

Action No. 1001-02216
Affidavit of Grant Aulden Bartlett
Sworn March 1, 2010

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE OF CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF DARIAN RESOURCES LTD.

AND BOWVIEW PETROLEUM INC.

AFFIDAVIT OF GRANT AULDEN BARTLETT
(Opposing Receivership)

I, **Grant Aulden Bartlett**, of the City of Calgary, in the Province of Alberta, MAKE
OATH AND SAY AS FOLLOWS:

1. I am the President and Chief Executive Officer of both Darian Resources Ltd. ("Darian") and Bowview Petroleum Inc. ("Bowview") (collectively referred to as the "Applicants") and, as such, I have personal knowledge of the facts hereinafter deposed to except where stated to be based upon information and belief, in which case I believe the same to be true.
2. All capitalized terms not defined herein shall take the meaning given to them in the order granted in these proceedings on February 12, 2010 (the "Initial Order") or in the affidavit sworn by me in these proceedings on February 11, 2010 (the "First Bartlett Affidavit").

Response to Goetsch affidavit

3. Gary W. Goetsch ("Mr. Goetsch") states, in an affidavit filed in these proceedings on February 17, 2010 (the "Goetsch Affidavit") that "...there is virtually no prospect of refinancing for Darian..." In the period since shortly before the commencement of these proceedings, Darian has had a number of confidential approaches from third parties and

also some of its shareholders about various options including possible refinancings. In order to conduct a proper process and to ensure that all options are considered, however, we have not pursued those opportunities until the Applicants have engaged an investment banker to oversee the process and advise the Applicants. As at the date of this affidavit, management has interviewed a number of investment banking firms and expects to be in a position in the next few days to make a recommendation to Darian's board to retain one of those firms.

4. Mr. Goetsch suggests that there were delays in providing audited financial statements for the years ending 2007 and 2008 to SFG (as defined in the Goetsch Affidavit). Such delays were occasioned by the reconciliation of carry forward balances associated with the acquisition of Bowview. Draft year-end financials for 2007 were provided to SFG in May of 2008, and draft year-end financials for 2008 were provided to SFG in March of 2009, subject to the finalization of KPMG's audit. As well, quarterly financials from 2007 to present were provided to SFG on a timely basis. There were no material differences between operating and cash positions reflected in Darian's prior draft year-end financials and its final audited statements. SFG had two representatives on Darian's board of directors, JR Shaw and Les Tutty, and I attach hereto marked as **Exhibit "A"** copies of relevant minutes of the Board going back to May 12, 2008 which illustrate the level of reporting the board received from management about financial matters in general and about financial statements in particular.
5. Mr. Goetsch suggests that SFG only became aware on December 10, 2009 that Darian was experiencing financial difficulties. This is difficult to understand, given that SFG had been provided with draft year end financials and quarterly financials well before December 10, 2010, and that Darian's board was well aware of Darian's financial issues, including its capital commitments, as a result of forecasts provided to the board prior to each board meeting. The board knew that an equity injection would be required in 2009 and 2010 to continue the development of Darian's assets due to reduced cash flow and an anticipated reduction in the Alberta Treasury Branches ("ATB") lending value. Also, JR Shaw and I have been personal friends for many years, and during 2009 we often saw each other socially and also travelled together. On many of those occasions, we

discussed Darian's financial affairs, and JR Shaw knew at all material times during 2009 and early 2010 what Darian's financial position was. Although there were discussions between Darian and ATB prior to December, 2009 about Darian's production rates, and a possible reduction of the ATB indebtedness, it was only on December 1, 2009 that ATB formally requested a reduction of Darian's facility. In my discussions with JR Shaw prior to December 1, 2009 I disclosed to him that management was expecting a reduction in the ATB facility between \$3.0 million and \$5.0 million, which accorded with indications we then had from ATB.

6. I was first advised by SFG that it had the report by Ross, Smith, Sousa ("RSS") in SFG's possession on approximately January 11, 2010. Given what I was told about its contents, I repeatedly requested a copy of the report, but first received a copy February 4, 2010, when we were given a copy of a draft document which corresponds to Exhibit "L" to the Goetsch Affidavit. Because of its format, and because it was marked "Draft", I assumed it was a hard copy of a Power Point presentation. I did not realize that the document was RSS' complete report (the "RSS Report"). Receiving the RSS Report at such a late stage left Darian's management with very little time to respond to its contents prior to the meeting of major shareholders on February 6, 2010.
7. Darian repeatedly sought a meeting with RSS to discuss RSS' conclusions about the value of Darian's assets, beginning with a request which I made at a meeting of the Board held on January 11, 2010. That meeting was attended by Mr. Lester Tutty, one of SFG's representatives on the board. I subsequently made a number of similar requests to Mr. Goetsch. No such meeting was ever offered or arranged by SFG or RSS.
8. The estimates by Lyle Furber of the value of Darian's shares referred to in paragraph 18 of the Goetsch Affidavit were internal estimates which included values based on respectively the AJM July 1, 2008 and June 30, 2009 reports. The Sayer Report was based on more current information.
9. Regarding Mr. Goetsch's comments about Darian's general and administrative costs, those are driven by the size and exploratory nature of Darian's land base. Darian's board, and in particular JR Shaw, encouraged management to ensure Darian employed sufficient

