

CLERK OF THE COURT  
**FILED**  
NOV 23 2015  
JUDICIAL CENTRE  
OF CALGARY

COURT FILE NUMBER 1501 12220

COURT Court of Queen's Bench of Alberta

JUDICIAL CENTRE Calgary

APPLICANT ALBERTA TREASURY BRANCHES

RESPONDENTS COGI LIMITED PARTNERSHIP, CANADIAN OIL & GAS INTERNATIONAL INC. AND CONSERVE OIL GROUP INC.

DOCUMENT AFFIDAVIT

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
Field LLP  
400 - 604 1 ST SW  
Calgary AB T2P 1M7  
Lawyer: Douglas S. Nishimura  
Phone Number: (403) 260-8548  
Fax Number: (403) 264-7084  
Email Address: dnishimura@fieldlaw.com  
File No. 61737-1

**AFFIDAVIT OF DAVID CROMBIE**  
**(Sworn November 23, 2015)**

I, DAVID CROMBIE, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am the President and Director of Proven Oil Asia Ltd. ("POA") and as such, have knowledge of the matters hereinafter deposed to, except where stated to be based on information and belief, in which case I have stated the source of the information and believe it to be true.
2. I am advised by counsel to POA and do verily believe that at the Application on October 26, 2015, resulting in Conserve Oil Group Inc. ("Conserve") being put into Receivership, it was made clear to the Court that other companies in which Conserve holds shares, including POA, were not the subject of receivership proceedings. It was also made clear to the Court that POA was not party to any debt obligations (secured or otherwise) with respect to Alberta Treasury Branches ("ATB"), the Applicant in these proceedings.

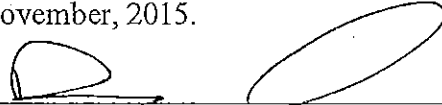
3. POA's business involves the acquisition and operation of petroleum and natural gas producing properties. Many of its properties were acquired from COGI Limited Partnership ("COGI") in the past. In each instance, the properties were acquired for purchase prices formulated on the basis of reserve reports. The net proceeds of those sales were paid by COGI to ATB in permanent reduction of COGI's secured debt. In each case, ATB reviewed the transactions and provided a "No Interest" letter in connection thereof. POA did use Conserve and COGI personnel to administer POA's assets and paid for such services on a percentage of production basis, along with COGI and other companies. Such services included the payment of debts incurred in respect of POA's assets and receipt and payment to POA of net revenues from the assets.
4. One day after the Receiver was appointed, it immediately dismissed all employees and consultants of Conserve and COGI, including those who worked in administering POA's assets. POA was not notified by the Receiver of any replacement of the individuals in charge of administering POA matters, nor did POA receive any communications from the Receiver at all with respect to any continued administration service for POA's assets. I know of no POA bills that have been paid by the Receiver and no revenues of POA have been passed on or accounted for by the Receiver. Accordingly, POA took steps to ensure that it would have access to accounting and asset administration personnel and engaged some of the former Conserve staff to undertake this task. At no time has POA purported to terminate any agreement with Conserve. POA is prepared to continue any relationship with Conserve, provided that the required services are supplied.
5. Upon being advised that the Receiver was seeking POA's Minute Book, Field LLP, counsel for POA in these proceedings, contacted counsel for the Receiver to clarify POA's obligations regarding production of POA's Minute Book and other corporate records, considering the fact that POA was not in Receivership. Counsel for POA advised that POA would supply any documents to which Conserve was entitled as a shareholder. Attached hereto and marked as **Exhibit "A"** is a copy of the communication between counsel for the Receiver and counsel for POA.
6. As of the date of the most recent Annual Return of POA, filed in January 2015, Conserve owned 100% of the common shares of POA. However, in March 2015, POA entered into

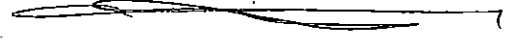
a transaction whereby Arrow Point Oil & Gas Ltd. ("**Arrow Point**") subscribed for 100,000 shares of POA, in connection with a \$7 million subordinate secured loan by Arrow Point to POA. Attached hereto and marked as **Exhibit "B"** is a copy of a Director's Resolution, Share Subscription and Share Certificate.

7. Subsequently, in July, 2015 Arrow Point and POA provided for the issuance of 100,000 "First Preferred Shares" to Arrow Point. The First Preferred Shares were, *inter alia*, convertible to common shares at the option of Arrow Point. Attached hereto and marked as **Exhibit "C"** is a copy of the Director's Resolution and Certificate regarding the First Preferred Shares.
8. POA financed its asset acquisitions through funding from its significant first secured creditor, Capital Asia Group PTE Ltd. ("**Capital**") which holds secured debt against POA's assets. Copies of the debt and security documents are confidential and Capital has advised that they oppose any public release of this information. The documents can be provided under seal to the Court if necessary.
9. Upon learning of the Conserve Receivership and the position taken by Conserve's Receiver with respect to POA, Capital contacted management of POA to express concerns over the Receiver's actions. Capital entered into "without prejudice" discussions with POA regarding restructuring a portion of POA's debt and continued management of POA's assets. The Receiver's present Application jeopardized this restructuring of debt and caused Capital to take further steps to preserve its interest. POA was advised on November 20, 2015, that Capital acquired Arrow Point's First Preferred Shares and issued a notice to POA converting those shares into common shares. Attached hereto and marked as **Exhibit "D"** is a copy of documentation received from Capital in this regard.
10. POA is concerned that, if the Receiver succeeds in its Application and takes control over POA, Capital will be forced to immediately enforce its security and ultimately liquidate the assets of POA, thus destroying POA's business.

11. Following the initial hearing of the within Application on November 10, 2015, POA has attempted to provide information to the Receiver while at the same time maintaining confidentiality of its corporate records. Attached hereto and marked as **Exhibit "E"** is a copy of correspondence by counsel for POA to counsel for the Receiver proposing a method by which the Receiver could receive information on a confidential basis subject to further Court direction. The Receiver ultimately accepted this proposal on November 18, 2015 and POA has commenced provision of information and documents, including POA's Minute Book, which were delivered on November 19, 2015. I also met with Vic Kroeger and Brian Davison on November 20, 2015 and answered questions about POA, Conserve, COGI and related companies.

