

COURT FILE NUMBER

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF TOPANGA RESOURCES LTD.

DEFENDANT VERITY ENERGY LTD.

DOCUMENT **AFFIDAVIT OF JOHN ZANG**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
MACDONALD HANLEY  
James G. Hanley  
2050, 736 6 Avenue SW  
Calgary, AB T2P 3T7  
Phone: 403-668-5428  
Facsimile: 403-233-2033  
jhanley@macdonaldhanley.com

**AFFIDAVIT OF JOHN ZANG**

**Sworn on July 13, 2017**

I, John Zang, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SWEAR AND SAY THAT:

1. I am the President and CEO of Topanga Resources Ltd. ("Topanga") and have knowledge of the matters here deposed to.
2. I am a practicing lawyer in the Province of Alberta, and in 2013, was providing legal advice to Verity Energy Ltd. ("Verity"). I was also the President and CEO of Verity.
3. On April 1, 2013, Verity issued a Demand Debenture, which is attached as **Exhibit "G"** to the April 24, 2017 Affidavit of Denny Chow (the "April Chow Affidavit").
4. Sigfreid Adolf Gutsche was the agent acting on behalf of the debenture holders, both current and future throughout the existence of this Debenture until Mr. Gutsche death on September 15, 2013 after which time Lorne Scott, QC, was appointed as the Agent for the Debenture holders.
5. The Debenture was executed on April 1, 2017, by Verity and Gutsche as indicated. A number of debenture holders, attached on page 17 of the Debenture, had at or about the time of the Debenture, subscribed to the Debenture and provided funds to Verity.
6. I am advised that in these proceedings, a creditor or creditors have taken issue with or suggested that subsequent parties joining the Debenture have not properly executed the joinder agreements.

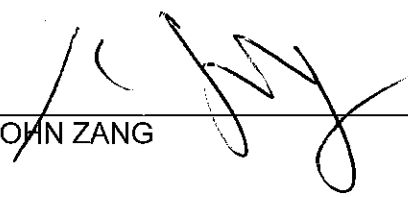
7. All of the joinder agreements in relation to this Debenture have been provided to counsel for the Receiver, and counsel has opined on those documents. The original joinder agreements are not available for review. These original documents were relevant in the Verity CCAA proceedings in 2015, and were delivered to the law firm of Bennett Jones, to the attention of Chris Simard, to allow him as counsel for the Monitor under the CCAA to review the documents. Upon inquiries from our counsel during these proceedings, Mr. Simard advises that they are unable to locate the original file and these documents. Attached as **Exhibit "A"** are copies of all joinder agreements executed in relation to this Debenture.
8. I was able to locate additional copies of the joinder agreements at my personal residence many of which were damaged by water or faded as a result of being on "thin" fax paper.
9. I do positively swear however that the original joinder agreements for all of the debenture holders were signed before myself, or alternatively, were signed before Mr. Gutsche and delivered to me on or about the dates set out on those joinder agreements. None of these documents have been backdated.
10. Attached hereto and marked as **Exhibit "B"** to this my Affidavit is a copy of correspondence I sent to Mr. Gutsche attaching copies of joinder agreements executed during the summer of 2013.
11. In regard to the joinder agreement dated September 30, 2013, I had a discussion with Mr. Gutsche in late August (shortly after August 21, 2013) and he volunteered to attend upon Mr. Don Taylor (the principal of DEX Resources Ltd. ("DEX")) to obtain the August 21, 2013 joinder agreement from DEX. I believe Mr. Gutsche did attend upon Mr. Taylor but shortly thereafter Mr. Gutsche passed away. As a result I simply obtained a joinder agreement referencing both the August 21, 2013 advance and the September 30, 2013 advance by DEX.
12. Consideration and payment has been received by Verity from all of the debenture holders, both the original subscribers and those who joined thereafter.
13. It is my view as counsel to Verity that all the Debenture and the joinder agreements were properly executed and delivered at or about the times set out on those documents.

SWORN BEFORE ME at the City )  
of Calgary in the Province of )  
Alberta, this 13<sup>th</sup> day of July, )  
2017. )  
) )  
) )


---

**JAMES G. HANLEY**  
Barrister & Solicitor  
A Commissioner for Oaths  
in and for Alberta


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JOHN ZANG

Date: October 26, 2013

This JOINDER AGREEMENT is delivered pursuant to Article 16 of the demand debenture dated as of April 1, 2013 (the "Debenture"), granted by Verity Energy Ltd. (the "Debtor") in favour of Sigfried A. Gutsche, as agent on behalf of the Holders (as it may be amended, restated, supplemented or otherwise modified from time to time,). Capitalized terms used herein without definition are used as defined in the Debenture.