staff to properly manage Darian's large land base. All decisions made with respect to management and staff compensation levels, as well as all building leases, were approved by Darian's board. JR Shaw, in his role as a member of Darian's compensation committee, was the driving force behind the increases in salary awarded to management in 2009 and overruled objections to those increases voiced by two other board members, Clive Beddoe and Jack Lee. A copy of a draft minute of the meeting of Darian's compensation committee meeting held on June 18, 2009 is attached hereto marked as **Exhibit "B"**. I have redacted some unrelated confidential information from it. Although the minute was never finalized, I am informed by Jack Lee, another member of the compensation committee, and do verily believe that it accurately records that the meeting was presided over by JR Shaw.

10. The document attached to the Goetsch Affidavit as Exhibit "O" entitled "EnCana Commitment Summary" was generated pursuant to a request made to Lyle Furber on February 3, 2010 by David Wagstaff, CFO of Jetport and Mr. Goetsch. They specifically requested that the information provided reflect only the capital to meet Darian's commitments respecting the EnCana Lands, excluding any adjustments for possible renegotiation of the arrangements with EnCana. While it is correct that the cost of Darian's obligations to EnCana in 2010 amounts to approximately \$22 million, that amount may be less depending on possible farm-outs or renegotiations with EnCana. JR Shaw and SFG have been kept advised, through financial information provided to Darian's board, of the capital commitments required to secure and develop the EnCana Lands. JR Shaw's consistent message to Darian's management, until the fall of 2009, was "get the lands".
11. Attached hereto marked **Exhibits "C"** and **"D"**, respectively, are two Lease Issuance, Seismic and Drilling Agreements dated September 30, 2008 and March 25, 2009, respecting the EnCana Farm In (the "EnCana Farm In Agreements"). Pursuant to the EnCana Farm In Agreements, Darian is entitled to bring joint venture partners to fulfill or assist Darian in fulfilling its obligations in respect of the EnCana Lands. During 2009, Darian was approached on at least three separate occasions by third parties interested in entering into joint ventures with Darian to develop specific parcels of the EnCana Lands.

On each occasion JR Shaw directed Darian not to pursue the joint ventures. JR Shaw indicated that he preferred for Darian not to embark on any joint venture or farm-out until it had acquired the seismic data and had a better idea of what it might be “giving up”.

12. In response to the various allegations Mr. Goetsch makes under the heading “Attempted Refinancings” in the Goetsch Affidavit, I have reviewed the Affidavit of Blair Richardson (the “Richardson Affidavit”) sworn March 1, 2010 in this action, and from my own personal knowledge can confirm as true and correct the facts set out in paragraphs 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 27, 29, 30, 31, 35, 36, 37, 47 and 48 of the Richardson Affidavit insofar as they relate to the actions of Darian and myself.
13. Mr. Goetsch’s alleges that Darian incorrectly reported its production. Darian refers, for internal purposes, to its production (as opposed to its sales), and always clearly identified those amounts as being production, as opposed to the sales quantities. This was well known to the members of Darian’s board.
14. Robert Oswald, Darian’s Vice President of Engineering, is responsible for maintaining a production tracking system that estimates (sales) production, thus providing a ‘real time’ estimate and snapshot of current (sales) production. The actual (sales) production numbers are received by Darian’s accounting group on the 25th day of the month following production. At a weekly meeting I have with Mr. Oswald, he provides me with a current output of our weekly production. As I like to know what Darian’s estimated raw volumes are (which takes the shrinkage out) Mr. Oswald estimates the raw to sales volume by dividing by 0.75 and he writes that on the bottom of the sheet. For example, in the case of 1,100 boed of (sales) production the raw volume is calculated to be 1,467 boed. All reserve evaluation or cashflow work done by Mr. Oswald used the production manager production volumes per the output – in other words, the ‘sales’ numbers.
15. Attached hereto and marked as **Exhibit “E”** is an email from Mr. Oswald, wherein Mr. Oswald provided RSS with an access code to enable RSS to review Darian’s production, and explained that the summary production report that RSS would have access to displayed net sales, where the field gross raw data was adjusted for working interest and shrinkage. Mr. Oswald has advised me, and I verily believe, that he met with two RSS

representatives, Mr. Ruben Cantreras and Mr. Rahim Daredia, on December 18, 2009, showed them how Darian's production accounting system worked, and gave them a take away output sheet showing the sales volumes and his handwritten estimation of raw volumes. The said representatives were told by Mr. Oswald that any reserve work and cashflow modelling done with respect to Darian should use the volume from the report labelled as 'Net Daily Sales, boed'. I therefore believe that RSS confirmed Darian's sales volume of approximately 1,153 BOE/day, not through "investigations" as stated in paragraph 41 of the Goetsch Affidavit, but as a result of direct discussions with Mr. Oswald in which Mr. Oswald himself provided this information to RSS.

