





Alpine Summit Energy Partners, Inc. (formerly Red Pine Petroleum Ltd.)

Attachment to Form 8937-Part II

Report of Organizational Actions Affecting Basis of Securities (RTO Arrangement)

**Consult your tax advisor:** The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “**Code**”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the RTO Arrangement (as defined below) on the tax basis of shares in Alpine Summit Energy Partners, Inc., (formerly known as Red Pine Petroleum Ltd.) (“**Pubco**”), in the hands of Pubco shareholders who are U.S. taxpayers (“**U.S. Shareholders**”). This discussion does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders.

For additional information, please read the Management Information Circular of Pubco dated as of April 23, 2021 (the “**Pubco Circular**”) and the Listing Application of Alpine dated as of September 3, 2021 and previously mailed to unitholders of HB2 Origination, LLC, a Delaware limited liability company (“**Origination**”) (the “**Alpine Listing Application**”), each of which is available at [www.sedar.com](http://www.sedar.com).

**Item 14. Description of organizational action**

The “**RTO Arrangement**” was effected pursuant to the following mutually interdependent steps (certain steps of the RTO Arrangement which are not relevant to the discussion herein are omitted, but are described in greater detail in the Pubco Circular and/or Alpine Listing Application):

**Step 1:** Pursuant to the terms and conditions of the business combination agreement (the “**Agreement**”) dated as of April 8, 2021, as amended, to which Origination, Pubco, Alpine Summit Energy Partners Finco, Inc., a British Columbia, Canada corporation newly-formed prior to the effective time of the RTO Arrangement with no business operations, liabilities or assets (other than a nominal amount of cash received pursuant to its formation) (“**Finco**”), Alpine Summit Energy Investors, Inc., a corporation organized under the laws of Nevada (“**Blocker**”), and Red Pine Petroleum Subco Ltd., a corporation wholly-owned by Pubco and incorporated under the laws of the Province of British Columbia Canada (“**Subco**”) were party, Pubco: (i) consolidated its currently outstanding shares of common stock on the basis of one (1) Pubco share for each 625.5882 outstanding Pubco shares (the “**Pubco Consolidation**”); (ii) changed its common shares to subordinate voting shares (“**Subordinate Voting Shares**”) and authorized the issuance of two new classes of shares, multiple voting shares (“**Multiple Voting Shares**”) and proportionate voting shares (“**Proportionate Voting Shares**”) (the “**Pubco Recapitalization**”); (iii) reconstituted its board of directors to remove its existing directors and appoint directors nominated by Origination; (iv) completed any other necessary changes to the constating documents of Pubco to effect the RTO Arrangement; (v) changed its name from “Red Pine Petroleum Ltd.” to “Alpine Summit Energy Partners, Inc.”; and (iv) cancelled all outstanding warrants to acquire Pubco shares for no consideration.

**Step 2:** Origination recapitalized its issued and outstanding Origination Units whereby each one (1) issued and outstanding Origination Unit was converted into three (3) issued and outstanding Origination Units without any change in the tax or financial capital accounts associated with such Origination Units (the “**HB2 Recapitalization**”).

**Step 3:** Finco issued 161,976 subordinate voting subscription receipts (the “**Subordinate Voting Finco Subscription Receipts**”) at a subscription price of \$4.01 per Subordinate Voting Finco Subscription Receipt to non-U.S. investors and 17,057 multiple voting subscription receipts (the “**Multiple Voting Finco Subscription Receipts**”, and together with the Subordinate Voting Finco Subscription Receipts, the “**Finco Subscription Receipts**”, and the holders thereof the “**Finco Investors**”) at a price of \$401.29 per Multiple Voting Finco Subscription Receipt to U.S. investors, collectively, in exchange for cash proceeds of approximately CAD\$7.5 million (the “**Subscription Receipt Financing**”).

