

Form 49
[Rule 13.19]

COURT FILE NUMBER **2001-06997**
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary



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

AND IN THE MATTER OF THE
COMPROMISE OR ARRANGEMENT OF
BOW RIVER ENERGY LTD.

Inv # 60406
Comm
June 10, 2020
Justice Jeffrey @ 10:00 a.m.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Robyn Gurofsky/Jessica Cameron
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9774/9715
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File No. 441275/000025

AFFIDAVIT NO. 2 OF DANIEL G. BELOT

Sworn on June 5, 2020

I, Daniel G. Belot, of Alberta, SWEAR AND SAY THAT:

1. I am the Vice President of Finance, Chief Financial Officer, and co-founder of the applicant, Bow River Energy Ltd. ("**Bow River**" or the "**Company**"). I have been the VP Finance and CFO of Bow River since February 2013. I have over 30 years of financial experience in the oil and gas industry, focusing on financial management, corporate finance, and energy investment banking. As such, I have personal knowledge of the matters to which I depose in this Affidavit, except where such matters are stated to be based

A handwritten signature in black ink, appearing to be "DB", located at the bottom right of the page.

on information and belief, in which case I have stated the source of my information and, in all cases, I believe such information to be true. In preparing this Affidavit, I consulted with the Company's management team and advisors and reviewed relevant documents and information concerning the Company's operations, financial affairs and restructuring activities.

2. I am authorized to swear this Affidavit as corporate representative of the Company.
3. All monetary references in this Affidavit are in Canadian dollars, unless otherwise stated.
4. I previously swore an Affidavit in the within proceedings on May 29, 2020 (the "**First Affidavit**") in support of an application by Bow River for an initial order pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**").
5. On June 1, 2020, the Honourable Madame Justice Grosse granted the Company's application for an initial order (the "**Initial Order**"). All capitalized terms used but not otherwise defined herein have the meanings given to them in the Initial Order.
6. I swear this Affidavit in support of the Company's application for an order amending and restating the Initial Order, including,
 - (i) extending the Stay Period up to and including July 31, 2020, or such further and other date as this Court may consider appropriate;
 - (ii) increasing the Administration Charge granted in paragraphs 31 and 32 of the Initial Order from \$250,000 to \$300,000;
 - (iii) increasing the Directors' Charge granted in paragraphs 22 and 32 of the Initial Order from \$300,000 to \$400,000; and
 - (iv) granting such further and other relief as the Company may request and this Honourable Court deems just.

UPDATE AND ACTIONS TAKEN SINCE THE INITIAL APPLICATION

7. As detailed in my First Affidavit, the Company sought and obtained CCAA protection on June 1, 2020, largely as a result of the precipitous decline in oil and natural gas prices over the past five months. The Company's purpose of the within CCAA proceedings is to



stabilize its Business and operations and provide it time to identify and assess potential transactions and review other strategic alternatives that may be available to maximize the value of the Company for the benefit of all of its stakeholders.

8. Amongst other things, the Initial Order granted on June 1, 2020: i) declared that the Company is a company to which the CCAA applies; ii) granted a stay of proceedings up to and including June 11, 2020; iii) appointed BDO Canada Limited as monitor of the Applicant in these proceedings (the “**Monitor**”); and iv) granted the Administration Charge and the Directors’ Charge in the amounts of \$250,000 and \$300,000, respectively, which charges were deemed necessary by the Court for the initial ten day stay period.
9. Since the granting of the Initial Order, the Company, with the oversight and assistance of the Monitor, has been working diligently to maintain the stability of its operations and Business, manage its liquidity position, and review potential strategic options and alternatives to address its financial position.
10. In particular, the Company has:
 - (i) in consultation with the Monitor, notified suppliers and vendors, employees and various other stakeholders of these CCAA proceedings;
 - (ii) responded to inquiries from stakeholders regarding the continued operations of the Company’s Business during these CCAA proceedings, payment of pre-filing amounts and amounts accruing during these CCAA proceedings, and various other issues;
 - (iii) engaged in discussions with Husky Oil Operations Limited (“**Husky**”) regarding the Company’s CCAA proceedings;
 - (iv) responded to a Statement of Claim served on the Company on June 1, 2020, by Enmax Energy Corporation (“**Enmax**”), by advising Enmax of the Initial Order and the impact of the Court imposed stay of proceedings on Enmax’s claim and proceedings against the Company;
 - (v) engaged in discussions with several potential sales advisors and requested fee estimates in relation to the engagement of a sales advisor to assist the Company, in consultation with the Monitor, in developing and implementing a sales and investment solicitation process (“**SISP**”) to be conducted during these CCAA proceedings;
 - (vi) began populating a data room for the intended SISP; and