WHEREAS the undersigned has purchased a Convertible Debenture from the Debtor dated as of October 26, 2013 (the "Additional Convertible Debenture");

AND WHEREAS the undersigned is desirous of securing the obligations, liabilities and indebtedness owing to it under the Additional Convertible Debenture (the "New Obligations");

NOW, THEREFORE, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

By executing and delivering this Joinder Agreement, the undersigned, as provided in Article 16 of the Debenture, hereby becomes a party to the Debenture as a Holder thereunder with the same force and effect as if originally named as a Holder therein. Without limiting the generality of the foregoing, the Debtor acknowledges that the undersigned shall have the full benefit of the Security Interest granted within the Debenture, and the New Obligations shall, subject to the Debenture, rank *pari passu* with all other obligations, liabilities and indebtedness owing by the Debtor to the other Holders under the Credit Documents.

In witness whereof, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

RESMAN HOLDINGS LTD.

Per: 

Name: Don Taylor

Acknowledged and accepted by:

VERITY ENERGY LTD.

Per: 

John Zang, President

THIS IS EXHIBIT "A" REFERRED  
TO IN THE AFFIDAVIT OF

John Zang

SWORN THE 13 DAY OF  
July, 2013

  
A Commissioner for Oaths/Notary Public  
in and for the Province of Alberta

JAMES G. HANLEY  
Barrister & Solicitor  
A Commissioner for Oaths  
in and for Alberta

Date: July 24, 2013

This JOINDER AGREEMENT is delivered pursuant to Article 16 of the demand debenture dated as of April 1, 2013, granted by Verity Energy Ltd. (the "Debtor") in favour of Sigfried Gutsche, as agent on behalf of the Holders (as it may be amended, restated, supplemented or otherwise modified from time to time, the "Debenture"). Capitalized terms used herein without definition are used as defined in the Debenture.

WHEREAS the undersigned has purchased a Convertible Debenture from the Debtor dated as of July 24, 2013 (the "Additional Convertible Debenture");

AND WHEREAS the undersigned is desirous of securing the obligations, liabilities and indebtedness owing to it under the Additional Convertible Debenture (the "New Obligations");

NOW, THEREFORE, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

By executing and delivering this Joinder Agreement, the undersigned, as provided in Article 16 of the Debenture, hereby becomes a party to the Debenture as a Holder thereunder with the same force and effect as if originally named as a Holder therein. Without limiting the generality of the foregoing, the Debtor acknowledges that the undersigned shall have the full benefit of the Security Interest granted within the Debenture, and the New Obligations shall rank *pari passu* with all other obligations, liabilities and indebtedness owing by the Debtor to the other Holders under the Credit Documents.

In witness whereof, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

DEX RESOURCES LTD.

Per: \_\_\_\_\_  
Don TAYLOR

Acknowledged and accepted by:

VERITY ENERGY LTD.

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

Name: John Zamboni

Title: CEO

Date: September 30, 2013

This JOINDER AGREEMENT is delivered pursuant to Article 16 of the demand debenture dated as of April 1, 2013 (the "Debenture"), granted by Verity Energy Ltd. (the "Debtor") in favour of Sigfried A. Gutsche, as agent on behalf of the Holders (as it may be amended, restated, supplemented or otherwise modified from time to time,). Capitalized terms used herein without definition are used as defined in the Debenture.

**WHEREAS** the undersigned has purchased a Convertible Debentures from the Debtor dated as of August 21, 2013 and September 30, 2013 (the "Additional Convertible Debentures");

**AND WHEREAS** the undersigned is desirous of securing the obligations, liabilities and indebtedness owing to it under the Additional Convertible Debentures (the "New Obligations");

**NOW, THEREFORE**, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

By executing and delivering this Joinder Agreement, the undersigned, as provided in Article 16 of the Debenture, hereby becomes a party to the Debenture as a Holder thereunder with the same force and effect as if originally named as a Holder therein. Without limiting the generality of the foregoing, the Debtor acknowledges that the undersigned shall have the full benefit of the Security Interest granted within the Debenture, and the New Obligations shall, subject to the Debenture, rank *pari passu* with all other obligations, liabilities and indebtedness owing by the Debtor to the other Holders under the Credit Documents.

In witness whereof, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

DEX RESOURCES LTD.

