

CLERK'S STAMP

COURT FILE NUMBER 25-3052460

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PROCEEDING IN THE MATTER OF THE NOTICE OF THE  
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c  
B-3, as amended

AND IN THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF KADEN ENERGY LTD.

APPLICANT KADEN ENERGY LTD.

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**MLT AIKINS LLP**  
Barristers and Solicitors  
2100, 222 – 3rd Avenue S.W.  
Calgary, Alberta T2P 0B4  
Telephone: 403.693.5420/4347  
Fax No.: 403.508.4349  
Attention: Ryan Zahara/Catrina Webster  
File No.: 0166816.00001

**NOTICE TO RESPONDENTS:**

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

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

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

Date: October 3, 2024  
Time: 10:00 a.m.  
Where: Calgary Courts Centre – VIA WEBEX (Courtroom 86)  
<https://albertacourts.webex.com/meet/virtual.courtroom86>  
Before: The Honourable Justice M.J. Lema

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

**Remedy claimed or sought:**

1. The Applicant, Kaden Energy Ltd. ("**Kaden**" or the "**Applicant**"), hereby seeks from this Honourable Court the issuance of the Order substantially in the form attached hereto as **Schedule "A"**, providing for, among other things, the following:
  - (a) abridging the time for service of this Application, if necessary, and declaring that this Application is properly returnable and that further service of this Application is hereby dispensed with; and
  - (b) granting Kaden the ability to grant a security interest in favour of Apex Opportunities Fund Ltd. ("**Apex**").

**Grounds for making this application:**

2. Kaden is a private, junior oil and gas company focused on acquiring and developing light tight oil in northwest Alberta. Kaden is an Alberta corporation incorporated in 2015 pursuant to the laws of the Province of Alberta.
3. On March 6, 2024, Kaden filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the "**BIA**").
4. On April 2, 2024, this Honourable Court granted an Order for, among other relief, the following:
  - (a) granting an extension of time for Kaden to file a proposal pursuant to section 50.4(9) of the BIA, and the corresponding stay of proceedings provided for in section 69 of the BIA until and including May 20, 2024; and
  - (b) approving the payment of certain amounts for critical suppliers and vendors for services and work provided prior to the filing of the NOI.
5. On May 14, 2024 and June 28, 2024, this Honourable Court granted an Order for an extension of time for Kaden to file a proposal ("**Proposal**") pursuant to section 50.4(9) of the BIA, and the corresponding stay of proceedings provided for in section 69 of the BIA until and including July 4, 2024 and August 18, 2024, respectively.
6. On August 16, 2024, following the granting of the stay extensions noted above, Kaden filed its Proposal.

7. Kaden, in conjunction with its parent company, Beta Energy Corp. ("**Beta**"), negotiated and entered into a Convertible Security Funding Agreement with Apex dated August 23, 2024 (the "**Apex Lending Agreement**").
8. Kaden is a guarantor of the obligations under the Apex Lending Agreement. The Apex advances will be secured by a priority security charge over both of Beta and Kaden in first position, subject to the existing registrations by equipment lessors and the Administration Charge granted pursuant to the Order of this Court dated April 2, 2024.
9. The Apex Lending Agreement provides Kaden with up to \$12 million in available funds that may be used to settle the Kaden's outstanding financial obligations, including those pursuant to the Proposal.
10. The Apex Lending Agreement will provide sufficient liquidity to fund the distribution payments to creditors as contemplated in the Proposal, however, in the event of a default by Kaden in the Proposal, any amounts not yet paid to the Affected Creditors (as defined in the Proposal) would rank subordinate to Apex's security over the assets.
11. The Apex Lending Agreement was enclosed with the August 26, 2024 Proposal Trustee's Report on the Proposal to creditors.
12. On September 6, 2024, a meeting of creditors was held to vote on the Proposal and the requisite number of creditors voted in favour of the Proposal.
13. As a result, Kaden is seeking approval of the granting of a security interest in favour of Apex as set out in the Apex Lending Agreement.

**Material or evidence to be relied on:**

14. The First Report of the Proposal Trustee dated April 1, 2024.
15. The Second Report of the Proposal Trustee dated May 9, 2024.
16. The Third Report of the Proposal Trustee dated June 26, 2024.
17. The Proposal Trustee's Report on the Proposal dated August 26, 2024.
18. The Fourth Report of the Proposal Trustee dated September 23, 2024.

19. Such further material as counsel may advise and this Honourable Court may permit.

**Applicable rules:**

20. *Alberta Rules of Court*, Alta. Reg. 124/2010.

**Applicable Acts and regulations:**

21. *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended, sections 50.4, 69.
22. Such further and other Acts or regulations as counsel may advise and this Honourable Court may permit.

**Any irregularity complained of or objection relied on:**

23. None.

**How the application is proposed to be heard or considered:**

24. By Webex videoconference before the Honourable Justice M.J. Lema.

**WARNING**

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

**SCHEDULE "A"**  
**PROPOSED FORM OF ORDER**

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Attention: Ryan Zahara/Catrina Webster  
File No.: 0166816.00001

**DATE ON WHICH ORDER WAS PRONOUNCED: OCTOBER 3, 2024**

**LOCATION WHERE ORDER WAS PRONOUNCED: EDMONTON, ALBERTA**

**NAME OF JUSTICE WHO MADE THIS ORDER: JUSTICE M.J. LEMA**

**UPON** the application filed September 26, 2024 (the "**Application**") of Kaden Energy Ltd. ("**Kaden**") for an Order permitting Kaden to grant security in favour of Apex Opportunities Fund Ltd. ("**Apex**") as contemplated in the lending agreement between Beta Energy Corp. and Apex dated August 23, 2024 (the "**Apex Lending Agreement**"); **AND UPON** hearing submissions by counsel for Kaden and counsel for BDO Canada Limited in its capacity as proposal trustee of Kaden ("**Proposal Trustee**") and any other parties in attendance;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE OF APPLICATION**

1. Service of notice of this Application and supporting documents is hereby deemed to be good and sufficient, the time for notice is hereby abridged to the time provided, and no other person is required to have been served with notice of this Application.

**APEX SECURITY AGREEMENT**

2. Kaden is hereby authorized and empowered to grant a security interest in favour of Apex as contemplated in the Apex Lending Agreement.
3. The priority of Apex's security shall be on the terms and subject to the conditions set forth in the Apex Lending Agreement.
4. Kaden is hereby authorized and empowered to execute and deliver such guarantees and security documents and other definitive documents as contemplated in the Apex Lending Agreement or as may be reasonably required by Kaden and the parties to the Apex Lending Agreement.
5. Apex is permitted to register its security interest granted by Kaden at the Alberta Personal Property Registry.

**SERVICE OF ORDER**

6. Service of this Order shall be deemed good and sufficient:
  - a. by serving same on the persons who were served with notice of this Application and any other parties attending or represented at the hearing of the Application; and
  - b. by posting a copy of this Order on the Proposal Trustee's website at <https://www.bdo.ca/kaden>.

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Justice of the Court of King's Bench of Alberta