct
25 you to paragraph 27 of your affidavit.

26 A M-hm.

27 Q In the very last sentence you say: (as read)

1 Rather, I would have explored other
2 means such as through well services,
3 organic production growth to maintain
4 the production as a going concern.

5 Is that right?

6 A That's correct.

7 Q When you refer to "other means", what other
8 options did you have in mind to generate funds
9 by the end of 2021?

10 A Okay. AlphaBow was formed -- I have to give
11 you a long answer. I'm -- my apology.
12 AlphaBow was formed by purchasing liability
13 asset at \$1. And the buyers put them together
14 but split the asset into two. One is called
15 AlphaBow eventually, the other one is called
16 Sequoia, which is ongoing bankruptcy, which
17 would double the orphan well fund -- well count
18 in one single bankruptcy.

19 So what I'm in here is, if I were the CEO
20 back in 2018, I would not take on this drilling
21 services at all. Whether it is -- I pay back
22 in GORR or whether it is for even more severe
23 impact on AlphaBow asset because it's
24 perpetual, I wouldn't do that. I see that as a
25 mistake by my predecessor. Because I believe
26 if you do not have the mean to pay for
27 services, you just don't order that services.

1 That's what I believe. That's what I mean
2 here.

3 And we can do other things such as we
4 have -- out of 4,000 wells, we have 900 wells
5 that is still producing. We can go in there
6 and do low-cost maintenance, like reopen
7 certain reservoir at certain depths or clean
8 the well, get rid of the wax, get rid of some
9 water zone, and reopen the zone above or below
10 the water zone. It wouldn't cost as much as
11 drilling because drilling is very costly. And
12 this is what I did in 2021, the whole year.

13 At that point the AlphaBow production was
14 declining, so I worked with the engineers and
15 also operation people. We checked each well,
16 900 of them. We checked each one of them, and
17 we have a list of the best performing well
18 services well, and we go -- we went in and did
19 that. We spent -- we did spend money, but we
20 brought the production back from
21 3,000-something to over 4,000.

22 And that is what I -- that is what I and
23 the team did. We didn't do drilling, but we
24 bring the production steady and gradually up as
25 well.

26 Q But that would have been sufficient to pay off
27 Advance's -- or AlphaBow's debt to Advance?

1 A It wouldn't.

2 Q No.

3 A That is what I mean. If I was in charge in
4 2018, I wouldn't even take Advance offer.

5 Q Sure. But we're not talking about 2018. We're
6 talking about 2021.

7 A Yeah.

8 Q So really there were no other options?

9 A There were no other options, yeah.

10 Q Okay.

11 A We simply cannot afford to pay Advance.

12 Q Okay. I'm very close to the end. I want to
13 take a quick look at my notes, sir. We're
14 going to take a bit of a break.

15 A Sorry to give you a long answer.

16 N. KAUR: Don't apologize.

17 Q A. NAVEED: That's okay. We're going
18 to take another break. You're still under
19 oath, and we'll be right back. Another five
20 minutes?

21 A Sure.

22 N. KAUR: Just to clarify, Sarah
23 has emailed me some documents, so we're going
24 to try it again, and the only discussion I will
25 have with Mr. Li is to confirm whether that's
26 what is intended to be produced in Exhibit J,
27 if that's okay.

1 A. NAVEED: Yeah, that's fine, as
2 long as it's just that.

3 (ADJOURNMENT)

4 Q A. NAVEED: Okay. Sir, subject to
5 any further questions I might have on the
6 undertaking that you're going to produce the
7 proper Exhibit J, those are my questions for
8 you today. Thank you.

9 A Thank you.

10 (WHICH WAS ALL THE EVIDENCE TAKEN AT 12:20 PM)

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1 CERTIFICATE OF TRANSCRIPT:

2

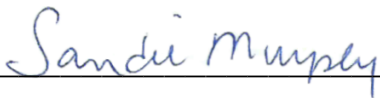
3 I, S. Murphy, certify that the foregoing
4 pages are a complete and accurate transcript of
5 the proceedings taken down by me in shorthand
6 and transcribed from my shorthand notes to the
7 best of my skill and ability.