- (vii) in consultation with the Monitor, reviewed their forecasted operating costs and expenses to reduce unnecessary expenses and conserve capital during these CCAA proceedings.

THE AMENDED AND RESTATED INITIAL ORDER

11. The proposed Amended and Restated Initial Order provides for certain amendments to the Initial Order, namely: i) the extension of the Stay Period up to and including July 31, 2020; ii) an increase to the Administration Charge from \$250,000 to \$300,000; iii) an increase to the Directors' Charge from \$300,000 to \$400,000; and iv) the inclusion of certain provisions establishing protocols related to the bringing of applications and service of documents in the within CCAA proceedings.
12. The Company seeks an extension of the Stay Period up to and including July 31, 2020, or such further and other date as this Court may consider appropriate, to provide stability to its Business and operations while the Company works with its legal and financial advisors and the Monitor to develop a plan for its restructuring proceedings, including continuing discussions with potential sales advisors regarding a potential engagement and development of a SISP.
13. The requested stay extension is also necessary so the Company may:
 - (i) continue discussions with EPCOR to ensure the Company's power supply situation is stabilized; and
 - (ii) continue its analysis of the Husky PRF (as defined in my First Affidavit) and engaging with Husky in respect of that interest.
14. Clarification with respect to the Husky PRF held may impact on the nature of the SISP advanced but in any event, the Company anticipates that it will be in a position to present a form of SISP to the Court for approval, in advance of the proposed July 31, 2020 date.
15. The Company seeks an increase to the Administration Charge granted in the Initial Order from \$250,000 to \$300,000, to secure the professional fees of the Monitor, counsel to the Monitor, and counsel to the Company. The continued involvement of the Company's professional advisors is vital to the continuation of the Company's restructuring efforts.



16. While the Company originally sought an Administration Charge of \$300,000 at its initial application, the quantum of the charge was reduced by the Court to the amount determined to be reasonably necessary for only the initial ten day period. The increase to the Administration Charge reflects the anticipated professional fees the Company will incur in the initial thirteen week period of the within CCAA proceedings, as reflected in its Cash Flow Forecast (appended as Exhibit J to my First Affidavit).
17. The Company seeks an increase to the Directors' Charge granted in the Initial Order from \$300,000 to \$400,000, to secure the indemnity of the directors and officers in respect of obligations and liabilities that they may incur during the CCAA proceedings in their capacities as directors and officers. The continued involvement of the Company's directors and officers is vital to the continuation of the Company's Business and operations, as well as its restructuring efforts.
18. While the Company originally sought a Directors' Charge of \$400,000 at its initial application, the quantum of the charge was reduced by the Court to the amount determined to be reasonably necessary for only the initial ten day period. The increase to the Directors' Charge reflects the estimated exposure to directors and officers in a one month period, as reflected in its Cash Flow Forecast (appended as Exhibit J to my First Affidavit).
19. The Company believes that the proposed increases to the quantum of both the Administration Charge and the Directors' Charge are fair and reasonable in the circumstances.