SWORN BEFORE ME at the City of Calgary )  
in the Province of Alberta, this 23 day of )  
November, 2015. )

  
\_\_\_\_\_  
A Commissioner for Oaths in and for Alberta

  
\_\_\_\_\_  
**DAVID CROMBIE**

Douglas S. Nishimura  
Barrister & Solicitor

# EXHIBIT "A"

## Elvina Hussein

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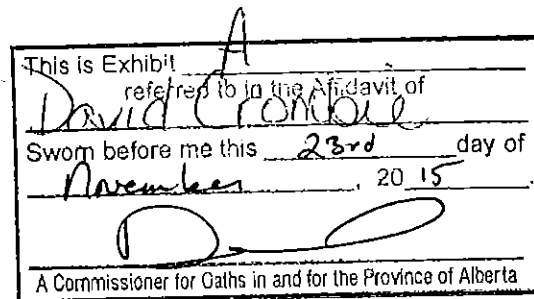
**From:** Davison, Brian <brian.davison@dlapiper.com>  
**Sent:** Wednesday, November 04, 2015 12:26 PM  
**To:** Douglas Nishimura; Fellowes, Karen  
**Cc:** Victor P. Kroeger (vic.kroeger@mnp.ca); Katherine Petersen (Katherine.Petersen@mnp.ca); Nutt, Kim  
**Subject:** RE: COGI

Thanks for your note Doug. My responses are imbedded in your email.

**G. Brian Davison, Q.C.**  
Partner  
T 403.294.3590  
F 403.776.8864  
E brian.davison@dlapiper.com



DLA Piper (Canada) LLP  
Suite 1000, Livingston Place West  
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Calgary AB T2P 0C1  
Canada  
www.dlapiper.com



**DOUG S. NISHIMURA**  
Barrister and Solicitor

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**From:** Douglas Nishimura [mailto:DNishimura@fieldlaw.com]  
**Sent:** November-04-2015 11:42 AM  
**To:** Davison, Brian; Fellowes, Karen  
**Cc:** Victor P. Kroeger (vic.kroeger@mnp.ca); Katherine Petersen (Katherine.Petersen@mnp.ca)  
**Subject:** COGI

Regarding the receivership of Conserve/COGI, I have met with some of the individuals formerly with those companies (who are still with POA, etc.). I wanted to deal with a couple issues arising from that meeting as well as some peripheral issues.

1. The former management has received letters asking for all company documents in their possession, which I've told them is standard practice. They will be responding, but I want to be sure there is no misunderstanding. They also have documents of some Conserve subsidiaries as well as their own copies of COGI/Conserve documents. In some cases they are quite voluminous (and mundane). I'm told that the Receiver is welcome to review these if necessary and obtain copies. The volume is too great to simply undertake to copy everything.

Doug, please deliver the material in respect to Conserve and it's wholly owned subsidiaries to MNP as soon as possible and make available for review, those materials not delivered.

2. I'm told the receiver has taken control of the server which has COGI/Conserve documents on it (as well as documents of other companies), as well as being provided with a memory stick containing documents. To the extent there is any issue as to potential "other company" documents, I'm satisfied that arrangements can be made to resolve them in the usual way. However, at my meeting I learned that there was no attempt made to redact solicitor client communications between COGI/Conserve and my office. Please be advised that the provision of general access to corporate documents was not intended as a waiver of privilege in this regard. I'm sure you are aware that solicitor client privilege survives a bankruptcy or

receivership: <http://www.canlii.org/en/ab/abqb/doc/1998/1998abqb1083/1998abqb1083.html?searchUrlHash=AAAAAQajc29saWNpdG9yIGNsaWVudCBwcmI2aWxlZ2UgcmVjZWl2ZXIAAAAAAQ&resultIndex=3> Accordingly, could you please refrain from accessing any communications between my office and the companies now in receivership. Doug, we are aware of the BreX case and believe arrangements can be made as necessary. The Receiver understands Arrow Point Oil & Gas Ltd. has determined what documents belong to those entities in Receivership and has denied the Receiver access to other documents. The Receiver is concerned that some relevant documents are not being given to it, especially since Arrow Point Oil & Gas Ltd., Bauland Inc. and other entities have been providing management services to COGI and Conserve. This is a major concern to the Receiver.

3. I was made aware that all employees and contractors of COGI/Conserve were dismissed on the day following the receivership. As you know, Conserve provided some management services to POA. Obviously, since it has no staff to carry out such activities, Conserve could no longer maintain this contract and POA has engaged replacement management services for its properties.  
Doug, POA is a wholly owned subsidiary of Conserve. The Receiver is the shareholder of POA and as such is the only entity to direct POA's affairs. Please advise who is providing replacement management services as well as a description of their activities to date. Please inform those companies or persons to obtain the consent and approval of the Receiver to all activities. The Receiver would like to meet as soon as possible with those entities this week. As well, we have not been able to locate the POA minute book. Please inquire as to its whereabouts. If your clients have the book, please deliver it to our office asap
4. Finally, I'm told that, prior to the Receivership, MNP and DLA Piper were paid for accounts delivered earlier that day. However, my accounts were not paid, and I will have one additional one for the few days immediately preceding and including October 26, 2015. Could you please arrange payment for the outstanding accounts as soon as possible. I believe MNP is looking after this.

