



COURT FILE NUMBER

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PROCEEDING

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE
A PROPOSAL OF ALPHABOW ENERGY LTD.**

AND

**IN THE MATTER OF THE *COMPANIES'S CREDITORS
ARRANGEMENT OF ALPHABOW ENERGY LTD.***

DOCUMENT

**FIRST REPORT OF THE PROPOSAL TRUSTEE AND PRE-
FILING REPORT OF THE PROPOSED MONITOR**

APRIL 19, 2024

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

PROPOSAL TRUSTEE

KSV Restructuring Inc.
324-8th Avenue SW, Suite 1165
Calgary, AB
T2P 2Z2

Attention: Andrew Basi/Ross Graham
Telephone: (587) 287-2670/(587) 287-2750
Facsimile: (416) 932-6266
Email: abasi@ksvadvisory.com
rgraham@ksvadvisory.com

PROPOSAL TRUSTEE'S COUNSEL

Cassels Brock & Blackwell LLP
888 3rd Street SW, Suite 3810
Calgary, AB
T2P 5C5

Attention: Jeffrey Oliver
Telephone: (403) 351-2921
E-Mail: joliver@cassels.com

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1.0 Introduction

1. This report (this “**Report**”) is filed by KSV Restructuring Inc. (“**KSV**”), in its capacity as: (i) proposal trustee (in such capacity, the “**Proposal Trustee**”) in connection with the Notice of Intention to Make a Proposal (“**NOI**”) filed on March 28, 2024 (the “**NOI Filing Date**”) by AlphaBow Energy Ltd. (“**AlphaBow**”, the “**Company**” or the “**Applicant**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) (the “**NOI Proceeding**”); and (ii) proposed monitor (the “**Proposed Monitor**”) in the proposed proceedings of AlphaBow under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c C-36, as amended (the “**CCAA**”) (the “**CCAA Proceeding**”) pursuant to an initial order, among other things, granting the Company relief under the CCAA, and appointing KSV as monitor in these proceedings (if appointed, the “**Monitor**”).
2. The certificate of filing for the NOI Proceeding was issued by the Office of the Superintendent of Bankruptcy (“**OSB**”) and is attached hereto as **Appendix “A”**. The Affidavit of Ben Li, sworn April 15, 2024, provides, among other things, background information concerning the Applicant’s business, as well as the reasons for the commencement of these CCAA proceedings (the “**Li Affidavit**”).
3. The Company is seeking Court approval to transition this NOI Proceeding into a CCAA Proceeding. The principal purposes of the NOI Proceeding and the CCAA Proceeding are: (i) for the Company to remain in a formal process for the benefit of its creditors and stakeholders; and (ii) to undertake a Court-supervised sale and investment solicitation process (the “**SISP**”) resulting in a sale or other strategic transaction in respect of the Company and/or its assets.

1.1 Purposes of this Report

1. This Report is intended to provide the Court of King’s Bench of Alberta (the “**Court**”) with further information related to the relief sought by the Company in its application scheduled for April 26, 2024. This Report specifically provides information regarding:
 - a) the background on the Company, its financial position, and the reasons for the NOI filing and CCAA proceeding;
 - b) the Proposal Trustee’s activities since the NOI Filing Date;

- c) the Company's activities since the NOI Filing Date;
- d) the Proposal Trustee's comments and report on the Company's cash flow statement for the period commencing on March 28, 2024 and ending June 30, 2024 (the "**Cash Flow Statement**") filed in the Proceedings pursuant to section 50.4(2)(a) of the BIA;
- e) the Company's actual performance to date versus the Cash Flow Statement;
- f) the Proposed Monitor's comments and report on the Company's cash flow statement for the period commencing on April 21, 2024 and ending August 4, 2024 (the "**Second Cash Flow Statement**");
- g) KSV's qualifications to act as Monitor;
- h) AlphaBow's application for an Order (the "**Initial Order**") which includes, amongst other matters, the following relief:
 - i. declaring that the Applicant is a Company to which the CCAA applies;
 - ii. declaring the NOI Proceeding of the Applicant is taken up and continued under the CCAA, pursuant to section 11.6(a) of the CCAA;
 - iii. declaring that Division I of the Part III of the BIA has no further application to the Applicant;
 - iv. terminating the NOI Proceeding;
 - v. deeming the NOI filed by the Applicant to be withdrawn;
 - vi. granting a stay of all proceedings, rights, and remedies against or in respect of the Applicant until May 6, 2024 (the "**Stay Period**");
 - vii. granting a charge to not exceed \$100,000 as security for the fees and disbursements of the Proposed Monitor, the Proposed Monitor's counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), and the Applicant's counsel, Bennett Jones LLP ("**Bennett Jones**") (the "**Administration Charge**"), against the Applicant's current and future assets, undertakings and properties of every nature and kind whatsoever (including all real and

personal property), and wherever situate, including all proceeds thereof (collectively the “**Property**”).

- i) the Applicant’s application for an amended Initial Order (the “**Amended and Restated Initial Order**”) which includes, amongst other matters, relief for the following:
 - i. extending the Stay of Proceedings to, and including, July 31, 2024; and
 - ii. increasing the quantum of the Administration Charge to \$500,000.
- j) the Applicant’s application for a sale and investment solicitation process order (the “**SISP Order**”) which includes, amongst other matters, the following relief:
 - i. approval of the SISP;
 - ii. authorizing the Monitor and Sayer Energy Advisors (“**Sayer**” or the “**Sales Agent**”) to conduct the SISP;
 - iii. appointing Sayer as the sales agent in accordance with the SISP and approving the engagement agreement between the Applicant and Sayer;
 - iv. authorizing the continued marketing and sale of the Company’s carbon credits through Strom Futures Inc. (“**Strom Futures**”), or such further broker as the Monitor shall approve; and
 - v. an order sealing the confidential documents as described herein.
- k) the Applicant’s application for a sale approval and vesting order (the “**SAVO**”) approving the sale transaction (the “**Cascade Transaction**”) pursuant to the purchase and sale agreement dated April 15, 2024, between AlphaBow and Cascade Capture Ltd. (“**Cascade**”); and
- l) the Proposed Monitor’s comments and recommendations.

1.2 Scope and Terms of Reference

1. In preparing this Report, the Proposed Monitor and Proposal Trustee have relied upon the Applicant's unaudited financial information, books and records, information available in the public domain and discussions with the Applicant's management and legal counsel.
2. The Proposed Monitor and Proposal Trustee have not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposed Monitor and Proposal Trustee express no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.
3. An examination of the Cash Flow Statement and the Second Cash Flow Statement as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information relied upon in this Report is based upon the Applicant's assumptions regarding future events; actual results achieved may vary from this information, and these variations may be material. Neither the Proposed Monitor nor the Proposal Trustee express any opinion or other form of assurance on whether the Cash Flow Statement or the Second Cash Flow Statement will be achieved.
4. This Report should be read in conjunction with the materials filed by the Applicant, including the Li Affidavit. Capitalized terms not defined in this Report have the meanings ascribed to them in the Li Affidavit.