CONCLUSION

20. The Debenture holders, being the Company's first secured creditor, are supportive of Bow River's application for the granting of the Amended and Restated Initial Order.
21. I swear this Affidavit in support of the Company's Application for an Amended and Restated Initial Order, and for no other or improper purpose.



COMMISSIONING OF AFFIDAVIT USING VIDEO TECHNOLOGY

- 22. I swear this Affidavit before Jessica L. Cameron of Borden Ladner Gervais LLP (the “Commissioner”) utilizing video technology. At the time of swearing this Affidavit, I am not physically present before the Commissioner.
- 23. I swear this Affidavit after taking the following steps: (a) I showed the Commissioner the front and back of my current driver’s license; (b) I have obtained a paper copy of this Affidavit; (c) I reviewed each page of this Affidavit with the Commissioner, and I am satisfied that the paper copy of the Affidavit before me is identical to the paper copy of the Affidavit before the Commissioner; and (d) I have initialed each page of the Affidavit.
- 24. I am advised by the Commissioner, and do verily believe, that the Commissioner has taken a screenshot of the front and back of my driver’s license and that the Commissioner has reviewed each page of a paper copy of this Affidavit with me, and she is satisfied that the paper copy of the Affidavit before her is identical to the paper copy of the Affidavit before me.
- 25. I am further advised by the Commissioner, and do verily believe, that the steps taken by the Commissioner and me in the commissioning of this Affidavit, as described at paragraphs 22 to 24 hereto, follows the process for remote commissioning of affidavits as set out in the Notice to the Profession & Public – Remote Commissioning, issued by the Court of Queen’s Bench of Alberta on March 25, 2020.

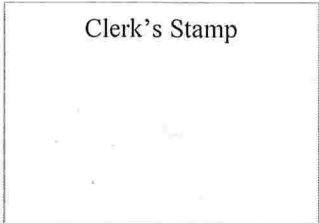
SWORN BEFORE ME at Calgary, Alberta,
this 5th day of June, 2020.

Commissioner for Oaths in and for Alberta

JESSICA L. CAMERON
A Commissioner for Oaths
in and for Alberta
Lawyer, Notary Public

DANIEL G. BELOT

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PARTY FILING THIS
DOCUMENT Robyn Gurofsky/Jessica Cameron
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 1900, 520 3rd Ave. S.W.
 Calgary, AB T2P 0R3
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21. I swear this Affidavit in support of the Company's Application for an Amended and Restated Initial Order, and for no other or improper purpose.




CERTIFICATE OF COMMISSIONER

I, Jessica Cameron, lawyer, of the City Calgary, in the Province of Alberta, do hereby certify that:

1. On June 5, 2020 I was present by video technology and did see the affiant, Daniel G. Belot (the “Affiant”), swear and sign the Affidavit annexed hereto;
2. The Affiant showed me the front and back of his current government-issued photo identification, being his driver’s license, and I have taken a screenshot of same;
3. I have compared the video image of the Affiant and information on the said photo identification, and believe it to be the same person and that the photo identification is valid and current;
4. Both the Affiant and I had a paper copy of the Affidavit, including all exhibits, before us while connected via video technology. The Affiant and I reviewed each page of our respective copy of the Affidavit, including the exhibits together, and verified that they are identical and have initialed each page in the lower right corner;
5. The Affidavit was sworn and signed by the Affiant at City of Calgary, in the Province of Alberta, and I am the Commissioner thereof;
6. The steps taken by myself as Commissioner follows the process for remote commissioning of affidavits as set out in the Notice to the Profession & Public – Remote Commissioning, issued by the Court of Queen’s Bench of Alberta on March 25, 2020. This process was necessary as it is unsafe, for medical reasons, for the Affiant and I to be physically present together.

DATED on the 5th day of June, 2020 in the City of Calgary, in the Province of Alberta



JESSICA L. CAMERON

JESSICA L. CAMERON
A Commissioner for Oaths
in and for Alberta
Lawyer, Notary Public