Regards,

**Douglas S. Nishimura**

[Bio](#) | [Address](#) | [vCard](#)

Partner

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Calgary AB T2P 1M7

[dnishimura@fieldlaw.com](mailto:dnishimura@fieldlaw.com)

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**FIELD LAW**  
▲▲  
100<sup>TH</sup> ANNIVERSARY



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# EXHIBIT "B"



RESOLUTIONS OF THE SOLE DIRECTOR OF **PROVEN OIL ASIA LTD.**, PASSED BY THE SIGNATURE OF THE SOLE DIRECTOR EFFECTIVE AS OF THE 18TH DAY OF MARCH, 2015, PURSUANT TO THE PROVISIONS OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

**SHAREHOLDINGS**

**WHEREAS** the following subscription for shares in the Corporation has been received and the subscriber has tendered \$1.00 per Class "A" Voting Common Share as the consideration for the issuance of the shares as set forth below:

<u>Name</u>	<u>Number and Class of Shares</u>
Arrow Point Oil & Gas Ltd.	100,000 Class "A" Voting Common

and it is desirable that such subscription be accepted;

**NOW, THEREFORE, BE IT RESOLVED:**

**THAT** the shares set forth above be issued in the form of share certificate approved by any one officer or director of the Corporation, as evidenced by his or her signature thereon, to the above named subscriber in consideration of the sum of \$1.00 per Class "A" Voting Common share.

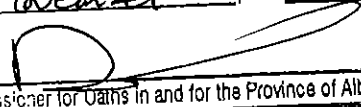
**MANNER OF EXECUTION**

**NOW, THEREFORE, BE IT RESOLVED:**

**THAT** these resolutions may be signed by facsimile or other means of electronic communication producing a printed copy, each of which so signed shall be deemed to be an original and, notwithstanding the date of execution, shall be deemed to bear the date first written above.

**WITNESS** the signature of the sole director as of the day and year set forth above.

  
**DAVID W. CROMBIE**

This is Exhibit B  
referred to in the Affidavit of  
David Crombie  
Sworn before me this 23rd day of  
November, 2015  
  
A Commissioner for Oaths in and for the Province of Alberta



**SHARE SUBSCRIPTION**

**ARROW POINT OIL & GAS LTD.** hereby subscribes for 100,000 Class "A" Voting Common Shares in the capital of **PROVEN OIL ASIA LTD.** in consideration of the sum of One Dollar (\$1.00) per share for total consideration of One Hundred Thousand Dollars (\$100,000.00).

**DATED** effective March 18, 2015.

**ARROW POINT OIL & GAS LTD.**

Per: \_\_\_\_\_

**Authorized Signatory**

CLASS "A" SHARES

SHARE CERTIFICATE NUMBER: A-2

One Hundred Thousand - (100,000)

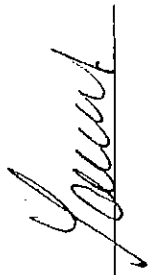
**PROVEN OIL ASIA LTD.**

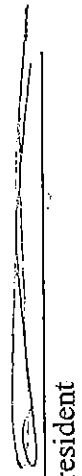
*(THE CORPORATION)*  
*INCORPORATED UNDER THE BUSINESS CORPORATION ACT OF THE PROVINCE OF ALBERTA*

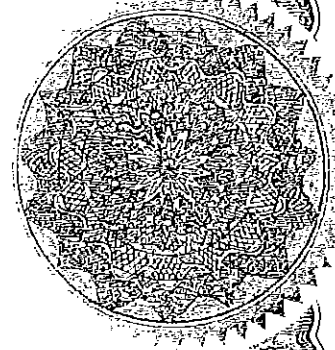
THIS CERTIFIES THAT ARROW POINT OIL & GAS LTD. IS THE REGISTERED HOLDER OF ONE HUNDRED THOUSAND (100,000), CLASS "A" FULLY PAID AND NON-ASSESSABLE SHARES WITHOUT PAR VALUE, IN THE CAPITAL STOCK OF THE ABOVE NAMED CORPORATION. THE TRANSFER OF SHARES IS RESTRICTED.

IN WITNESS WHEREOF, THE CORPORATION HAS CAUSED THIS CERTIFICATE TO BE SIGNED BY ITS DULY AUTHORIZED OFFICERS AND CORPORATE SEAL.

THIS 18<sup>TH</sup> DAY OF MARCH, 2015.

  
Secretary

  
President



# EXHIBIT "C"

RESOLUTIONS OF THE SOLE DIRECTOR OF **PROVEN OIL ASIA LTD.** (THE "CORPORATION"), PASSED BY THE SIGNATURE OF THE SOLE DIRECTOR, EFFECTIVE AS OF THE 21<sup>st</sup> DAY OF AUGUST, 2015, PURSUANT TO THE PROVISIONS OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA).

**FORM OF SHARE CERTIFICATE**

**WHEREAS** it is desirable that a form of share certificate be adopted for use by the Corporation with respect to its First Preferred, Series 1 shares;

**NOW, THEREFORE, IT BE RESOLVED THAT** the form of share certificate of the Corporation annexed to this resolution be and is hereby approved and adopted as the form of certificate to be used by the Corporation with respect to its First Preferred, Series 1 shares.

**APPROVAL OF SHARE ISSUANCE**

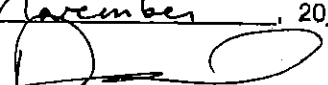
**WHEREAS** Arrow Point Oil & Gas Ltd. ("**Arrow Point**") has agreed to provide financing to the Corporation in the amount of \$7,000,000.00 pursuant to the terms and conditions of a demand loan agreement dated March 18th, 2015, in substantially the form of loan agreement presented to the director (the "**Demand Loan Agreement**") and in consideration therefor, the Corporation has agreed to issue to Arrow Point 100,000 First Preferred Shares, Series 1 in the capital of the Corporation;

**AND WHEREAS** the Corporation has received a share subscription from Arrow Point for the issuance of 100,000 First Preferred Shares, Series 1 as set forth below:

<u>Name</u>	<u>Number of Shares</u>
Arrow Point Oil & Gas Ltd.	100,000 First Preferred Shares, Series 1

**NOW, THEREFORE, BE IT RESOLVED THAT:**

1. The issuance by the Corporation of 100,000 First Preferred Shares, Series 1 in the capital of the Corporation to Arrow Point is hereby authorized and approved and that arrangements be made by the Corporation for the issuance of Share Certificate No. P-1 to Arrow Point representing 100,000 First Preferred Shares, Series 1 in the capital of the Corporation.
2. The corporate records of the Corporation be updated to reflect the aforesaid share issuance.