1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

1.4 Court Materials

1. Court materials filed in these proceedings are made available by KSV on its case website at www.ksvadvisory.com/experience/case/alphabow (the "**Case Website**").

2.0 Background

1. AlphaBow, a corporation registered in accordance with the laws of Alberta, operates from its headquarters in Calgary, Alberta.
2. Incorporated in 2016, the Company originated from the acquisition of assets from Omers Resources Limited, Pengrowth Corp., Husky Energy, and Glencoe Resources Ltd. (“**Glencoe**”), the latter of which was facilitated by a regulator-directed transfer to prevent the Glencoe assets from being transferred to the Orphan Well Association (the “**OWA**”).
3. The Applicant holds licenses for 3,785 wells, 4,038 pipelines, and 321 facilities spread across Alberta (collectively referred to as the “**Licensed Assets**”).
4. Prior to 2023, the Applicant maintained a workforce of approximately 60 employees along with several consultants. However, following the suspension of its sites, the Company downsized its staff to six contractors and five consultants.

2.1 Financial Difficulties

1. As stated in the Li Affidavit, the cause of the Company’s financial difficulties are due, in part, to the following:
 - a) Due to the COVID-19 pandemic, the Company faced a significant operational setback, necessitating site shutdowns, deferred drilling, and substantial interest payments due to prior drilling arrangements;
 - b) A significant number of inactive wells (60%) has furthered spend on environmental closure obligations and commitments; and
 - c) The issuance of certain orders by the Alberta Energy Regulator (the “**AER**”) including:
 - i. the Restrictive Order, restricting AlphaBow’s license eligibility and deeming it an unreasonable risk (the “**July Order**”).
 - ii. the Reasonable Care and Measures Order on March 30, 2023 (the “**March Order**”), directing the Company to, amongst other things, post over \$15.7 million in security; and

- iii. the Suspension Order dated June 5, 2023 which required the Company to suspend operations on its Licensed Assets (the “**Suspension Order**” collectively, with the July Order and the March Order, the “**AER Orders**”). The AER Orders led to the Company halting operations and severely constricting its cash flows;

The result of the AER Orders exacerbated the Company’s financial and operational challenges. AlphaBow voiced several concerns regarding the AER Orders, particularly the restrictive license eligibility restrictions impacting its ability to improve operations and attract investments. The Company’s legal appeals against the AER Orders were unsuccessful and attempts to negotiate with the AER for concessions failed.

2.2 Assets

1. Based on the Company’s most recent available financial statements, a summary of the Company’s assets as at December 31, 2022 is provided below:

Description	Book Value (\$000s)
Property and Equipment	85,718
Accounts Receivable	34,203
Cash	3,566
Prepaid Expenses and Deposits	496
Total	123,983

2. While the Applicant primarily operated its assets prior to the AER Orders, it also holds working interests in third-party operated wells. However, the AER Orders and non-compliance with contractual obligations have led to income disruptions from certain working interest partners.

2.3 Liabilities

1. AlphaBow does not have any credit facilities with a secured lender.
2. The Applicant's liabilities as of December 31, 2022 totaled approximately \$312.5 million, comprising of the following:

Description	Book Value (\$000s)
Accounts Payable and Accrued Liabilities	
Municipal Taxes	15,000
Surface Lease Payments	29,000
Alberta Energy Regulator	17,463
Advanced Drilling Ltd.	12,625
Other Suppliers and Vendors	13,950
Total Accounts Payable and Accrued Liabilities	88,038
Risk Management Contracts (Current)	4,038
Risk Management Contracts (Non - Current)	3,365
Environmental Decommissioning Liabilities	217,078
Total	312,519

3. Additional background information on the Company is included in the Li Affidavit.

3.0 Activities of the Company and Proposal Trustee

3.1 Activities of the Proposal Trustee

1. Since its appointment, the Proposal Trustee has performed the following key activities:
 - a) attending ongoing meetings with management to discuss the proposal process and the potential SISP;
 - b) assisting the Company with its communications to both internal and external stakeholders;
 - c) filing the necessary prescribed forms required pursuant to the BIA for the NOI;
 - d) issuing the required notice pursuant to section 50.4(6) of the BIA to all known creditors of the Company;

- e) monitoring the affairs of the Company's business including reviewing financial information with management;
- f) assisting the Company in preparing the Cash Flow Statement and Second Cash Flow Statement;
- g) corresponding and holding numerous discussions with management and Bennett Jones with respect to general filing matters and specific matters related to the potential CCAA Proceeding and the development of the SISP;
- h) attending meetings and holding discussions with the Sales Agent;
- i) reviewing matters related to the Cascade Transaction, including the Opinion of the Sales Agent (as defined herein);
- j) engaging Cassels as legal counsel to the Proposal Trustee and the Proposed Monitor;
- k) corresponding and holding numerous discussions with various stakeholders, and/or respective legal counsel to stakeholders;
- l) responding to calls and emails from creditors, suppliers, landowners, and other stakeholders;
- m) maintaining the Case Website for these NOI Proceedings; and
- n) preparing this Report.

3.2 Activities of the Company

1. The Proposal Trustee has observed certain key activities of the Company since filing the NOI as follows:
 - a) taking steps to re-establish future operations (subject to the NOI proceedings and regulatory approval) including engaging with the Company's former contractors and suppliers;
 - b) communicating with various stakeholders and creditors regarding the NOI Proceedings, in consultation with the Proposal Trustee;
 - c) negotiating a lease for a new office premises;

- d) negotiating with multiple parties to attempt to obtain interim financing;
- e) developing the SISP with the assistance of its legal counsel, the Proposal Trustee, and the Sale Advisor;
- f) with the assistance of the Proposal Trustee, responding to various questions by vendors;
- g) corresponding with Bennett Jones and the Proposal Trustee;
- h) taking steps to confirm adequate insurance coverage;
- i) communicating on an ongoing basis with certain creditors and/or their advisors;
- j) reporting to the Proposal Trustee on a weekly basis in respect of the Company's receipts and disbursements;
- k) working with the Proposal Trustee in preparing the Cash Flow Statement and Second Cash Flow Statement;
- l) negotiating the Cascade Purchase and Sale Agreement (as defined herein) for purposes of the Cascade Transaction;
- m) negotiating an agreement and engaging with the Sales Agent;
- n) engaging with Strom Futures for the sale of carbon credits;
- o) seeking records and following up on account receivables from working interest partners; and
- p) working with its legal counsel and the Proposed Monitor to prepare materials for the application seeking the Initial Order and Amended and Restated Initial Order.

4.0 Cash Flow Statement

1. Pursuant to subsection 50.4(2)(a) of the BIA, the Company prepared the Cash Flow Statement for the period ending June 30, 2024 (the “**Period**”). The Cash Flow Statement, together with Management’s Report on the Cash Flow Statement as required by subsection 50.4(2)(c) of the BIA, are collectively attached hereto as **Appendix “B”**.
2. The Cash Flow Statement was prepared by the Company with the assistance of the Proposal Trustee. The Company’s receipts during the Period are comprised largely of proceeds from the sale of certain carbon credits and the collection of non-operating working interest revenues from various parties. Additionally, the Company was negotiating interim financing and the Cash Flow Statement includes interim financing receipts. Projected disbursements are primarily for funding the Company’s operations, insurance, contractor payments, utilities, rent, and other operating expenses and professional fees.
3. Based on the Proposal Trustee’s review of the Cash Flow Statement, there are no material assumptions that seem unreasonable. The Proposal Trustee’s Report on the Company’s Cash Flow Statement as required by subsection 50.4(2)(b) of the BIA is attached as **Appendix “C”**.

