

**FORM 87**  
**NOTICE AND STATEMENT OF RECEIVER**  
(Subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*)

IN THE MATTER OF THE RECEIVERSHIP OF  
Conserve Oil 1<sup>st</sup> Corporation  
of the City of Calgary, in the Province of Alberta

**THE RECEIVER GIVES NOTICE AND DECLARES THAT:**

On January 6, 2016 MNP Ltd. was appointed as receiver and manager of the assets, undertakings and properties of Conserve Oil 1<sup>st</sup> Corporation ("Conserve 1<sup>st</sup>").

Conserve 1<sup>st</sup> guaranteed certain debts of the Conserve Oil Group Inc. ("Conserve"), COGI Limited Partnership ("COGI LP"), and Canadian Oil & Gas International Inc. ("COGI Inc.")

COGI LP and COGI Inc. filed for protection under the Companies' Creditors Arrangement Act ("CCAA") which was approved pursuant to an order of the Court of Queen's Bench of Alberta (the "Court") granted August 28, 2015 (the "Initial Order"). MNP Ltd. was appointed as Monitor of COGI LP and COGI Inc. pursuant to the Initial Order.

The CCAA proceedings were terminated pursuant to an order granted by the Court on October 26, 2015.

On October 26, 2015 MNP Ltd. was appointed as receiver and manager (the "Receiver") of the assets, undertakings and properties of COGI LP, COGI Inc., and Conserve pursuant to an order granted by the Court (the "Receivership Order").

On January 6, 2016 the Court expanded the Receivership Order to further appoint MNP Ltd. as receiver and manager of Conserve 1<sup>st</sup>.

**BACKGROUND**

Conserve 1<sup>st</sup> is a company incorporated pursuant to the laws of the province of Alberta, with its registered office in Calgary, Alberta.

We are advised that Conserve 1<sup>st</sup> is primarily a holding company and has no operations and no employees.

Copies of the relevant documents relating to these proceedings are available on the Receiver's website at [www.mnpdebt.ca/COGI](http://www.mnpdebt.ca/COGI).

## ASSETS and LIABILITIES

The Receiver took possession and control of Conserve 1<sup>st</sup> on January 6, 2016.

The known assets and Liabilities (Note 1) of Conserve 1<sup>st</sup> are shown below:

### Assets

Cash	\$49,949
Due from Related Parties	\$28,926
Loans Receivable	\$2,654,618
Investment – Treeosco Inc.	\$385,000

### Liabilities

Accounts Payable & Current Liabilities	\$3,176,510
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#### NOTES:

- 1) Based on the the Conserve Oil 1<sup>st</sup> Corporation Balance Sheet dated December 2, 2015 provided by the Company. The Receiver is in the process of reviewing the books and records of Conserve 1<sup>st</sup> for evidence of any further assets or liabilities;
- 2) The Cash balance is the amount shown on the December 2, 2015 Balance Sheet;
- 3) The Receiver has separately confirmed with the Director of Treeosco that the receivable due to Conserve 1st is \$7.1 million, which is secured by way of Personal Property Registrations against both Treeosco and Mustus Energy Ltd. ("Mustus"), and a mortgage against land owned by Mustus.
- 4) Included in the Accounts Payable & Current Liabilities is \$1,895,000 owing to Drumlin Energy Group. The books and records of Conserve 1<sup>st</sup> include a \$2,000,000 Promissory Note payable to Drumlin Energy Corporation dated February 5, 2015.

## CREDITORS

A list of creditors is attached hereto as Appendix A.

The Conserve 1<sup>st</sup> secured lender, Alberta Treasury Branches (the "Bank"), is owed approximately \$35,000,000 pursuant to various loans to each of Conserve, COGI LP and COGI Inc., that are subject to guarantees by Conserve 1<sup>st</sup>.

## PLAN OF ACTION

The Receiver has notified the bank where Conserve 1<sup>st</sup> held its account regarding the Receivership Order, and directed that any funds on hand be remitted to the Receiver. The Receiver is in the process of determining an appropriate and orderly realization plan with regards to the receivables and the shareholding in Treeosco Inc.

**OTHER**

The following information relates to the receivership proceedings:

- a) Address of Business: 500, 340 – 12 Avenue SW, Calgary, AB T2R 1L5
- b) Principal Line of Business: Oil & Gas - Exploration and Production
- c) Location(s) of Business: Calgary, AB

The contact information for the Receiver is as follows:

MNP Ltd.  
1500, 640 – 5 Avenue SW  
Calgary, AB T2P 3G4  
Tel: (403) 537-7622  
Fax: (403) 537-8437  
Attention: Greg Ibbott

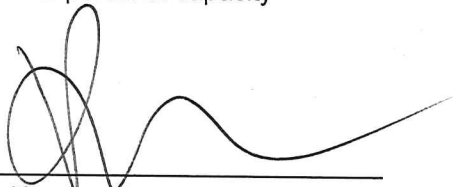
This Notice is provided for information purposes only. The Receiver has not yet implemented a process to deal with creditors' claims and, as such, no further action is required by creditors at this time. Further information with respect to the receivership proceedings will be posted to the Receiver's website ([www.mnpdebt.ca/COGI](http://www.mnpdebt.ca/COGI)) as it becomes available.

Dated at Calgary, Alberta this 15th day of January 2016

MNP Ltd.

In its capacity as Receiver and Manager of  
Conserve Oil Group Inc., COGI Limited Partnership,  
Canadian Oil & Gas International Inc., and Conserve Oil 1<sup>st</sup> Corporation  
And not in its personal capacity

Per:



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Victor P. Kroeger, CPA, CA, CIRP, CFE  
Senior Vice President

**Conserve Oil 1st Corporation ("Conserve 1st")**

## List of Known Creditors

\*\*Based on the books and records of Conserve 1st as at December 2, 2015. MNP Ltd in its capacity as Receiver has not reviewed, audited or otherwise verified this information.

Name of Creditor	Amount of Claim per Conserve 1st (CND \$)
Alberta Treasury Branches	35,000,000.00
Arrow Point Oil & Gas Ltd.	100,000.00
Canada Revenue Agency	1.00
Canadian Oil and Gas International Inc.	112,600.00
Drumlin Energy Group	1,895,000.00
Three Hills Energy Inc.	150,000.00
	<u>\$ 37,257,601.00</u>