This is Exhibit	<b>C</b>
referred to in the Affidavit of	<b>David Crombie</b>
Sworn before me this	<b>23<sup>rd</sup></b> day of
	<b>November</b> , 20 <b>15</b>
	

**DOUG S. NISHIMURA** Commissioner for Oaths In and for the Province of Alberta  
Barrister and Solicitor

3. Any director or officer is hereby authorized in the name and on behalf of the Corporation to do all such further acts as such director or officer may consider to be necessary or desirable to give effect to the above resolutions and agreements referred to herein and in order to facilitate the completion of the aforementioned transactions.
4. These resolutions may be executed and delivered either in original format, by facsimile or by any other means of electronic communication producing a printed copy, any of which shall be deemed to be an original.

**WITNESS** the signature of the sole Director effective as of the day and year set forth above.



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**DAVID CROMBIE**

SHARE CERTIFICATE NUMBER: P-

**PROVEN OIL ASIA LTD.**

*(THE CORPORATION)  
INCORPORATED UNDER THE BUSINESS CORPORATION ACT OF THE PROVINCE OF ALBERTA*

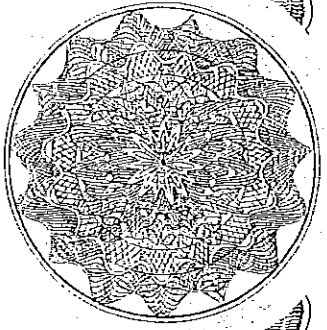
THIS CERTIFIES THAT S P E C I M E N IS THE REGISTERED HOLDER OF ----- FIRST PREFERRED, SERIES 1, FULLY PAID AND NON-ASSESSABLE SHARES WITHOUT PAR VALUE, IN THE CAPITAL STOCK OF THE ABOVE NAMED CORPORATION. THE TRANSFER OF SHARES IS RESTRICTED.

IN WITNESS WHEREOF, THE CORPORATION HAS CAUSED THIS CERTIFICATE TO BE SIGNED BY ITS DULY AUTHORIZED OFFICERS AND CORPORATE SEAL.

THIS \_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
President







RESOLUTIONS OF THE SOLE DIRECTOR OF **PROVEN OIL ASIA LTD.** (THE "**CORPORATION**"), PASSED BY THE SIGNATURE OF THE SOLE DIRECTOR, EFFECTIVE AS OF THE 29<sup>th</sup> DAY OF JULY, 2015, PURSUANT TO THE PROVISIONS OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA).

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**APPROVAL OF ARTICLES OF AMENDMENT**

**WHEREAS** it is desirable that, pursuant to subsection 29(1) of the *Business Corporations Act* (Alberta) the Corporation's Articles of Incorporation be amended to create the first series of Preferred Shares, designated Preferred Shares, Series 1;

**NOW, THEREFORE, BE IT RESOLVED THAT:**

1. The Corporation's Articles of Incorporation be and are hereby amended by incorporating the provisions of the Section 29 Schedule, attached hereto as Schedule "A", to the Articles of Incorporation.
2. Any officer or director of the Corporation is hereby authorized, in the name and on behalf of the Corporation, to execute and deliver all such certificates, documents, deeds, agreements and other instruments, under its corporate seal or otherwise, and do all such further acts and things as the officer or director may consider to be necessary or desirable to give effect to the above resolutions.
3. These resolutions may be executed and delivered either in original format, by facsimile or by any other means of electronic communication producing a printed copy, any of which shall be deemed to be an original.

**WITNESS** the signature of the sole Director effective as of the day and year set forth above.

  
\_\_\_\_\_  
**DAVID CROMBIE**

SCHEDULE "A"  
SECTION 29 SCHEDULE

FIRST PREFERRED SHARES, SERIES 1

The first series of First Preferred Shares shall be designated as "First Preferred Shares, Series 1" and the First Preferred Shares, Series 1 shall consist of an unlimited number of First Preferred Shares, Series 1 and shall have attached thereto the following rights, privileges, restrictions and conditions:

**Interpretation**

(1) In this schedule:

(a) "**Aggregate Redemption Price**" shall mean with respect to a First Preferred Share, Series 1, the Redemption Price of such First Preferred Share, Series 1 together with the amount of all dividends declared thereon and unpaid.

(b) "**Bankrupt**" has the same meaning as ascribed to such term in the *Bankruptcy and Insolvency Act* (Canada), and a holder of First Preferred Shares, Series 1 shall be deemed to be Bankrupt such holder becomes Bankrupt within the meaning of such act or any future act that might replace it, and the expression "**Bankruptcy**" shall refer to the state of being Bankrupt.

(c) "**Control**" means, when applied to any corporate shareholder (herein, the "**Shareholder**"), the beneficial or legal ownership of the percentage of voting rights ordinarily exercisable at meetings of shareholders of such Shareholder that are sufficient to elect a majority of the directors of such Shareholder, and shall also be deemed to mean legal or beneficial ownership of more than 50% of the common shares (whether voting or non-voting) of such Shareholder or the legal or beneficial ownership of any convertible securities, options, warrants or other rights which would, upon conversion or exercise, give the holder thereof any of the foregoing beneficial or legal rights of ownership.

(d) "**Redemption Price**" of a particular First Preferred Share, Series 1 shall be the fair market value of the consideration received by the Corporation for the issuance of a First Preferred Share, Series 1 as of the date of such issuance as determined by the directors of the Corporation at such time. In the event that subsequent to the issuance of a First Preferred Share, Series 1 the stated capital account of the First Preferred Shares, Series 1 is reduced in a manner authorized by law with a corresponding return of capital to the holders of the First Preferred Share, Series 1, the Redemption Price of a First Preferred Share, Series 1 as determined in the manner hereinbefore provided shall be deemed to be the amount so determined less the quotient obtained by dividing the amount of the stated capital reduction so authorized by the number of First Preferred Shares, Series 1 issued at the time of the stated capital account reduction so authorized.