4.1 Performance Against the Cash Flow Statement

1. In accordance with section 50.4(7)(b)(ii) of the BIA, the Proposal Trustee has continued to review and evaluate the state of the Applicant’s business and financial affairs since the NOI Filing Date.
2. The Applicant has remained current in respect of its obligations that have arisen since the NOI Filing Date.

- A review process was established with the Company to review weekly cash variances. A comparison of the Applicant's receipts and disbursements to the Cash Flow Statement for the period from the NOI Filing Date to April 19, 2024 is as follows:

First Reporting Period in CAD	Actual	Cash Flow Statement	Favourable / (Unfavourable) Variance
Opening Cash	31,276	18,500	12,776
Receipts	543	13,500	(12,957)
Operating Disbursements	(7,500)	-	(7,500)
Net Cash Flow from Operations	(6,957)	13,500	(20,457)
Non-Operating Disbursements	(5,506)	(6,000)	494
Net Cash Flow	(12,463)	7,500	(19,963)
Ending Cash Balance	18,813	26,000	(7,187)

Proposed Monitor's Comments

- For the First Reporting Period, forecasted cash receipts were collected earlier than anticipated, resulting in a favourable opening cash balance variance and a corresponding variance from forecasted receipts.
- For the First Report Period, operating disbursements were \$7,500 as the Applicant also located a viable office lease earlier than expected, resulting in rent and lease deposit fees being incurred. Non-operating disbursements were lower than expected but included a payment of an asset valuation fee for \$2,625 to the Sales Agent which occurred earlier than forecasted.
- The Proposal Trustee has reviewed the variances with the Company and concluded the variances are mainly attributable to timing differences.

4.2 The Second Cash Flow Statement

- The Applicant prepared the Second Cash Flow Statement. The Second Cash Flow Statement is largely consistent with the Cash Flow Statement except for revisions with respect to the sources of operational funding, which is now funded from the proceeds from the Cascade Transaction and not from interim financing. Additional adjustments have been made to the Company's care and custody costs of its assets, timing of payments, and the time period covered (which now covers the Stay Period under the CCAA Proceeding).
- The Second Cash Flow Statement and the Applicant's statutory report on the cash flow pursuant to Section 10(2)(b) of the CCAA is attached as **Appendix "D"**.

3. The Second Cash Flow Statement reflects that the Applicant has sufficient liquidity for the duration of the Stay Period.
4. Based on the Proposed Monitor's review of the Second Cash Flow Statement, the assumptions appear reasonable. The Proposed Monitor's statutory report on the Second Cash Flow Statement is attached as **Appendix "E"**.

5.0 Continuation of the NOI Proceeding Under the CCAA

1. The Company is seeking an order, among other things, to continue the NOI Proceedings under the CCAA and declare that Division I of Part III of the BIA has no further application to the Company.
2. In KSV's view, the continuation of the NOI Proceedings under the CCAA, terminating the NOI Proceedings and deeming the NOI filed by AlphaBow withdrawn is appropriate as: (i) the Company and its management have acted and continue to act in good faith and with due diligence in taking steps to facilitate a restructuring of the business; (ii) the continuation under the CCAA will allow time for the Company and the Sales Agent to administer the SISP without requiring multiple court appearances to extend the stay of proceedings; and (iii) no creditor will be materially prejudiced by the requested continuation of the NOI Proceedings under the CCAA.
3. As outlined in the Second Cash Flow Forecast, the Company has sufficient liquidity to continue its restructuring over the forecast period under the CCAA.
4. The Company has not filed a proposal within the meaning of the BIA under Division I of Part III of the BIA; therefore, the taking up and conversion of the NOI Proceedings under the CCAA in respect of the Company is not precluded under section 11.6 of the CCAA.
5. The Applicant is a Company to which the CCAA applies as they are insolvent and subject to creditor claims in excess of \$5 million.

6.0 KSV's Qualifications to Act as Monitor

1. KSV is a licensed trustee within the meaning of subsection 2(1) of the BIA. KSV is not subject to any of the restrictions to act as Monitor set out in Section 11.7(2) of the CCAA.

2. KSV has consented to act as Monitor in these proceedings should the Initial Order be granted. A copy of KSV's consent to act as Monitor is attached hereto as **Appendix "F"**.
3. KSV was initially appointed as Proposal Trustee on March 28, 2024, to assist in the restructuring under the BIA. During this mandate, KSV has, among other things:
 - a) Completed those activities listed in this Report and specifically those activities listed in Section 3.1;
 - b) Engaged legal counsel, who have also participated in certain meetings with the Company and its legal counsel;
 - c) Assisted the Company in the preparation of its cashflow forecasts; and
 - d) Prepared this Report.
4. Since being engaged as Proposal Trustee, KSV has acquired knowledge of the business and operations of AlphaBow, including its key personnel, stakeholders and key issues in the proposed CCAA proceedings. As a result, KSV is able to provide a seamless transition from its role as Proposal Trustee to Monitor and immediately fulfill its duties as Monitor if the Initial Order is granted.
5. Neither KSV nor any of its representatives or affiliates has at any time in the past two years been: (a) a director, officer or employee of the Company; (b) related to the Company, or to any director or officer of the Company; or (c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of the Company.

7.0 Sale and Investment Solicitation Process (SISP) ¹

1. The Applicant is seeking approval of the SISP, which was developed in consultation with its legal counsel, the Sales Agent, and the Proposed Monitor to solicit interest in and opportunities for an acquisition, restructuring, or other form of reorganization of the Applicant's business and affairs. The SISP will enable the Applicant to test the

¹ Capitalized terms in this section have the meaning provided to them in the SISP, unless otherwise defined herein.

market and pursue a transaction that maximizes value for the Applicant's stakeholders.

2. The SISP will be conducted by the Proposed Monitor, with assistance from the Applicant and the Sales Agent. The Sales Agent will provide interested parties with a teaser letter describing the opportunity on May 1, 2024. For interested parties that have executed an NDA in a form acceptable to the Company, the Sales Agent will provide them with a Confidential Information Memorandum and access to a virtual data room containing due diligence information. The SISP's two phases are:
 - a) Phase 1 – the first phase being the submission of letters of intent (“**LOI**”). Any parties wishing to submit a LOI must comply with the requirements as set out in the SISP, which includes such LOI being submitted by the Phase 1 Bid Deadline of 12:00 p.m. (Calgary time) on June 27, 2024; and
 - b) Phase 2 – the second phase being the submission of formal binding offers from those parties that submitted LOIs. Any qualifying party that wishes to submit a binding bid must comply with the requirements for a Qualified Bid as set out in the SISP, which includes such Qualified Bid being submitted by the Phase 2 Bid Deadline of 12:00 p.m. (Calgary time) on August 22, 2024.
3. The various key milestones of the proposed SISP are summarized below; however, interested parties are strongly encouraged to review the full terms of the SISP attached as Appendix “A” to the proposed SISP Approval Order.