16. In paragraph 44 of the Goetsch Affidavit, Mr. Goetsch says:

"In late January, 2010, SFG made inquiries of Darian with respect to this discrepancy and other concerns I had. Attached to this, my Affidavit, and marked as Exhibit "U" is a copy of the questions SFG sent to Darian and attached hereto and marked as Exhibit "V" is a copy of a letter from Darian dated January 22, 2010, which provides Darian's response. I observe there is handwriting on this letter wherein it appears that Darian has arbitrarily grossed up its net BOE/day production number by increasing actual sales production of 1,073.54 BOE/day by 25% to 1,431 BOE/day and then adding in three (3) just turned on wells with production totalling 120 BOE/day, for a total production of 1,551 BOE/day."

The 'arbitrary' gross up is the estimation of sales to raw volume with which Mr. Oswald provides me, as described above. This number is only an estimate and is not a representation of our sales and revenue, nor is it intended to be. In the case of the production tracking system the shrinkages were calculated well by well in the spring of 2009, by taking field raw volumes and comparing them to the sales volumes on the accounting system. The data in the production manager system is intended to be rigorous, as it is important to me to have a good estimation of production. I have reviewed the Production Manager system reported raw production to actual accounting sales for July through December 2009 and found it to be within +/- 5% on any given month. The individual well data available from our accounting system, at the time the shrinkage was calculated, was for the period Q4/08 and Q1/09. The shrinkage data per well is periodically reviewed and the production tracking system updated as necessary.

17. I am confident that Darian will be able to maintain its interest in the EnCana Lands. Darian has consistently been able to negotiate amendments to its commitments under the EnCana Farm In to protect its interest in the EnCana Lands. As stated in the First Bartlett Affidavit, Darian was able to reduce and amend its 2009 drilling commitments from 10 shallow gas wells to four deep oil wells. Most recently, I have been involved in negotiations with EnCana respecting the EnCana Farm In, and have been advised that EnCana is willing to work with Darian to further amend drilling commitments, seismic commitments and even to extend the EnCana Farm In further out into the future. Those negotiations are ongoing.
18. Mr. Goetsch expresses a concern that Darian will not be able to meet its commitments to EnCana under the EnCana Farm-In, and "... therefore is in jeopardy of losing its rights under the EnCana Farm-In". Darian holds leases on each and every parcel of the EnCana Lands. The present negotiations with EnCana includes extending the periods of the leases.
19. SFG's alleged apprehension that the collateral forming SFG's security is at risk was not expressed by SFG to me, or to my knowledge to any member of Darian's management at any time prior to January 2010. I described the extensive experience and qualifications of Darian's management team in the First Bartlett Affidavit. I believe that Darian's management team enjoys the trust and confidence of EnCana and has an understanding of Darian's rather unique assets which would be extremely difficult to duplicate. Accordingly, I believe Darian's management is in the best position to maximize value for Darian's stakeholders.
20. I am not aware of any basis for Mr. Goetsch's statement that "...there are serious governance issues with Darian."
21. Darian believes that the Applicants' petroleum and natural gas assets have value in excess of the total amounts owed to their secured and unsecured creditors. An updated report is expected from AJM Petroleum Consultants by March 3, 2010 which will provide a valuation of the Applicants' petroleum and natural gas reserves effective as at

December 31, 2009. An updated report is expected prior to March 17, 2010 from Seaton-Jordan in which an updated value will be given for the Applicants' undeveloped land. As soon as the new reports by AJM and Seaton-Jordan become available, the Applicants will place such reports and an updated valuation by Sayer Energy Advisors before the Court.

22. I swear this Affidavit in opposition to the application by SFG to appoint a receiver over the assets and undertaking of Darian.

SWORN BEFORE ME at the City of Calgary,
in the Province of Alberta, this 1 day of March,
2010.

R. Lastockin
A Commissioner for Oaths in and for the
Province of Alberta

Grant Aulden Bartlett
GRANT AULDEN BARTLETT

RHONDA MARIE LASTOCKIN
A Commissioner for Oaths in and for
the Province of Alberta
My Commission Expires on June 22, 2011