**Step 4:** The outstanding Subordinate Voting Finco Subscription Receipts were converted into Finco Class A shares (“**Finco Class A Shares**”) pursuant to which each holder of one (1) Subordinate Voting Finco Subscription Receipt received one (1) Finco Class A Share in exchange therefor (the holders thereof, the “**Finco Class A Shareholders**”), and the outstanding Multiple Voting Finco Subscription Receipts were converted into Finco Class B shares (“**Finco Class B Shares**”) pursuant to which each holder of one (1) Multiple Voting Finco Subscription Receipt received one (1) Finco Class B Share in exchange therefor (the holders thereof, the “**Finco Class B Shareholders**”, and together with the Finco Class A Shareholders, the “**Finco Shareholders**”) (the foregoing, collectively, the “**Finco Subscription Receipt Conversion**”).

**Step 5:** Pubco, Finco and Subco were parties to a three-cornered amalgamation pursuant to which Finco and Subco amalgamated (the entity formed upon the amalgamation of Finco and Subco being “**Finco Amalco**”) (the “**Finco Amalgamation**”). Pursuant to the Finco Amalgamation, the Finco Shareholders received one Subordinate Voting Share in exchange for each Finco Class A Share, and one Multiple Voting Share in exchange for each Finco Class B Share, in each case as held immediately prior to the Finco Amalgamation.

**Step 6:** Finco Amalco wound up its affairs and liquidated, distributing its assets to Pubco (the “**Finco Amalco Liquidation**” and collectively with the Subscription Receipt Financing, the Finco Subscription Receipt Conversion and the Finco Amalgamation, the “**Finco Steps**”).

**Step 7:** Pursuant to the Agreement, electing holders of membership units of Origination (“**Origination Units**”, and the holders thereof, “**Electing Origination Unitholders**”) other than Blocker contributed their Origination Units to Pubco in exchange for Subordinate Voting Shares and Multiple Voting Shares (the foregoing, collectively, the “**Origination Contribution**”).

**Step 8:** Pursuant to the Agreement, the holders of shares of Blocker stock (“**Blocker Shares**”, and the holders thereof, “**Blocker Shareholders**”) contributed their Blocker Shares to Pubco in exchange for Subordinate Voting Shares (the foregoing, the “**Blocker Contribution**”).

Pubco believes that Pubco as a result of, and after, the Origination Contribution and Blocker Contribution was classified as a U.S. domestic corporation for U.S. federal income tax purposes

pursuant to the application of Code Section 7874(b), but provides no assurances in this regard. The following discussion in this Attachment assumes that Pubco as a result of, and after, the Origination Contribution and Blocker Contribution was classified as a U.S. domestic corporation for U.S. federal income tax purposes pursuant to the application of Code Section 7874(b).

Pubco believes that the Finco Steps, the Origination Contribution and the Blocker Contribution (each of the foregoing transactions, collectively, the “**Section 351 Transaction**”) should constitute a single integrated transaction for Code Section 351 purposes. The following summary assumes that each of the components of the Section 351 Transaction are treated as a single integrated transaction for Code Section 351 purposes.

U.S. Shareholders should review the Pubco Circular and the Alpine Listing Application and consult with their own tax advisors regarding the tax consequences of the RTO Arrangement to them in light of their particular circumstances.

Part II Item 15. Description of the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer

Pubco intends that Finco be disregarded as a transitory entity and the Finco Investors be treated, pursuant to the Finco Steps, as making a cash contribution to Pubco in exchange for Subordinate Voting Shares or Multiple Voting Shares, as applicable. Provided the Finco Steps, together with the other components of the Section 351 Transaction, constitute a single integrated transaction for U.S. federal income tax purposes qualifying as a tax-deferred contribution under Code Section 351(a), each Finco Investor should have a tax basis in each Subordinate Voting Share or Multiple Voting Share, as applicable, received pursuant to the Finco Steps equal to the cash contributed in exchange therefor.