Milestone	Deadline
Commencement Date	On or before May 1, 2024
Marketing Stage	On or before May 17, 2024
Phase 1 Non-Binding LOI Deadline	June 27, 2024
Phase 2 Binding Bid Deadline	August 22, 2024
Approval Order hearing	Subject to Court availability

7.1 SISP Recommendation

1. The Proposed Monitor recommends that this Court approve and authorize the SISP for the following reasons:
 - a) the SISP provides for a marketing of the Applicant's business by the Sales Agent, which is a highly qualified financial advisory firm with extensive experience in Canadian oil and natural gas mergers and acquisitions;
 - b) the SISP provides an opportunity to complete a transaction that will benefit all stakeholders;
 - c) in the Proposed Monitor's view, the duration of the SISP is sufficient to allow interested parties to perform the required diligence and submit Qualified Bids. The Proposed Monitor notes that the duration of the SISP reflects a balance between ensuring that sufficient time is available to attempt to identify a value-maximizing transaction and ensuring that there is cash available to fund these proceedings. Further, the Proposed Monitor notes that the Phase 2 Bid Deadline can be extended by the Sales Agent, in consultation with the Proposed Monitor and the Applicant, based on the activity levels generated by the SISP and whether sufficient cash is available; and
 - d) as at the date of this Report, the Proposed Monitor is not aware of any objections to the SISP, and is not aware of any party who would be prejudiced by the SISP.

8.0 Sales Agent²

8.1 Sayer Energy Advisors

1. The Applicant is seeking the Court's approval to retain Sayer as its Sales Agent, in accordance with the proposed SISP and provide valuation services in relation to certain asset offers received by the Applicant during the SISP. The Sales Agent will be responsible for marketing the Applicant's business and assets pursuant to the proposed SISP, if approved. The Proposed Monitor will oversee the conduct of the SISP.

² Capitalized terms in this section have the meaning provided to them in the Sayer Engagement Agreement, unless otherwise defined herein.

8.2 Sales Agent Agreement

1. A redacted copy of the engagement agreement between the Applicant and the Sales Agent (the “**Sayer Engagement Agreement**”) is attached as **Appendix “G”**. The unredacted Sayer Engagement Agreement is attached as **Confidential Appendix “H”**. The relevant financial terms of the Sayer Engagement Agreement are as follows:
 - a) Work Fee: The Sales Agent is entitled to a one-time work fee of \$35,000 plus GST (the “**Work Fee**”) payable on the effective date of the Sayer Engagement Agreement;
 - b) Success Fee: Upon closing of the Transaction, the Company agrees to pay Sayer a success fee based on a percentage of the total consideration achieved from the Transaction, subject to a minimum and maximum amount (the “**Success Fee**”).
2. Pursuant to the terms of the Sayer Engagement Agreement, the closing of a transaction would result in the Success Fee being earned and payable.
3. The Proposed Monitor recommends that the Court approve the Sayer Engagement Agreement for the following reasons:
 - a) the Sales Agent is a highly qualified sales agency firm and has extensive knowledge of the Canadian oil and natural gas industry;
 - b) in the Proposed Monitor’s view, the Work Fee of \$35,000 is reasonable and consistent with the market, and the Success Fee payable to the Sales Agent is commercially reasonable; and
 - c) the Sales Agent is able to launch the SISP on May 1, 2024, which will start the SISP in short order and help to reduce the costs and timeline associated with the SISP and the CCAA Proceeding.

8.3 Strom Futures

1. The Applicant currently has approximately 6,100 carbon credits which it intends to market and sell separately from the SISP (the “**Carbon Credits**”). Given the specialized nature of the asset, the Applicant has engaged Strom Futures to market and assist with selling the Carbon Credits. Strom Futures has provided the Applicant with similar services in the past and has over 20 years of experience in buying and

selling carbon offsets. Strom Futures charges a broker fee which is similar to other brokers operating in the industry. The Proposed Monitor, therefore, supports this engagement. Any sales of the Carbon Credits will be subject to paragraph 13(a) of the Amended and Restated Initial Order, which allows the Company to dispose of non-material assets up to a maximum of \$300,000 in any one transaction, or \$1 million in aggregate, without further order from this Court.

9.0 Funding the Process³

1. At present, the Applicant does not have the funds available to fund the CCAA Proceeding and the SISP. Accordingly, to obtain the necessary funding, the Applicant is seeking this Court's approval to enter into the Cascade Transaction to sell certain assets before the commencement of the SISP.
2. On April 15, 2024, the Applicant and Cascade entered into a purchase and sale agreement whereby Cascade will purchase a 15% non-operating working interest in Functional Units II and III of the CO2 Facility (the "**Cascade Purchase and Sale Agreement**"). A copy of the redacted Cascade Purchase and Sale Agreement is attached as Exhibit "F" of the Li Affidavit. An unredacted copy of the Cascade Purchase and Sale Agreement is attached as **Confidential Appendix "I"**.
3. The Functional Units II and III of the CO2 Facility are assets currently 100% owned by the Applicant. The Applicant has not contributed any capital to the assets since 2019 due to the Applicant's ongoing financial distress and, as a result, the reservoir environments of the assets have deteriorated. Nonetheless, the assets remain a promising opportunity for carbon sequestration and are thus desirable for a purchaser willing to contribute the capital needed to viably operate the assets.
4. The key terms and conditions of the Cascade Purchase and Sale Agreement are provided below:
 - **Seller:** AlphaBow
 - **Buyer:** Cascade Capture Ltd.

³ Capitalized terms in this section have the meaning provided to them in the Cascade Purchase and Sale Agreement, unless otherwise defined herein.

- **Assumed Liabilities**: all liabilities and obligations arising from the possession, ownership and/or use of the Assets following Closing (including for greater certainty any municipal or property taxes that accrue commencing on the Closing Date), along with Environmental Liabilities, Abandonment and Reclamation Obligations and Cure Costs
- **Assets**: 15% non-operating working interest in Functional Units II and III of the CO2 Facilities
- **Representations and Warranties**: Consistent with the terms of a standard insolvency transaction (i.e., on an “as is, where is” basis, with limited representations and warranties)
- **Material Conditions**: include, among other things, the Court shall have granted the Approval and Vesting Order
- **Outside Date**: being 90 days following the date the Cascade Purchase and Sale Agreement was executed
- **Closing**: being five business days following the granting of the Approval and Vesting Order

5. In determining its recommendation to this Court, the Proposed Monitor considered whether the Cascade Transaction met the “Soundair” principles established by this Court from *Royal Bank of Canada v. Soundair Corp. (1991), 4 O.R. (3d) 1 (CA), at para. 16*. The Soundair principles, and the Proposed Monitor’s responding comments, are listed below:

- a) *Whether the party made a sufficient effort to obtain the best price and did not act improvidently.*

While the assets contemplated in the Cascade Purchase and Sale Agreement were not actively marketed under a court-approved sale process, the Proposed Monitor is advised that the Applicant has solicited bids and sought a strategic partner for its key assets since 2019. Cascade is the only party prepared to work with the Applicant jointly, under an arrangement that is only conditional on Court approval.