## **Voting**

Subject to the terms of the *Business Corporations Act* (Alberta), the holders of First Preferred Shares, Series 1 shall not be entitled as such to receive notice of nor to attend at any meeting of the shareholders of the Corporation and shall not be entitled to vote at any such meeting.

## **Dissolution**

In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the First Preferred Shares, Series 1 shall be entitled to a preference with respect to the payment of any unpaid cumulative dividends and declared but unpaid non-cumulative dividends on the First Preferred Shares, Series 1 and with respect to the return of capital on the First Preferred Shares, Series 1, over the holders of the Voting Common Shares, the holders of the Non-Voting Common Shares and the holders of any other class or series of shares ranking junior to the First Preferred Shares, Series 1 with respect to the receipt of dividends or the return of capital on the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs. After payment to the holders of the First Preferred Shares, Series 1 of the amounts so payable to them as specified herein, such holders shall not be entitled to share in any further distribution of the assets of the Corporation.

## **Dividends**

The holders of the First Preferred Shares, Series 1 shall be entitled to receive such dividends as the directors of the Corporation may declare from time to time provided, however, that the directors may declare and pay dividends on any class or classes of Voting Common Shares, Non-Voting Common Shares or any other series of First Preferred Shares to the exclusion of the First Preferred Shares, Series 1, subject to the requirement that any dividend accrued but unpaid on the First Preferred Shares, Series 1 shall have preference over the holders of Voting Common Shares, Non-Voting Common Shares or any other series of First Preferred Shares, as the case may be.

## **Redemption by the Corporation**

(1) Right to Redeem. Subject to applicable law, the Corporation may upon giving notice hereinafter provided redeem the whole or any part of the then outstanding First Preferred Shares, Series 1 on payment for each particular share to be redeemed of an amount equal to the First Preferred Shares, Series 1's Aggregate Redemption Price.

Notwithstanding the foregoing, in the event of a change of Control of the Corporation, the Corporation's right to redeem pursuant to this section shall immediately terminate, unless otherwise unanimously agreed to in writing by the holders of the First Preferred Shares, Series 1.

(2) Partial Redemption. If less than all the First Preferred Shares, Series 1 are at any time to be redeemed, the shares to be redeemed shall be selected in such manner as the directors of the Corporation may deem equitable or, if the directors so determine, on a pro rata basis, disregarding fractions, according to the number of First Preferred Shares, Series 1 held by each

of the holders of First Preferred Shares, Series 1. If a part only of the First Preferred Shares, Series 1 represented by any certificate is to be redeemed, a new certificate representing the balance of such shares shall be issued to the holder thereof at the expense of the Corporation upon presentation and surrender of the first mentioned certificate.

For greater certainty, the Corporation may call for redemption of any holder's First Preferred Shares, Series 1 pursuant hereto without calling for the redemption of First Preferred Shares, Series 1 of any other holder of First Preferred Shares, Series 1.

(3) Method of Redemption. In any case of redemption of First Preferred Shares, Series 1 pursuant hereto, the Corporation shall, not more than fifteen (15) days and not less than five (5) days before the date specified for redemption, send by prepaid first class mail or deliver to each person who at a date not more than seven (7) days prior to the date of mailing or delivery is a holder of First Preferred Shares, Series 1 to be redeemed, a notice in writing of the intention of the Corporation to redeem the First Preferred Shares, Series 1 registered in the name of such holder. Accidental failure or omission to give such notice to one or more holders shall not affect the validity of such redemption, but upon such failure or omission being discovered notice shall be given forthwith to such holder or holders and such notice shall have the same force and effect as if given in due time. Such notice required to be given in this section may be waived when and if the registered holders of First Preferred Shares, Series 1 to be redeemed signify their consent to such waiver and execute a formal waiver in favour of the Corporation relieving the Corporation from the obligation of giving notice to such registered holders. Such notice given pursuant to this section shall set out the number of First Preferred Shares, Series 1 which are to be redeemed held by the person to whom it is addressed, the Redemption Price, the date specified for redemption and the office or offices of the Corporation and any other place or places within Canada at which holders of First Preferred Shares, Series 1 may present and surrender certificates representing such shares for redemption. On and after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the holders of the First Preferred Shares, Series 1 to be redeemed, the Aggregate Redemption Price of such shares on presentation and surrender at the office of the Corporation designated in the aforesaid notice of redemption and at any other place or places within Canada specified in such notice of redemption, of the certificate or certificates representing the First Preferred Shares, Series 1 called for redemption.

(4) Method of Payment. Payment in respect of First Preferred Shares, Series 1 being redeemed shall, subject as hereafter provided, be made by cheque in the amount of the Aggregate Redemption Price payable to the holder thereof at par at any branch in Canada of any Canadian chartered bank in a principal amount equal to the Aggregate Redemption Price. Such cheque shall satisfy and discharge all liability of the Corporation for the Aggregate Redemption Price, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation. From and after the date specified for redemption in any such notice of redemption, the First Preferred Shares, Series 1 called for redemption shall cease to be entitled to dividends or any other participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof unless payment of the Aggregate Redemption Price shall not be made upon presentation and surrender of the certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. The Corporation shall have the right, at any time after the mailing or

delivery of notice of its intention to redeem First Preferred Shares, Series 1, to deposit the Aggregate Redemption Price of the First Preferred Shares, Series 1 so called for redemption, or of such of the First Preferred Shares, Series 1 which are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, to a special account maintained by the Corporation with a branch of a Canadian chartered bank designated by the Corporation in the notice of redemption (the "*Trustee*") to be paid without interest to or to the order of the respective holders of First Preferred Shares, Series 1 whose shares have been called for redemption, upon presentation and surrender to the Trustee of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is later, the First Preferred Shares, Series 1 in respect of which such deposit shall have been made shall be deemed to have been redeemed and the rights of the holders thereof shall be limited to receiving their proportion of the amount so deposited without interest, upon presentation and surrender to the Trustee of the certificate or certificates representing the First Preferred Shares, Series 1 being redeemed. Any interest earned on any such deposit shall belong to the Corporation. Notwithstanding the foregoing, the Aggregate Redemption Price, to the extent that it is represented by a cheque, which has not been presented for payment by the 6th anniversary of the relevant redemption date, shall be forfeited to the Corporation. Notwithstanding anything herein contained, the Corporation and the holder of First Preferred Shares, Series 1 can agree to payment of the Aggregate Redemption Price in a manner other than by a cheque from the Corporation.