Pursuant to the Origination Contribution, each Electing Origination Unitholder contributed his, her, or its Origination Units to Pubco and received in exchange therefor Subordinate Voting Shares or Multiple Voting Shares. Provided the Origination Contribution, together with the other components of the Section 351 Transaction, constitute a single integrated transaction for U.S. federal income tax purposes qualifying as a tax-deferred contribution under Code Section 351(a), although not free from doubt, each Electing Origination Unitholder should have a tax basis in the Subordinate Voting Shares or Multiple Voting Shares received pursuant to the Origination Contribution equal to such Electing Origination Unitholder’s adjusted tax basis in his, her, or its Origination Units surrendered in exchange therefor.

Pursuant to the Blocker Contribution, each Blocker Shareholder contributed his, her, or its Blocker Shares to Pubco and received in exchange therefor Subordinate Voting Shares. Provided the Blocker Contribution, together with the other components of the Section 351 Transaction, constitute a single integrated transaction for U.S. federal income tax purposes qualifying as a tax-deferred contribution under Code Section 351(a), each Blocker Shareholder should have a tax basis in the Subordinate Voting Shares received pursuant to the Blocker Contribution equal to such Blocker Shareholder’s adjusted tax basis in his, her, or its Blocker Shares surrendered in exchange therefor.

Part II Item 16. Description of the calculation of the change in basis

In the event the RTO Arrangement, or any component thereof, is taxable for U.S. federal income tax purposes, for purposes of calculating fair market value, the fair market value of a Subordinate Voting Share on September 7, 2021 is estimated at U.S. \$3.61, which was the average of the high and low prices for Subordinate Voting Shares on the TSX Venture Exchange on September 14, 2021, the first day such shares traded on the TSX Venture Exchange following completion of the RTO Arrangement, as converted to U.S. dollars.

Each Finco Investor, Electing Origination Unitholder and Blocker Shareholder should consult with his, her or its own tax advisors to determine whether they are required to recognize gain in connection with the RTO Arrangement and what measure of fair market value is appropriate.

Part II Item 17. (list of applicable Code sections)

Pubco believes that Pubco as a result of, and after, the Origination Contribution and Blocker Contribution was classified as a U.S. domestic corporation for U.S. federal income tax purposes pursuant to the application of Code Section 7874(b), but provides no assurances in this regard.

Provided Pubco as a result of, and after, the Origination Contribution and Blocker Contribution was classified as a U.S. domestic corporation for U.S. federal income tax purposes pursuant to the application of Code Section 7874(b) and the components of the Section 351 Transaction constitute a single integrated transaction qualifying as a tax-deferred contribution under Code Section 351(a), the U.S. federal income tax consequences for Finco Investors, Electing Origination Unitholders and Blocker Shareholders should be determined under Code Sections 351, 358, 1001, 1221, and 7874, and solely with respect to Electing Origination Unitholders, should be further determined under Code Section 751.

Part II Item 18. (recognition of loss)

Pubco believes that Pubco as a result of, and after, the Origination Contribution and Blocker Contribution was classified as a U.S. domestic corporation for U.S. federal income tax purposes pursuant to the application of Code Section 7874(b), but provides no assurances in this regard.

Provided Pubco as a result of, and after, the Origination Contribution and Blocker Contribution was classified as a U.S. domestic corporation for U.S. federal income tax purposes pursuant to the application of Code Section 7874(b) and the components of the Section 351 Transaction constitute a single integrated transaction qualifying as a tax-deferred contribution under Code Section 351(a), each Finco Investor, Electing Origination Unitholder and Blocker Shareholder which received Subordinate Voting Shares and/or Multiple Voting Shares pursuant to the RTO Arrangement should not recognize any loss.

Part II Item 19. (other information)

The RTO Arrangement was effective on September 7, 2021. For an Origination Unitholder which participated in the RTO Arrangement whose taxable year is a calendar year, the reportable tax year is 2021.