- b) *The interests of all parties.*

If successful, the Cascade Transaction will provide sufficient proceeds to fund the CCAA Proceeding and SISF, which will benefit all stakeholders. There is no other viable alternative to fund the CCAA Proceeding and the SISF other than the Cascade Transaction.

- c) *The efficacy and integrity of the process by which the party obtained offers.*

The Proposed Monitor supports the Cascade Transaction as its structure is practical, cost-effective, and consistent with other similar transactions, while providing economic benefit to the Applicant's CCAA Proceeding and, thereby, its stakeholders.

- d) *Whether the working out of the process was unfair.*

There is no indication that the process leading to the Cascade Transaction was unfair, and the Proposed Monitor is not aware of any creditor objections. The Monitor is of the view the Applicant continues to act in good faith with respect to all of the Company's stakeholders.

6. The Proposal Trustee also considered whether the Cascade Transaction met the factors enumerated in paragraph 65.13(4) of the BIA with respect to the sale of assets in the NOI Proceeding, and the Proposal Trustee's comments with respect to the same are below:

- a) *65.13(4)(a) - Whether the process leading to the proposed sale or disposition was reasonable in the circumstances.*

The process leading to the sale is reasonable in these unique circumstances, the details of which are included in the Opinion of the Sales Agent.

- b) *65.13(4)(b) – Whether the trustee approved the process leading to the proposed sale or disposition.*

The Proposed Monitor, acting as Proposal Trustee, is of the view that the process was reasonable based on the Opinion of the Sales Agent, the unique circumstances and the necessity to conduct a sale to fund the Company's restructuring under the CCAA.

- c) *65.13(4)(c) – Whether the trustee filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under bankruptcy.*

This Report sets out the position that the Cascade Transaction would be more beneficial for the Company's stakeholders as it will provide the necessary funding for the Company to complete the SISF and recognize further value for same.

- d) *65.13(4)(d) – The extent to which the creditors were consulted.*

The Proposed Monitor understands that the AER and OWA have requested and received, upon confidentiality undertakings, copies of the Cascade Purchase and Sale Agreement and AlphaBow's counsel has spoken with counsel for the OWA.

- e) *65.13(4)(e) – The effects of the proposed sale or disposition on the creditors and other interested parties.*

The Cascade Transaction will benefit the Company's stakeholders through providing the necessary funding to complete the SISF.

- f) *65.13(4)(f) – Whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.*

The Sales Agent has delivered a letter demonstrating its supportive views of the Cascade Transaction and the consideration received (the "**Opinion of the Sales Agent**"). The Opinion of the Sales Agent is attached as **Confidential Appendix "J"**.

7. Based on the foregoing, the Proposed Monitor recommends this Court approve the Cascade Transaction for the benefit of funding this CCAA Proceeding.

10.0 Sealing

1. The Applicant is requesting a sealing order (the "**Sealing Order**") in respect of the unredacted Sayer Engagement Agreement, the unredacted Cascade Purchase and Sale Agreement, and the Opinion of the Sales Agent (collectively, the "**Sealed Documents**"). The Proposed Monitor believes it is appropriate to seal the Sealed Documents until further order of the Court, as:
- a) the sealing of the Sayer Engagement Agreement will protect the Sales Agent's competitive advantage and thereby its commercial interest in assisting with the SISF; and
 - b) the sealing of the Cascade Purchase and Sale Agreement and sealing of the Opinion of the Sales Agent ensures the integrity of the SISF is maintained and that there is minimal impact on any bidder in the SISF.

2. Based on the foregoing, the Proposed Monitor does not believe that any stakeholder will be prejudiced if the information in the unredacted Sayer Engagement Letter, the unredacted Cascade Purchase and Sale Agreement, or the Opinion of the Sales Agent is sealed.
3. The Sealing Order permits any party to vacate or vary the terms of the Sealing Order on at least seven days notice to the Monitor and any affected party.

11.0 Court Ordered Administration Charge

1. Under the proposed Initial Order, the Company is seeking an Administration Charge in an amount not to exceed \$100,000 to secure the professional fees and disbursements of the Proposed Monitor, the Proposed Monitor's legal counsel and the Company's legal counsel, whether incurred before or after the NOI Filing Date, in priority to all other charges and encumbrances in respect of the fees and disbursements of the Proposed Monitor, its counsel, and the Company's counsel. An Administration Charge is a standard feature of restructuring proceedings and the quantum requested is appropriate, in the Proposed Monitor's view, given its previous history and experience with restructurings of similar size and complexity.
2. The Company is seeking to increase the Administration Charge to \$500,000 under the Amended and Restated Initial Order.
3. The Proposed Monitor considers the Administration Charge required and reasonable in the circumstances, given the complexities of the CCAA Proceeding and the services to be provided by the professionals, each of whom is necessary to further the Company's restructuring efforts.

12.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee and the Proposed Monitor respectfully recommend that this Honourable Court grant the relief sought by the Applicant.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as Proposal Trustee in the proposal of
AlphaBow Energy Ltd. and in its capacity as Proposed
Monitor of the Applicant, and not in its personal capacity**

Appendix “A”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-3062078
Estate No. 25-3062078

In the Matter of the Notice of Intention to make a proposal of:

AlphaBow Energy Ltd.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

March 28, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: March 28, 2024, 16:18

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

Appendix “B”