### **Conversion**

(1) Conversion at the Option of the Holder. Provided the Corporation has not issued a notice to redeem the First Preferred Shares, Series 1, a holder of the First Preferred Shares, Series 1 may, at any time convert all, or from time to time any part, of the outstanding First Preferred Shares, Series 1 held by such holder into fully-paid and non-assessable Class "A" Voting Common Shares (the "**Conversion Option**"). The First Preferred Shares, Series 1 shall be convertible on a one-to-one basis for Class "A" Voting Common Shares.

Notwithstanding the foregoing, in the event of a change of Control or Bankruptcy of a holder of First Preferred Shares, Series 1, such holder's right to convert pursuant to this section shall immediately terminate.

(2) Adjustments.

(a) *Subdivisions:*

In the event of:

- (i) subdivisions, consolidations or reclassifications of Class "A" Voting Common Shares; or
- (ii) distributions to all or substantially all the holders of Class "A" Voting Common Shares of:
  - (A) shares (other than shares distributed in lieu of dividends paid in the ordinary course),

- (B) rights, options or warrants,
- (C) evidences of indebtedness, or
- (D) assets (other than dividends paid in the ordinary course);

prior to the conversion of any First Preferred Shares, Series 1, which in the opinion of the directors of the Corporation have or shall have had an effect on the value of the Class "A" Voting Common Shares, then the directors of the Corporation, acting reasonably and in good faith, shall prescribe adjustments to be made to the number of Class "A" Voting Common Shares to be issued in order to make the number of Class "A" Voting Common Shares to be issued equivalent in value to the number of Class "A" Voting Common Shares which would otherwise have been issuable had any of the foregoing capital changes not occurred.

*(b) Mergers and Plan of Arrangements:*

If, prior to the conversion of any First Preferred Shares, Series 1, there is a consolidation or merger or amalgamation of the Corporation with or into any other company or body corporate, including by way of a sale whereby all or substantially all of the Corporation's undertaking and assets would become the property of any other company or body corporate or plan of arrangement involving the Corporation (any of which is herein called a "*capital reorganization*"), to the extent and only to the extent that the capital reorganization is not covered by subsection 2(a) above, any holder of First Preferred Shares, Series 1 who has not exercised its right of conversion prior to the effective date of such capital reorganization shall be entitled to receive and shall accept, upon the exercise of such right at any time on the effective date or thereafter, in lieu of the number of Class "A" Voting Common Shares to which such holder was theretofore entitled upon conversion, the aggregate number of shares or other securities or property of the Corporation or of the company or body corporate resulting from or under the capital reorganization that such holder would have been entitled to receive as a result of such capital reorganization if, on the effective date thereof, such holder had been the registered holder of the number of Class "A" Voting Common Shares to which it was theretofore entitled upon conversion and no capital reorganization shall be carried into effect unless, in the opinion of the directors of the Corporation, all necessary steps shall have been taken to ensure that the holders of the First Preferred Shares, Series 1 shall thereafter be entitled to receive such number of shares or other securities or property of the Corporation or of the company or body corporate resulting from the consolidation, merger or amalgamation or to which such sale may be made, as the case may be, subject to adjustment thereafter in accordance with the provisions substantially similar, to those contained in these articles.

(c) *Other Capital Reorganizations:*

In the event there is any other capital reorganization or change in the share capital of the Corporation prior to the conversion of any First Preferred Shares, Series 1, which in the opinion of the directors of the Corporation have or shall have had an effect on the value of the Class "A" Voting Common Shares, then the directors of the Corporation, acting reasonably and in good faith, shall prescribe adjustments to be made to the number of Class "A" Voting Common Shares to be issued in order to make the number of Class "A" Voting Common Shares to be issued equivalent in value to the number of Class "A" Voting Common Shares which would otherwise have been issuable had any of the foregoing capital changes not occurred.

(d) *Minimum Adjustment:*

No adjustment in the number of Class "A" Voting Common Shares to be issued pursuant to this section 2 shall be required unless an increase or decrease of at least 1% of the number of Class "A" Voting Common Shares to be issued to each holder of First Preferred Shares, Series 1 would result; provided, however, that any adjustment which, except for the provisions of this subsection 2(d) would otherwise have been required to be made, shall be carried forward and taken into account in determining whether to make any subsequent adjustment.

(e) *Notice of Adjustment:*

Forthwith after any adjustment in the number of Class "A" Voting Common Shares to be issued to each holder of First Preferred Shares, Series 1, the Corporation shall file with the transfer agent and registrar of the Corporation for the First Preferred Shares, Series 1, and in the absence of a transfer agent and registrar with the Secretary of the Corporation, a certificate of an officer of the Corporation certifying as to the amount of such adjustment and, in reasonable detail, the event requiring and the manner of computing such adjustment; the Corporation shall also at such time mail, by prepaid first class mail, a copy of such certificate to the holders of the First Preferred Shares, Series 1.

(3) Fractional Shares. Fractional Class "A" Voting Common Shares shall not be issued on any conversion of First Preferred Shares, Series 1 but in lieu thereof the Corporation shall make payments in an amount per fractional Class "A" Voting Common Share which is equal to the product obtained by multiplying the fraction of the Class "A" Voting Common Share otherwise issuable by the Redemption Price, as adjusted in accordance with section (2) hereof, if applicable.