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

Name: Don Taylor

Acknowledged and accepted by:

**VERITY ENERGY LTD.**

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

John Zang, President

Date: June 13, 2013

This JOINDER AGREEMENT is delivered pursuant to Article 16 of the demand debenture dated as of April 1, 2013 (the "**Debenture**"), granted by Verity Energy Ltd. (the "**Debtor**") in favour of Sigfried A. Gutsche, as agent on behalf of the Holders (as it may be amended, restated, supplemented or otherwise modified from time to time.). Capitalized terms used herein without definition are used as defined in the Debenture.

**WHEREAS** the undersigned has purchased a Convertible Debenture from the Debtor dated as of June 13, 2013 (the "**Additional Convertible Debenture**");

**AND WHEREAS** the undersigned is desirous of securing the obligations, liabilities and indebtedness owing to it under the Additional Convertible Debenture (the "**New Obligations**");

**NOW, THEREFORE**, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

By executing and delivering this Joinder Agreement, the undersigned, as provided in Article 16 of the Debenture, hereby becomes a party to the Debenture as a Holder thereunder with the same force and effect as if originally named as a Holder therein. Without limiting the generality of the foregoing, the Debtor acknowledges that the undersigned shall have the full benefit of the Security Interest granted within the Debenture, and the New Obligations shall, subject to the Debenture, rank *pari passu* with all other obligations, liabilities and indebtedness owing by the Debtor to the other Holders under the Credit Documents.

In witness whereof, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

  
\_\_\_\_\_  
DON TAYLOR

(seal)

Acknowledged and accepted by:  
VERITY ENERGY LTD.

Per: 

\_\_\_\_\_  
John Zang, President

Date: April 29, 2013

This JOINDER AGREEMENT is delivered pursuant to Article 16 of the demand debenture dated as of April 1, 2013 (the "**Debenture**"), granted by Verity Energy Ltd. (the "**Debtor**") in favour of Sigfreid A. Gutsche, as agent on behalf of the Holders (as it may be amended, restated, supplemented or otherwise modified from time to time,). Capitalized terms used herein without definition are used as defined in the Debenture.

**WHEREAS** the undersigned has purchased a Convertible Debentures from the Debtor dated as of April 28, 2013 (the "**Additional Convertible Debenture**");

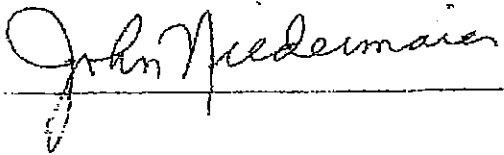
**AND WHEREAS** the undersigned is desirous of securing the obligations, liabilities and indebtedness owing to it under the Additional Convertible Debenture (the "**New Obligations**");

**NOW, THEREFORE**, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

By executing and delivering this Joinder Agreement, the undersigned, as provided in Article 16 of the Debenture, hereby becomes a party to the Debenture as a Holder thereunder with the same force and effect as if originally named as a Holder therein. Without limiting the generality of the foregoing, the Debtor acknowledges that the undersigned shall have the full benefit of the Security Interest granted within the Debenture, and the New Obligations shall, subject to the Debenture, rank *pari passu* with all other obligations, liabilities and indebtedness owing by the Debtor to the other Holders under the Credit Documents.

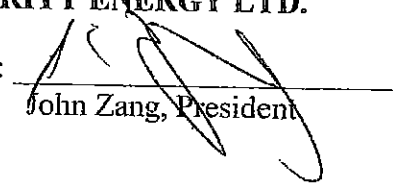
In witness whereof, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

LL&S HOLDINGS LTD.

  
\_\_\_\_\_

Acknowledged and accepted by:

**VERITY ENERGY LTD.**

Per:   
\_\_\_\_\_ John Zang, President

Date: August 20, 2013

This JOINDER AGREEMENT is delivered pursuant to Article 16 of the demand debenture dated as of April 1, 2013 (the "Debenture"), granted by Verity Energy Ltd. (the "Debtor") in favour of Sigfried A. Gutschel, as agent on behalf of the Holders (as it may be amended, restated, supplemented or otherwise modified from time to time.). Capitalized terms used herein without definition are used as defined in the Debenture.

WHEREAS the undersigned has purchased a Convertible Debenture from the Debtor dated as of August 20, 2013 (the "Additional Convertible Debenture");

AND WHEREAS the undersigned is desirous of securing the obligations, liabilities and indebtedness owing to it under the Additional Convertible Debenture (the "New Obligations");

NOW, THEREFORE, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

By executing and delivering this Joinder Agreement, the undersigned, as provided in Article 16 of the Debenture, hereby becomes a party to the Debenture as a Holder thereunder with the same force and effect as if originally named as a Holder therein. Without limiting the generality of the foregoing, the Debtor acknowledges that the undersigned shall have the full benefit of the Security Interest granted within the Debenture, and the New Obligations shall, subject to the Debenture, rank *pari passu* with all other obligations, liabilities and indebtedness owing by the Debtor to the other Holders under the Credit Documents.