8 Dated at the City of Calgary, Province of
9 Alberta, this 27th day of October 2024.

10

11

12



13

S. Murphy, CSR(A)

14

Official Court Reporter

15

Commissioner for Oaths Appointee No. 0703370

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ASRA Membership No. 170

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1	EXHIBITS ENTERED IN THE QUESTIONING OF	Page
2	QUAN LI	
3	OCTOBER 25, 2024	
4		
5	Description	
6		
7	EXHIBIT 1 - Application of Advance Drilling	14
8	Ltd. for partial summary judgment filed	
9	September 3, 2021, in Court File Number	
10	2101-07914	
11		
12	EXHIBIT 2 - Notice to admit facts between	15
13	Advance Drilling Ltd. and AlphaBow Energy Ltd.	
14	in Court of Queen's Bench 2101-07914 filed	
15	August 11, 2021	
16		
17	EXHIBIT 3 - Email dated October 28, 2021, at	32
18	8:27 PM between Kenneth Reh and Sean Fairhurst	
19		
20	EXHIBIT 4 - Email dated October 28, 2021, at	34
21	9:30 PM between Kenneth Reh and Sean Fairhurst	
22	with attachments: consent judgment, 2021	
23	royalty agreement, and email from Michael Lam	
24		
25	EXHIBIT 5 - Email dated October 29, 2021,	37
26	10:35 AM between Kenneth Reh and Sean	
27	Fairhurst	

1 UNDERTAKINGS GIVEN IN THE QUESTIONING OF
 2 QUAN LI
 3 OCTOBER 25, 2024

4
 5 Undertakings are inserted and indexed as a
 6 courtesy service to be utilized at the discretion
 7 of counsel. They are interpretations by the
 8 court reporter, and it is requested counsel refer
 9 to the appropriate page to ensure accuracy.

12 Description	Page
13	
14 UNDERTAKING 1 - To produce the email that was 15 with Exhibit G of Quan Li's affidavit 16 (Taken Under Advisement)	25
17	
18 UNDERTAKING 2 - To provide what is the 19 intended Exhibit J to Quan Li's affidavit	31
20	
21 UNDERTAKING 3 - To produce the payment revenue 22 report and associated producer statements of 23 all months following execution of the 24 settlement agreement between Advance Drilling 25 Ltd. and AlphaBow Energy Ltd. 26 (Taken Under Advisement)	44

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ENTERED

EXHIBIT 1
DATE OCT. 25/21
EXAM OF Q U
M. Form 27
[Rule 6.3]
SANDIE MURPHY
CLERK OF THE COURT

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**

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



90704
HK
\$50

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.

<p>WARNING</p> <p>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.</p>

EXHIBIT 2
DATE OCT 25/21
EXAM OF Q. Li
SM

SANDIE MURPHY
COURT REPORTER

Form 33
[Rule 6.37]

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 3
DATE Oct 25/29
EXAM OF Sm. Q.4
SANDIE MURPHY
COURT REPORTER

Fairhurst, Sean

From: Ken Reh Law Office <ken@reh-law.ca>
Sent: Thursday, October 28, 2021 8:27 PM
To: Fairhurst, Sean
Subject: Re: Consent Order re_ Summary Judgment Application(58823188.1)

[WARNING: EXTERNAL SENDER]

Sean, we are working out some logistics issues on having the GORR signed. I may not have it to you until very early tomorrow am (along with the ConJug). Before 730am. I trust that works.

Get [Outlook for iOS](#)

From: Fairhurst, Sean <sean.fairhurst@dentons.com>
Sent: Thursday, October 28, 2021 4:00 PM
To: Kenneth Reh, Barrister & Reh (ken@reh-law.ca)
Cc: Tai, George; fanjiang@gwdc.ca
Subject: Consent Order re_ Summary Judgment Application(58823188.1)

Ken, further to our telephone call, attached please find execution versions of the consent judgment and overriding royalty agreement (GOR).

With respect to the GOR we request that AlphaBow print and attach the mineral property reports.

We look forward to receipt of the execution copies and your form of trust letter.

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)

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October 25, 2024

File No.: 141950-281

DELIVERED VIA PROCESS SERVER

Eric Louis Grand-Maison
110 Riverview Cir SE
Calgary, Alberta T2C 4K1

Dear Sir:

RE: ATB Financial v. Eric Louis Grand-Maison
Court of King's Bench of Alberta Action No.: 2401-11883

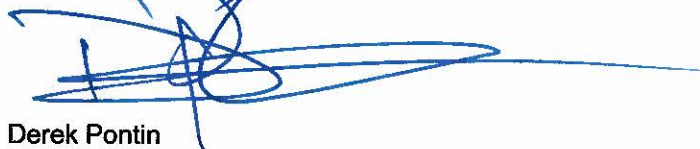
We represent ATB Financial in the above referenced matter. Please find enclosed for service upon you a true copy of the Statement of claim, filed on August 27, 2024.

Please note, the Statement of Claim provides for you only a limited time to respond.

Should you have any questions, please contact the writer.