Any payment in respect of a fraction of a Class "A" Voting Common Share shall be made by cheque payable at par at any branch of the Corporation's bankers in Canada to the person being the registered holder of the First Preferred Shares, Series 1 called for conversion. The Corporation shall deliver or cause to be delivered such cheque with the certificate or certificates for the Class "A" Voting Common Shares which are delivered in accordance with section (4) hereof.

(4) *Conversion Procedure*

(a) *Delivery of Conversion Notice and Share Certificates:*



A holder of First Preferred Shares, Series 1 desiring to convert all or part of the First Preferred Shares, Series 1 held by the holder thereby into Class "A" Voting Common Shares may do so only by delivering to the transfer agent for the First Preferred Shares, Series 1, or the Secretary of the Corporation, the following:

- (i) a certificate or certificates representing the First Preferred Shares, Series 1 to be converted, and
- (ii) a duly completed Conversion Notice in the form prescribed by the Board of Directors for the First Preferred Shares, Series 1 to be converted.

The Conversion Notice must be signed by the registered holder of the First Preferred Shares, Series 1 to be converted, or such holder's duly authorized attorney (in which case proof of the appointment of the attorney, satisfactory to the Corporation in form and execution, shall be provided), and shall specify the number of First Preferred Shares, Series 1 which the holder desires to have converted.

*(b) Receipt of Class "A" Voting Common Shares on Conversion:*

The registered holder of First Preferred Shares, Series 1 surrendered for conversion as provided in sections 1, 2 and 3 (or any person or persons in whose name or names any such registered holder of First Preferred Shares, Series 1 shall have directed certificates representing Class "A" Voting Common Shares to be issued) shall be deemed to have become a holder of Class "A" Voting Common Shares of record on the date the duly completed Notice of Conversion was received by the Corporation. As promptly as practicable after the Conversion Date the Corporation shall issue and cause to be delivered a certificate or certificates for the number of Class "A" Voting Common Shares resulting from such conversion in the name of and to the registered holder of the First Preferred Shares, Series 1 so converted or, subject to payment by the registered holder of any stock transfer or other applicable taxes, in the name of and to such other person or persons as such registered holder may direct in writing satisfactory to the transfer agent, registrar or Secretary of the Corporation in form and execution.

*(c) Conversion of Part Only:*

If fewer than all the First Preferred Shares, Series 1 represented by a certificate or certificates accompanying a Conversion Notice are to be converted, the Corporation shall issue and deliver or cause to be delivered, at the expense of the Corporation, a new certificate representing the First Preferred Shares, Series 1 comprised in the certificate or certificates surrendered but which are not to be converted, redeemed or sold.

*(d) Termination of Rights:*

From and after the conversion of any First Preferred Shares, Series 1, the First Preferred Shares, Series 1 in respect of which conversion rights shall have been exercised and which are to be converted into Class "A" Voting Common Shares as provided in sections 1, 2 and 3 shall be deemed to be converted and the holders thereof shall cease to be entitled to dividends on such First Preferred Shares, Series 1 and shall not be entitled to exercise any of the rights of shareholders in respect thereof, unless the issue and delivery of the Class "A" Voting Common Shares and any payment to which such holders are entitled shall not be duly made by the Corporation in accordance herewith in which case the rights of such holders shall remain unaffected.



COP

ONE HUNDRED THOUSAND - 100,000

SHARE CERTIFICATE NUMBER

P-1

PROVEN OIL ASIA LTD.

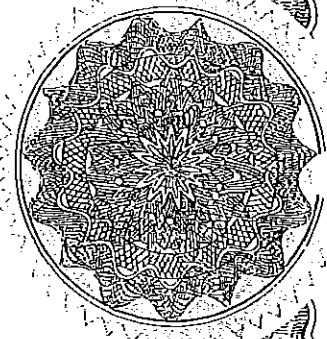
(THE "CORPORATION")  
INCORPORATED UNDER THE BUSINESS CORPORATIONS ACT OF THE PROVINCE OF ALBERTA

THIS CERTIFIES THAT ARROW POINT OIL & GAS LTD.  
IS THE REGISTERED HOLDER OF ONE HUNDRED THOUSAND (100,000) FIRST PREFERRED, SERIES 1, FULLY PAID AND NON-ASSESSABLE SHARES WITHOUT PAR VALUE, IN THE CAPITAL STOCK OF THE ABOVE NAMED CORPORATION. THE TRANSFER OF SHARES IS RESTRICTED.

IN WITNESS WHEREOF, THE CORPORATION HAS CAUSED THIS CERTIFICATE TO BE SIGNED BY ITS DULY AUTHORIZED OFFICERS AND CORPORATE SEAL ON August 21, 2015.

*Yamud*  
Secretary

*[Signature]*  
President



# EXHIBIT "D"

SHARE TRANSFER

TO: PROVEN OIL ASIA LTD. (the "Corporation")

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto Capital Asia Group Oil Management Ltd. one hundred thousand (100,000) First Preferred Shares, Series 1 of the Corporation, registered in the name of the undersigned, such sale, assignment and transfer to take effect on the 20<sup>th</sup> day of November, 2015.

ARROW POINT OIL & GAS LTD.

Per: *Alexander Gramatzki*  
Name: Alexander Gramatzki  
Title: Director

This is Exhibit <u>D</u>
referred to in the Affidavit of <u>David Crombie</u>
Sworn before me this <u>23rd</u> day of <u>November</u> , 20 <u>15</u>
<u><i>[Signature]</i></u>
A Commissioner for Oaths in and for the Province of Alberta

DOUG S. NISHIMURA  
Barrister and Solicitor

**NOTICE OF CONVERSION**

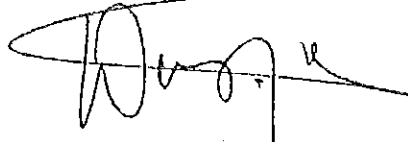
**TO: PROVEN OIL ASIA LTD. (the "Corporation")**

The undersigned holder of the 100,000 First Preferred Shares, Series 1 hereby irrevocably elects to convert such shares into 100,000 Class "A" Voting Common Shares of the Corporation (the "Converted Shares") in accordance with the terms of the Articles of the Corporation and directs that the Converted Shares be issued and delivered to the person indicated below.