In witness whereof, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

  
\_\_\_\_\_  
MARIA HARRIS

Acknowledged and accepted by:

VERITY ENERGY LTD.

Per   
John Zang, Resident



Date: August 19, 2013

This JOINDER AGREEMENT is delivered pursuant to Article 16 of the demand debenture dated as of April 1, 2013 (the "**Debenture**"), granted by Verity Energy Ltd. (the "**Debtor**") in favour of Sigfreid A. Gutsche, as agent on behalf of the Holders (as it may be amended, restated, supplemented or otherwise modified from time to time.). Capitalized terms used herein without definition are used as defined in the Debenture.

**WHEREAS** the undersigned has purchased a Convertible Debentures from the Debtor dated as of August 19, 2013 (the "**Additional Convertible Debenture**");

**AND WHEREAS** the undersigned is desirous of securing the obligations, liabilities and indebtedness owing to it under the Additional Convertible Debenture (the "**New Obligations**");

**NOW, THEREFORE**, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

By executing and delivering this Joinder Agreement, the undersigned, as provided in Article 16 of the Debenture, hereby becomes a party to the Debenture as a Holder thereunder with the same force and effect as if originally named as a Holder therein. Without limiting the generality of the foregoing, the Debtor acknowledges that the undersigned shall have the full benefit of the Security Interest granted within the Debenture, and the New Obligations shall, subject to the Debenture, rank *pari passu* with all other obligations, liabilities and indebtedness owing by the Debtor to the other Holders under the Credit Documents.

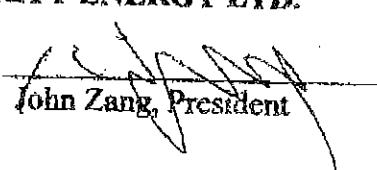
In witness whereof, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

  
Raymond (Charlie) Guille

Acknowledged and accepted by:

**VERITY ENERGY LTD.**

Per:

  
John Zang, President

## Joinder Agreement

Date: October 8, 2015

This JOINDER AGREEMENT is delivered pursuant to Article 16 of the demand debenture dated as of April 1, 2013, granted by Verity Energy Ltd. (the "**Debtor**") in favour of Sigfried Gutsche, as agent on behalf of the Holders and as replaced by Lorne Scott, QC (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Debenture**"). Capitalized terms used herein without definition are used as defined in the Debenture.

**WHEREAS** the undersigned was assigned all rights title and interest in all of the Convertible Debentures as listed in Schedule "A" hereto (the "**Convertible Debentures**");

**AND WHEREAS** the undersigned is desirous of securing the obligations, liabilities and indebtedness owing to it under the Convertible Debentures (the "**Obligations**");

**NOW, THEREFORE**, in consideration of the foregoing, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

By executing and delivering this Joinder Agreement, the undersigned, as provided in Article 16 of the Debenture, hereby becomes a party to the Debenture as a Holder thereunder with the same force and effect as if originally named as a Holder therein. Without limiting the generality of the foregoing, the Debtor acknowledges that the undersigned shall have the full benefit of the Security Interest granted within the Debenture, and the Obligations shall rank *pari passu* with all other obligations, liabilities and indebtedness owing by the Debtor to the other Holders under the Credit Documents.

In witness whereof, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

**TOPANGA RESOURCES LTD.**

Per: 

Name: Brian Smart

Title: President

Acknowledged and accepted by:

**VERITY ENERGY LTD.**

Per: 

Name: John Zang

Title: President

Schedule "A"