Yours truly,

Dentons Canada LLP



Derek Pontin
Partner

DMP/ik

Encl.

Fairhurst, Sean

From: Ken Reh, Barrister & Solicitor <ken@reh-law.ca>
Sent: Thursday, October 28, 2021 9:50 PM
To: Fairhurst, Sean
Subject: Advance v ABE (Action 2101-07914)
Attachments: Consent Judgment - Advance v ABE.pdf; Executed GORR.pdf; Fwd_ Alphasow - Advance Drilling Settlement Resolution.eml

[WARNING: EXTERNAL SENDER]

Sean,

Further to this matter, attached are:

1. Consent Judgment, executed by me;
2. GORR Agreement, executed by Alphasow (the schedule of mineral titles may be found at this link https://drive.google.com/drive/folders/1MP5FpUzZjl4Eg_ul4Ib-JkcLqL77ZY_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.

EXHIBIT 4
DATE Oct 25/24
EXAM OF Q. Li
SM
SANDIE MURPHY
COURT REPORTER

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 Alphasow and Advance, as set out in the attached email exchange, subject to the following revisions:

- a. 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
- b. 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
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1816 Crowchild Trail NW
Calgary, AB T2M 3Y7
Call: 403-870-5734
Fax: 587-327-5527
ken@reh-law.ca
Pronouns: He/Him/His

COURT FILE NUMBER 2101-07914
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ADVANCE DRILLING LTD.
(APPLICANT)
DEFENDANT ALPHABOW ENERGY LTD.
(RESPONDENT)
DOCUMENT CONSENT JUDGMENT

Clerk's Stamp:

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

DATE ON WHICH ORDER WAS PRONOUNCED: OCTOBER 29, 2021
LOCATION OF WHERE ORDER WAS PRONOUNCED: CALGARY ALBERTA VIA WEBEX
NAME OF MASTER WHO MADE THIS ORDER: _____

UPON the Application of the Plaintiff / Applicant, Advance Drilling Ltd. ("**Advance**"), for partial summary judgment; **AND UPON** reading the Notice to Admit Facts filed by Advance on August 11, 2021; **AND UPON** noting that there was no response by the Defendant / Respondent, AlphaBow Energy Ltd. ("**AlphaBow**"), to the Notice to Admit Facts within 20 days of it being served upon AlphaBow; **AND UPON** hearing counsel's submissions made on behalf of Advance; **AND UPON** noting the consent of counsel for AlphaBow;

IT IS HEREBY ORDERED THAT:

1. Advance is awarded judgment against AlphaBow in the sum of \$12,944,339.21.
2. Advance may continue this action against AlphaBow with respect to the amounts to be paid by AlphaBow to Advance in respect of pre-judgment and post-judgment interest.
3. Costs of this application are awarded to Advance in the amount of \$7,865.00 against AlphaBow, payable forthwith pursuant to Schedule C, Column 5 of the Alberta Rules of Court, Alta Reg 124/2010, representing costs for commencement documents, the Notice to Admit Facts, and an uncontested application before a Master.

4. This consent judgment may be entered notwithstanding the facsimile or electronic consent of the parties, which may be in counterpart.

Master of the Court of Queen's Bench of Alberta

Approved as to Form and Content this 28th day of October, 2021

Kenneth P. Reh Law Office, counsel for the Respondent, AlphaBow Energy Ltd.



Per: Kenneth P. Reh

Approved as to Form and Content this 28th day of October, 2021

Dentons Canada LLP, counsel for the Applicant, Advance Drilling Ltd.

Per: Sean Fairhurst

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

Royalty Owner:

(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."

Fairhurst, Sean

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

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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 **quartly** 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
Date: 2021-10-22 15:00
To: Fan Jiang (GWDC)
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 Alphabow's physical hedging position
- A consent judgement held in trust by your lawyer if any events that Alphabow 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; Alphabow 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; Alphabow 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

Fairhurst, Sean

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

EXHIBIT 5
DATE OCT 25/24
EXAM OF Q-4
SM.
SANDIE MURPHY
COURT REPORTER

[WARNING: EXTERNAL SENDER]

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

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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

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sean.fairhurst@dentons.com
Bio | Website

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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.

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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; faniang@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

 DENTONS

Sean Fairhurst
Partner

My pronouns are: He/Him/His

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sean.fairhurst@dentons.com
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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

Zhu, Changhai



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:

EXHIBIT 6
DATE OCT 25, 2021
EXAM OF Q. U. / Jm.
SANDIE MURPHY
COURT REPORTER

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-JkcLqL77ZY_i?usp=sharing

Thanks!

Michael