AlphaBow Energy Ltd.
Cash Flow Forecast
March 28, 2024 to June 30, 2024

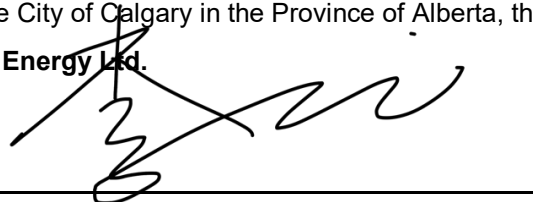
For the week ending, In CAD	Notes	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	
		07-Apr-24	14-Apr-24	21-Apr-24	28-Apr-24	05-May-24	12-May-24	19-May-24	26-May-24	02-Jun-24	09-Jun-24	16-Jun-24	23-Jun-24	30-Jun-24	
Opening cash balance	1	18,500	32,000	26,000	26,000	20,495	128,495	128,495	57,990	207,990	142,990	132,990	92,484	92,484	18,500
Cash Receipts															
Cash Collections	2	13,500	-	-	200,000	273,000	-	-	200,000	-	-	-	-	200,000	886,500
		13,500	-	-	200,000	273,000	-	-	200,000	-	-	-	-	200,000	886,500
Cash Disbursements															
Operating Expenses															
Insurance & Care and Custody Costs	3	-	-	-	40,505	10,000	-	40,505	-	-	10,000	40,505	-	-	141,516
Equipment lease costs	4	-	-	-	50,000	-	-	-	50,000	-	-	-	-	50,000	150,000
Software	5	-	-	-	-	55,000	-	-	-	10,000	-	-	-	10,000	75,000
Contractors	6	-	-	-	-	70,000	-	-	-	70,000	-	-	-	70,000	210,000
Rent	7	-	-	-	-	30,000	-	-	-	10,000	-	-	-	-	40,000
		-	-	-	90,505	165,000	-	40,505	50,000	90,000	10,000	40,505	-	130,000	616,516
Other Disbursements															
Data Room Set Up	8	-	-	-	-	-	-	20,000	-	-	-	-	-	-	20,000
Other	8	-	6,000	-	-	-	-	10,000	-	-	-	-	-	-	16,000
Asset evaluation	9	-	-	-	5,000	-	-	-	-	-	-	-	-	-	5,000
Sales Advisor Fee	10	-	-	-	35,000	-	-	-	-	-	-	-	-	-	35,000
		-	6,000	-	40,000	-	-	30,000	-	-	-	-	-	-	76,000
Total disbursements before professional fees		-	6,000	-	130,505	165,000	-	70,505	50,000	90,000	10,000	40,505	-	130,000	692,516
Professional Fees	11														
Company counsel legal fees		-	-	-	75,000	-	-	-	-	75,000	-	-	-	75,000	225,000
Trustee fees		-	-	-	75,000	-	-	-	-	75,000	-	-	-	75,000	225,000
Trustee's counsel fees		-	-	-	25,000	-	-	-	-	25,000	-	-	-	25,000	75,000
Total Professional Fees		-	-	-	175,000	-	-	-	-	175,000	-	-	-	175,000	525,000
Net cash flow		13,500	(6,000)	-	(105,505)	108,000	-	(70,505)	150,000	(265,000)	(10,000)	(40,505)	-	(105,000)	(331,016)
Interim financing															
Interim financing advances / (repayments)	12	-	-	-	100,000	-	-	-	-	200,000	-	-	-	-	300,000
Closing cash balance		32,000	26,000	26,000	20,495	128,495	128,495	57,990	207,990	142,990	132,990	92,484	92,484	(12,516)	(12,516)

Management of AlphaBow Energy Ltd. ("AlphaBow" or the "Company") has prepared this forecasted cash-flow statement (the "Cash Flow Forecast") based on probable and hypothetical assumptions detailed in Notes 1 to 12. The Cash Flow Forecast has been prepared solely for the purpose of supporting the Notice of Intention to Make a Proposal ("NOI") filed by the Company on March 28, 2024. As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast of the Company is prepared in accordance with the provisions of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the Cash-flow Statement.

Dated at the City of Calgary in the Province of Alberta, this 4 day of April 2024.

AlphaBow Energy Ltd.

Per:



Ben Li
Chief Executive Officer

KSV Restructuring Inc.

Per:



Andrew Basi, CPA, CA, CIRP, LIT
Managing Director

AlphaBow Energy Ltd.
Notes to the Cash Flow Forecast
March 28, 2024 to June 30, 2024

Note 1: Bank balance as of March 28, 2024.

Note 2: Cash collections include funds received from the court-approved sale of certain carbon credits in Week 5 and monthly collection of non-operating working interest revenue from Pinecliff, Canlin and Bonavista. Crown royalty refunds of approximately \$486,000 are currently owed and undocumented in the cash flow as timing and collectibility is uncertain.

Note 3: Represents monthly premiums associated with maintaining general corporate liability and operating insurance and payments made to the Orphan Well Association for care and custody costs.

Note 4: Reflects ongoing equipment lease costs.

Note 5: Software licensing fees for necessary services including the Company's accounting system.

Note 6: Contractor costs incurred monthly for Company personnel.

Note 7: Rent reflects deposit and monthly occupancy for a leased space. The Company intends to occupy a new leased office space by mid-May.

Note 8: Data room set up and moving costs reflect expenses incurred with moving office into new leased space projected for mid-May. Includes amounts for mailing of notices.

Note 9: Costs incurred to obtain a current valuation of certain of the Company's assets.

Note 10: Fee paid to Sayer Energy Advisors to initiate sale process.

Note 11: Includes the estimated payments to the Company's legal counsel, the Proposal Trustee, and the Proposal Trustee's legal counsel.

Note 12: Reflects projected DIP funding to be provided by the DIP Lender.

April 4th, 2024

KSV Restructuring Inc.

Suite 1165, 324 – 8th Avenue SW, Box 129
Calgary, Alberta T2P 2Z2

Attention: Andrew Basi

Dear Mr. Basi,

RE: [In the matter of the Proposal of AlphaBow Energy Ltd., under the Bankruptcy and Insolvency Act (the “BIA”)] - Responsibilities/Obligations and Disclosure with Respect to Cash-flow Projections

In connection with the application by AlphaBow Energy Ltd. (the “**Company**”) for the commencement of proceedings under the BIA in respect of the Company, management of the Company (“**Management**”) has prepared the attached cash-flow statement and the assumptions on which the cash-flow statement is based.

The Company confirms that:

- 1) the cash-flow statement and the underlying assumptions are the responsibility of the Company;
- 2) all material information relevant to the cash-flow statement and to the underlying assumptions has been made available to KSV Restructuring Inc. (“**KSV**”) in its capacity as Trustee; and
- 3) Management has taken all actions that it considers necessary to ensure that:
 - a) the individual assumptions underlying the cash-flow statement are appropriate in the circumstances;
 - b) the assumptions underlying the cash-flow statement, taken as a whole, are appropriate in the circumstances; and
 - c) all relevant assumptions have been properly presented in the cash-flow statement or in the notes accompanying the cash-flow statement;
- 4) Management understands and agrees that the determination of what constitutes a material adverse change in the projected cash flow or financial circumstances, for the purposes of our monitoring the on-going activities of the Company, is ultimately at your sole discretion, notwithstanding that Management may disagree with such determination;
- 5) Management understands its duties and obligations under the BIA and that a breach of these duties and obligations could make Management liable to fines and imprisonment in certain circumstances; and
- 6) the cash-flow statement and assumptions have been reviewed and approved by the Company board of directors or management has been duly authorized by the Company’s board of directors to prepare and approve the cash-flow assumptions.

AlphaBow Energy Ltd.

Per: 
Ben Li, CEO

Date: April 4, 2024

Appendix “C”

District of: Alberta
Division No. 02 - Calgary
Court No. 25-3062078
Estate No. 25-3062078

_ FORM 29 _
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
AlphaBow Energy Ltd
of the City of Calgary, in the Province of Alberta

The attached statement of projected cash flow of AlphaBow Energy Ltd., as of the 4th day of April 2024, consisting of a signed pdf copy of a weekly cash flow statement for the period ending June 30, 2024, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 4th day of April 2024.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Andrew Basi - Licensed Insolvency Trustee

1165, 324-8th Avenue S.W.