| Debenture No.     | Date of Debenture | Debenture Holder     | Debenture Holder's Address                       | Principal Amount      | Conversion Price | Shares Issuable Upon Conversion | Shares Issued Upon Conversion | Maturity Date | Amended Maturity Date |
|-------------------|-------------------|----------------------|--|-----------------------|------------------|---------------------------------|-------------------------------|---------------|-----------------------|
| D 001             | 17 Dec 12         | Raymond Guille       | 1220 Bel Aire Drive SW<br>Calgary, AB T2V 2C2    | \$200,000.00          | \$0.37           | 540,541                         | n/a                           | 31 Dec 13     | 31 Dec 14             |
| D 002             | 09 Jan 13         | Maïd Harris          | 5425 Elbow Drive SW<br>Calgary, AB T2T 1H7       | \$300,000.00          | \$0.37           | 810,811                         | n/a                           | 31 Dec 13     | 31 Dec 14             |
| D 003             | 07 Feb 13         | DEX Resources Ltd    | 1401 Hastings Cres. SE<br>Calgary, AB T2G 4C8    | \$500,000.00          | \$0.37           | 1,351,351                       | n/a                           | 31 Dec 13     | 31 Dec 14             |
| D 004             | 01 Apr 13         | John Zang            | 2248 - 9th Avenue SE<br>Calgary, AB T2G 5P7      | \$220,000.00          | \$0.37           | 594,595                         | n/a                           | 31 Dec 13     | 31 Dec 14             |
| D 005             | 01 Apr 13         | 1049568 Alberta Ltd. | 2248 - 9th Avenue SE<br>Calgary, AB T2G 5P7      | \$180,000.00          | \$0.37           | 486,486                         | n/a                           | 31 Dec 13     | 31 Dec 14             |
| D 006             | 29 Apr 13         | L. & S Holdings Ltd. | Suite 200, 435 4th Ave SW<br>Calgary, AB T2P 3A8 | \$200,000.00          | \$0.37           | 540,541                         | n/a                           | 30 Jun 14     | 31 Dec 14             |
| D 007             | 13 Jun 13         | Don Taylor           | 1401 Hastings Cres. SE<br>Calgary, AB T2G 4C8    | \$1,000,000.00        | \$0.37           | 2,702,703                       | n/a                           | 30 Jun 14     | 31 Dec 14             |
| D 008             | 24 Jul 13         | DEX Resources Ltd.   | 1401 Hastings Cres. SE<br>Calgary, AB T2G 4C8    | \$1,000,000.00        | \$0.37           | 2,702,703                       | n/a                           | 30 Jun 14     | 31 Dec 14             |
| D 009             | 19 Aug 13         | Raymond Guille       | 1220 Bel Aire Drive SW<br>Calgary, AB T2V 2C2    | \$300,000.00          | \$0.37           | 810,811                         | n/a                           | 30 Jun 14     | 31 Dec 14             |
| D 010             | 20 Aug 13         | Maïd Harris          | 5425 Elbow Drive SW<br>Calgary, AB T2T 1H7       | \$300,000.00          | \$0.37           | 810,811                         | n/a                           | 30 Jun 14     | 31 Dec 14             |
| D 011             | 21 Aug 13         | DEX Resources Ltd.   | 1401 Hastings Cres. SE<br>Calgary, AB T2G 4C8    | \$1,500,000.00        | \$0.37           | 4,054,054                       | n/a                           | 30 Jun 14     | 31 Dec 14             |
| D 012             | 30 Sep 13         | DEX Resources Ltd.   | 1401 Hastings Cres. SE<br>Calgary, AB T2G 4C8    | \$1,000,000.00        | \$0.37           | 2,702,702                       | n/a                           | 30 Jun 14     | 31 Dec 14             |
| D 013             | 26 Oct 13         | Resman Holdings Ltd  | 1401 Hastings Cres. SE<br>Calgary, AB T2G 4C8    | \$750,000.00          | \$0.37           | 2,027,027                       | n/a                           | 30 Jun 14     | 31 Dec 14             |
| <b>TOTAL</b>      |                   |                      |  | <b>\$7,450,000.00</b> |                  | <b>20,765,135</b>               |                               |               |                       |
| Taylor controlled |                   |                      |  | \$5,750,000.00        |                  |                                 |                               |               |                       |
|                   |                   |                      |  | 15,540,540.54         |                  | Shares                          |                               |               |                       |

# **VERITY ENERGY LTD.**

August 28, 2013

Sig Gutsche  
229 Valley Ridge Green NW  
Calgary, AB. T3B 516

Dear Sig:

**Re: Additional Debentures**

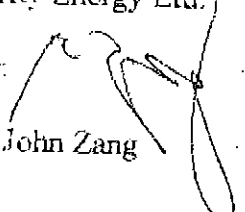
As discussed I have placed additional Debentures over the summer. Attached please find the Debentures and Joinder Agreements for Charlie Guille, Maria Harris, and Don Taylor (Dex Resources Ltd.).

I will talk to Denny about your account. Will you be at the game?

Yours very truly,

Verity Energy Ltd.

Per:

  
John Zang

THIS IS EXHIBIT "B" REFERRED  
TO IN THE AFFIDAVIT OF

JOHN ZANG  
SWORN THE ~~SEPT~~ 17 DAY OF  
JULY, 2013

  
A Commissioner for Oaths/Notary Public  
In and for the Province of Alberta

**JAMES G. HANLEY**  
Barrister & Solicitor  
A Commissioner for Oaths  
in and for Alberta