DATED at Calgary, Alberta, this 20<sup>th</sup> day of November, 2015.

**CAPITAL ASIA GROUP OIL MANAGEMENT LTD.**

Per:

  
\_\_\_\_\_  
Winston Yau  
President

Registration – The certificate representing the Converted Shares shall be registered as follows:

Capital Asia Group Oil Management Ltd.  
600 North Bridge Road, Parkview Square  
#09-08, Parkview 2, Singapore  
188778

and

c/o Suite 500, 340-12 Avenue SW  
Calgary AB, T2R 1L5

Delivery – The certificate representing the Converted Shares shall be delivered as follows:

McMillan LLP  
Attention: Caireen Hanert  
421 – 7<sup>th</sup> Ave S.W., Suite 1700  
Calgary, Alberta T2P 4K9

SHARE CERTIFICATE NUMBER A-2

ONE HUNDRED THOUSAND -- (100,000)

**PROVEN OIL ASIA LTD.**

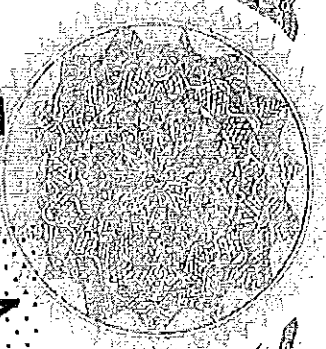
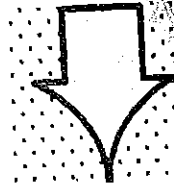
*(THE CORPORATION)*

*INCORPORATED UNDER THE BUSINESS CORPORATIONS ACT OF THE PROVINCE OF ALBERTA*

**THIS CERTIFIES THAT CAPITAL ASIA GROUP OIL MANAGEMENT LTD. IS THE REGISTERED HOLDER OF ONE HUNDRED THOUSAND (100,000) CLASS "A" FULLY PAID AND NON-ASSESSABLE SHARES WITHOUT PAR VALUE, IN THE CAPITAL OF THE CORPORATION. THE TRANSFER OF SHARES IS NOT RESTRICTED.**

**IN WITNESS WHEREOF, THE SAID CORPORATION HAS CAUSED THIS CERTIFICATE TO BE SIGNED BY ITS DULY AUTHORIZED OFFICERS AND CORPORATE SEAL THIS 20<sup>TH</sup> DAY OF NOVEMBER, 2015.**

**SIGN  
HERE**



Secretary

President



# EXHIBIT "E"

Douglas S. Nishimura  
direct line: 403 260-8548  
fax: 403 264-7084  
e-mail: dnishimura@fieldlaw.com

Assistant: Elvina Hussein  
direct line: 403 232-1797  
e-mail: ehussein@fieldlaw.com

Our File: 60811-1

November 16, 2015

*VIA EMAIL*

**DLA PIPER**  
1000, 250 - 2 Street S.W.  
Calgary, AB T2P 0C1

**DOUG S. NISHIMURA**  
Barrister and Solicitor

**Attention: Brian Davison, Q.C / Karen Fellowes**

**Re: Alberta Treasury Branches v. COGI Limited Partnership et al  
Court of Queen's Bench Action No.: 1501 12220**

I write further to your letter of November 12, 2015. It is our view that the list of documents requested is far broader than the requirements of the Order of the Court granted November 10, 2015. That Order required Proven Oil Asia Ltd. ("POA") to provide the information "requested by the Receiver", which we understood the information which had previously been requested by the Receiver and referred to in the Receiver's Report. Notwithstanding this, subject to the concerns set forth below and the conditions resulting therefrom, POA is prepared to deliver all of the information and documents described in your November 12, 2015 letter, to the extent the information exists and documents can be located.

The concern of POA is with respect to confidentiality. These concerns are as follows:

1. Certain of the documents, including the list of consultants, contractors and employees as well as transactions involve individuals whose information may be protected under relevant privacy laws.
2. The information requested also includes transactional documents which contain express provisions regarding confidentiality.
3. The information requested also contains confidential corporate information regarding POA's finances, asset valuation, loans and security agreements etc.

POA is concerned that release of the information to the Receiver without condition will result in publication, for example, in Receiver's Reports. As mentioned previously, POA is not in receivership and therefore, this would be a highly unusual circumstance. In order to protect the interest of both POA and third parties involved, but cooperate in the Receivership process, POA is prepared to provide access to all of the information and documents requested by the Receiver and/or provide copies of the

same in trust on condition that such information is kept confidential by the Receiver and not disclosed to any third party except in the following circumstances:

1. Information to which Conserve is entitled as a shareholder under the *Business Corporations Act* (Alberta);
2. Information to which the Receiver has already had access as Receiver of COGI Limited Partnership, Canadian Oil & Gas International Inc. or Conserve Oil Group Inc. (eg. Purchase and Sale Agreements between POA and COGI);
3. Information in respect of the release of which POA consents, such consent not to be unreasonably withheld;
4. Information which the Receiver obtains from parties other than POA; and
5. Information released pursuant to a subsequent Order of the Court.

POA will not object to the provision by the Receiver of any documents or information to the Court, provided that any Report containing such documents is filed confidentially and a sealing order is obtained (unless one of the foregoing exceptions applies).

Accordingly, if the Receiver wishes to inform the Court of information contained in the documents, POA will not object. If the Receiver wishes to disclose the materials to third parties, POA will either consent or else a Court application may be held to obtain directions.

We believe that the foregoing is a reasonable and appropriate compromise to protect the rights of all stakeholders.

Please confirm that the foregoing is acceptable to the Receiver and we can commence the provision of the information requested

Yours truly,

**FIELD LLP**



Douglas S. Nishimura

cc: *Clients*  
*MacPherson Leslie Tyerman LLP, Attention: Ron Hansford*