Calgary AB T2P 2Z2

Phone: (416) 932-6262 Fax: (416) 932-6266

District of: Alberta
Division No. 02 - Calgary
Court No. 25-3062078
Estate No. 25-3062078

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
AlphaBow Energy Ltd
of the City of Calgary, in the Province of Alberta

Purpose:

a signed pdf copy of a weekly cash flow statement for the period ending June 30, 2024

Projection Notes:

a signed pdf copy of a weekly cash flow statement for the period ending June 30, 2024

Assumptions:

a signed pdf copy of a weekly cash flow statement for the period ending June 30, 2024

Dated at the City of Calgary in the Province of Alberta, this 4th day of April 2024.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Andrew Basi - Licensed Insolvency Trustee
1165, 324-8th Avenue S.W.
Calgary AB T2P 2Z2
Phone: (416) 932-6262 Fax: (416) 932-6266

Appendix “D”

AlphaBow Energy Ltd.
Cash Flow Forecast
April 21 to August 4, 2024
(Unaudited; C\$000s)

	Note	Week ended														Total	
		28-Apr-24	05-May-24	12-May-24	19-May-24	26-May-24	02-Jun-24	09-Jun-24	16-Jun-24	23-Jun-24	30-Jun-24	07-Jul-24	14-Jul-24	21-Jul-24	28-Jul-24		04-Aug-24
Receipts	1																
Collection of Accounts Receivable	2	-	273	-	-	200	-	-	-	-	200	-	-	-	200	-	873
Asset sale	3	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
Total Receipts		1,000	273	-	-	200	-	-	-	-	200	-	-	-	200	-	1,873
Disbursements																	
Insurance & Care and Custody Costs	4	30	126	-	-	-	126	-	-	-	126	-	-	-	126	-	532
Mineral lease costs	5	50	-	-	-	50	-	-	-	-	50	-	-	-	50	-	200
Software	6	-	55	-	-	-	10	-	-	-	10	-	-	-	10	-	85
Contractors	7	-	70	-	-	-	70	-	-	-	70	-	-	-	70	-	280
Rent	8	-	3	-	-	-	3	-	-	-	3	-	-	-	3	-	10
Sale process costs	9	35	-	-	25	-	-	-	-	-	-	-	-	-	-	-	60
Contingency		25	25	25	25	10	10	10	10	10	10	10	10	10	10	10	210
Total Operating disbursements		140	278	25	50	60	218	10	10	10	268	10	10	10	268	10	1,377
Net Cash Flow before the Undernoted		860	(5)	(25)	(50)	140	(218)	(10)	(10)	(10)	(68)	(10)	(10)	(10)	(68)	(10)	496
Professional Fees	10	125	-	-	-	-	125	-	-	-	125	-	-	-	125	-	500
Net Cash Flow		735	(5)	(25)	(50)	140	(343)	(10)	(10)	(10)	(193)	(10)	(10)	(10)	(193)	(10)	(4)
Opening Cash balance	11	19	754	749	724	674	814	471	461	451	441	248	238	228	218	25	19
Net Cash Flow		735	(5)	(25)	(50)	140	(343)	(10)	(10)	(10)	(193)	(10)	(10)	(10)	(193)	(10)	(4)
Closing cash balance		754	749	724	674	814	471	461	451	441	248	238	228	218	25	15	15

The above financial projections are based on management's assumptions detailed in Appendix "1-1".
The note references correspond to the assumption numbers shown in Appendix "1-1".

AlphaBow Energy Ltd.

Notes to Projected Statement of Cash Flows

April 21 to August 4, 2024

Purpose and General Assumptions

1. The purpose of the projection is to present a forecast of the cash flow of AlphaBow Energy Ltd. (the "Applicant") for the period April 21 to August 4, 2024 (the "Period").

Hypothetical

2. Cash collections include funds received from the sale of certain carbon credits and monthly collection of non-operating working interest revenue from Pinecliff, Canlin and Bonavista. Crown royalty and excise tax refunds are currently owed and undocumented in the cash flow as timing and collectability is uncertain.

Most Probable

3. Includes proceeds from closing the Purchase and Sale Agreement between the Applicant and Cascade Capture Ltd. For purposes of the sealing order, the full transaction value is not disclosed in this cash flow.
4. Represents monthly premiums associated with maintaining general insurance and payments made to the Orphan Well Association for care and custody costs.
5. Reflects ongoing mineral lease costs.
6. Software licensing fees for necessary services including the Applicant's accounting system.
7. Contractor costs incurred monthly for the Applicant's personnel.
8. Rent reflects monthly occupancy for a leased space.
9. Costs include work fee for Sales Agent and data room set up costs.
10. Includes the estimated payments to the Applicant's legal counsel, the Proposed Monitor, and the Proposed Monitor's legal counsel.
11. Opening cash reflected as of April 16, 2024.

IN THE COURT OF KING'S BENCH OF ALBERTA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND IN THE MATTER OF ALPHABOW ENERGY LTD.

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The management of Alhabow Energy Ltd. (the "**Applicant**") has developed the assumptions and prepared the attached statement of projected cash flow as of the 19th day of April, 2024 for the period April 21, 2024 to August 4, 2024 ("**Cash Flow Statement**"). All such assumptions are disclosed in the notes to the Cash Flow Statement.

The hypothetical assumptions are suitably supported and consistent with the purpose of the Cash Flow Statement as described in Note 1 to the Cash Flow Statement, and the probable assumptions are suitably supported and consistent with the plans of the Applicant and provide a reasonable basis for the Cash Flow Statement.

Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow Statement has been prepared solely for the purpose outlined in Note 1 using a set of probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.

Dated at Calgary, AB this 19th day of April, 2024.

ALPHABOW ENERGY LTD.



Per: Ben Li

Appendix “E”

IN THE COURT OF THE KING'S BENCH OF ALBERTA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND IN THE MATTER OF ALPHABOW ENERGY LTD.

MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash flow of Alphabow Energy Ltd. (the "**Applicant**") as of the 19th day April, 2024, consisting of a weekly projected cash flow statement for the period April 21, 2024 to August 4, 2024 (the "**Cash Flow Statement**") has been prepared by the management of the Applicant for the purpose described in Note 1, using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management of the Applicant. We have reviewed the support provided by management for the probable and hypothetical assumptions and the preparation and presentation of the Cash Flow Statement.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or
- c) the Cash Flow Statement does not reflect the probable and hypothetical assumptions.

Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Statement will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow Statement has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Calgary, AB this 19th day of April, 2024.

KSV Restructuring Inc.

KSV RESTRUCTURING INC.,
solely in its capacity as the proposed monitor of
Alphabow Energy Ltd.

Appendix “F”

Clerk's Stamp:



COURT FILE NUMBER

COURT

JUDICIAL CENTRE OF

APPLICANTS:

COURT OF KING'S BENCH OF ALBERTA
CALGARY

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

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

DOCUMENT

CONSENT TO ACT AS MONITOR

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2 Street SW
Calgary, Alberta T2P 4K7
Attention: Keely Cameron / Sarah Aaron

Telephone No.: 403-298-3324/3177
Fax No.: 403-265-7219
Client File No.: 88323.6

TAKE NOTICE THAT KSV Restructuring Inc. hereby consents to act as Court-appointed Monitor of AlphaBow Energy Ltd. pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

DATED at Calgary, Alberta and effective this 12 day of April, 2024.

KSV Restructuring Inc.

Per: 

Name: Andrew Basi

Appendix “G”



April 1, 2024

AlphaBow Energy Ltd.

Suite 300, 708 – 11th Avenue SW
Calgary, Alberta T2R 0E4

Attention: **Mr. Ben Li**
President & CEO

Dear Ben:

RE: **AlphaBow Energy Ltd.**
Property Divestiture
Engagement Agreement

We understand that AlphaBow Energy Ltd. ("AlphaBow" or the "Company") wishes to retain Sayer Energy Advisors ("Sayer", "we" or "us") to act as exclusive financial advisor and agent with respect to the sale in whole or in part (the "Transaction(s)") of all of the oil and natural gas assets held by AlphaBow (the "Properties"), as further described in the information brochure to be distributed by Sayer as part of this engagement. We further understand that the Company has commenced proceedings under the *Companies' Creditors Arrangement Act*, RSC 1985 c C-36, as amended (the "CCAA"). The purpose of this letter is to outline the services to be performed by Sayer in relation to a sale and investment solicitation process ("SISP") to be undertaken by the Company in its CCAA proceedings, and the basis of Sayer's compensation in relation thereto.

Sayer will provide assistance to AlphaBow in:

- a) reviewing, compiling and analyzing all available information regarding the Properties and assist with preparing an information summary and an informal evaluation summary;
- b) identifying and contacting parties that might have an interest in the Properties (the "Candidates");
- c) coordinating the execution of confidentiality agreements between the Company and potential Candidates;
- d) providing information on the Properties to the Candidates;
- e) providing information on the Candidates to AlphaBow;
- f) dealing with inquiries from Candidates and assist in any negotiations if required;
- g) evaluating offers submitted to AlphaBow with respect to the Transaction(s);
- h) presenting or discussing the proposed sale of the Properties with AlphaBow's senior management; and/or
- i) assisting in the closing of the Transaction(s).

We agree to act as AlphaBow's financial advisor and agent with respect to the sale of the Properties and will use our best efforts to accomplish the Transaction(s) on terms favourable to the Company. Throughout this process, Sayer will keep AlphaBow fully informed of its activities on the Company's behalf through written and/or verbal reports, and AlphaBow will keep Sayer fully informed regarding its contacts with Candidates.



The Company will provide Sayer with such information as it may reasonably require to fulfill this assignment. Both parties agree that, during the continuance of the mandate of Sayer, they will treat all documents and information relating to this assignment as strictly confidential. This agreement may under no circumstances be transferred or assigned by the Company or Sayer.

It is understood that the Company is under no obligation or duty to complete any Transaction(s). It is further understood that Sayer provides financial advice and conducts merger and acquisition services for clients other than AlphaBow and shall continue to provide these services to other parties, provided they do not conflict with the mandate accepted pursuant to this agreement.

Subject to the approval of this engagement agreement by the Court of King's Bench (the "Court"), the term of this agreement shall commence on April 1, 2024 and continue until November 30, 2024, subject to extension thereafter by written agreement of the parties hereto.

The Company agrees to pay Sayer a work fee of \$35,000 plus Goods and Services Tax ("GST") ("Work Fee") upon signing of this engagement agreement, at which time we will begin preparations for the commencement of the public marketing of the Properties. The Work Fee includes all costs associated with this engagement, including all printing and mailing costs, with the exception of the costs specified later in this agreement.

Upon closing of the Transaction(s), AlphaBow agrees to pay Sayer a success fee based on the following (the "Success Fee"):

- [REDACTED]
- [REDACTED]
- [REDACTED]

We understand that all Transaction(s) are subject to Court approval.

The Success Fee is to be paid in cash upon closing of the Transaction(s).

The Success Fee is to be paid if any Transaction(s) are closed within the term of this agreement or if any Transaction(s) are closed within twelve (12) months following the term of this agreement. [REDACTED]

For greater certainty, the Value is to be defined as the cash price to be paid to the Company as a result of the Transaction(s), and/or the value of the securities or properties offered to the Company as a result of the Transaction(s), based on, in the case of a publicly traded company, the weighted average closing market price of such securities for the 20 trading days prior to acceptance of the proposal.

With respect to other forms of consideration accepted in the Transaction(s), the Value shall be the fair market value of the consideration received by the Company for the Transaction(s). Sayer will receive a copy of the closing documentation of the Transaction(s) and will have the right to cause an audit to be made of the books of account and records kept by the Company for the calculation of the Success Fee, with the cost of such audit to be borne by Sayer.

The Company agrees to pay all third party charges relating to use of a seismic work station to present the Company's seismic to prospective purchasers, if applicable. AlphaBow also agrees to reimburse Sayer for all its legal expenses and out-of-pocket costs incurred in carrying out this assignment, with

such costs amounting to more than \$500 to be subject to the Company's prior approval. We do not anticipate incurring any additional expenses in carrying out this assignment.

GST will be in addition to all other charges.

In consideration of the fact that the role of Sayer is limited to acting as a financial advisor to the Company, the Company hereby indemnifies and saves harmless Sayer, its directors, officers, agents, employees, and affiliates, to the full extent permitted by the laws of the Province of Alberta, from any claims, demands, causes of action, and costs, including legal fees, arising out of Sayer's performance under this agreement and any litigation that may arise between the Company and a buyer and/or a potential buyer, unless the cause of the action is proven to be due to the willful misconduct, fraud, or misrepresentations by Sayer during the marketing of the Properties.

If we perform other services for AlphaBow in connection with this engagement (other than those specifically contemplated hereunder), it is agreed that we will be able to negotiate additional fees on mutually satisfactory terms on a specific service basis, depending on the nature of the services to be provided. Such other services will be agreed to in a separate letter agreement between the parties.

We will have the right to publicize our role in the Transaction(s), such publicity being subject to the Company's prior approval.

Notices shall be served to the parties at their respective addresses given in this agreement, shall be sent by prepaid registered mail and shall be deemed to be received by the addressees on the third business day thereafter. Notices may also be given by facsimile and shall be deemed to be received upon confirmation of receipt.

This agreement and the relationship between the parties hereto shall be construed and determined according to the laws of the Province of Alberta and each party hereto does attorn to the jurisdiction of the courts of the Province of Alberta with respect to any matter arising out of this agreement.

If the foregoing accurately sets forth the terms of our agreement, please acknowledge your acceptance by signing the enclosed duplicate of this letter where indicated and return the same to us.

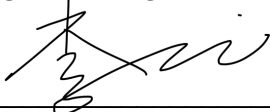
Yours truly,
SAYER ENERGY ADVISORS
A division of Sayer Securities Limited



Tom Pavic, CFA
President

AGREED TO AND ACCEPTED THIS 1 DAY OF APRIL 2024

ALPHABOW ENERGY LTD.



Ben Li
President & CEO