

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTER 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  
(Extension of Stay to June 25, 2010)**

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") and in the prior affidavits sworn by me in these proceedings.

**Progress Update**

3. Since the hearings which took place in this matter on March 17, 2010, a number of events have taken place. In respect of certain of those events I have subsequently filed affidavits. I refer in this regard to my Affidavits sworn March 29, 2010, April 12, 2010, and April 28, 2010, copies of which have been filed and served. The Applicants will rely on those Affidavits at the hearing of this application.

4. Summarized the following material events have taken place:

- (a) On March 17, 2010 the Court approved the appointment of Peters & Co. Ltd. (“Peters & Co.”) as Financial Advisor to the Applicants to assist it in developing a successful restructuring plan. Subsequent to its appointment, Peters & Co. have been actively involved in assisting the Applicants in developing a solicitation process and to negotiate with a party which made an unsolicited, pre-emptive offer (the “Pre-Emptive Bidder”). As a result of the negotiations with the Pre-Emptive Bidder, the Applicants application for approval of a solicitation process was adjourned and subsequently, during the week of April 7, 2010, the Applicants signed a confidential letter of intent with the Pre-Emptive Bidder which contemplates a transaction which will see all of the creditors paid out in full and Darian’s shareholders also receiving consideration. More particulars about such developments appears from my Affidavit sworn April 12, 2010;
- (b) The Applicants have been negotiating with the Pre-Emptive Bidder towards finalizing a definitive agreement which has not yet been finalized due to certain due diligence requirements having to be satisfied. In this regard, I refer to my Affidavit sworn April 28, 2010. The Pre-Emptive Bidder has indicated a preference that the transaction be structured on the basis that an arrangement agreement pursuant to the *Business Corporations Act* of Alberta be entered into, coupled to lock-up agreements with the shareholders and a plan of arrangement pursuant to the *Companies’ Creditors Arrangement Act*. The Applicants and the Pre-Emptive Bidder, with the assistance of Peters & Co. are working towards finalizing the proposed arrangement agreement, and the required further steps are more set out in detail below;
- (c) The Applicants and the Monitor have been attending to the Claims Process created by the Claims Process Order of March 17, 2010. The Claims Bar Date was April 16, 2010, and the Applicants have to provide notices of dispute to creditors with Pre-Filing Claims on or before May 7, 2010. Such process is well underway, and full particulars of the claims received by the Applicants and the Monitor, and the progress made to date with processing such claims, will appear from the Monitor’s Fifth Report. Claims filed as secured amount to \$66,330,742.83 against Darian and \$504,232.91 against Bowview, for a total of \$66,833,975.74. Claims filed as unsecured against Darian amount to

\$10,366,267.52 and \$565,750.98 against Bowview for a total of \$10,932,018.50. Secured claims against Darian and Bowview respectively number 34 and 3, and include lien claims. Unsecured claims against Darian and Bowview respectively number 346 and 52. One secured late claim and 11 unsecured late claims were received totalling \$221,891.35 (the "Late Claims") which will be assessed based on their merits notwithstanding they were filed late.. Including the Late Claims the total secured and unsecured claims amount to \$77,987,891.35.

- (d) Darian has been involved in ongoing discussions with senior management at EnCana Corporation with respect to amending the terms of the EnCana Agreements. On May 6, 2010 a confidential binding Memorandum of Understanding was entered into with EnCana Corporation which the Applicants expect will facilitate the implementation of the proposed transaction with the Pre-Emptive Bidder;
- (e) The well in Vulcan has been tied in and has the production capacity anticipated. The Vulcan well as to date has not always been produced to its capacity because of production issues between Darian, the operator, and another producer in the area. Those differences are being addressed, and both the Monitor and the Shaw Family Group have been kept apprised of those developments;
- (f) Darian sold one of its smaller oil and gas assets with the knowledge and consent of the Monitor and the Shaw Family Group, and the transaction has closed. An amount of approximately \$100,000 has been paid into the separate trust account maintained by the Applicants at Alberta Treasury Branches;
- (g) The balance of the Scollard Funds continue to be held in the aforesaid trust account with Alberta Treasury Branches;
- (h) The Applicants have been in constant contact with the Monitor, the Independent Committee and the Shaw Family Group. Weekly conference calls attended by the Shaw Family Group, the Applicants, the Monitor and Peters & Co. are held.

## Future Steps

5. The main priority of the Applicants are to finalize the definitive agreement with the Pre-Emptive Bidder. The Applicants are also proceeding with the disposition of claims against the Applicants in accordance with the Claims Process. The estimated time line to deal with the various matters required to achieve a successful restructuring of the Applicants are provisionally as follows:

DATE	ITEM
by May 7	Give notices to creditors of acceptance or dispute under claims process
<b>May 10 at 1:30 pm</b>	Application for extension of stay to June 25
by May 20	Arrangement Agreement to be finalized
by May 14	Draft CCAA Plan of Arrangement to be ready
file by May 21	Application for extension of stay and leave to call Darian shareholders' meeting
<b>May 27 at 11 am</b>	Applications in Court for:  - leave to call Darian shareholders' meeting - leave to convene meetings of creditors of Darian and Bowview and to circulate the CCAA Plan
by June 4	Creditors who gave Notice of Objection to file applications for disputed claims to be resolved by the Court:
by June 18	Fairness opinion to be ready
by June 18	Lock-up agreements to be signed
June 18	Darian shareholders' meeting
June 18	Darian and Bowview meetings of creditors
<b>June 24</b>	Court hearing: application for approval of ABCA Arrangement
<b>June 24</b>	Application for Final Sanction Order of CCAA Plan
June 25	Plan Implementation date and deal with Pre-Emptive Bidder closes
June 25 onwards	Monitor distributes funds to creditors and Darian deals with any remaining disputed claims

6. The above provisional time line is subject to change, but it is the intention of the Applicants to strive to achieve the Plan Implementation Date no later than the end of June 2010.

## Stay Extension

7. Attached hereto and marked as **Exhibit "A"** is a statement showing the actual financial performance of the Applicants since March 29, 2010. The statement shows that there was a

negative net cash flow of approximately \$777,000 over the period March 29 – April 30, 2010, which compares to a forecasted cash flow deficit of approximately \$1.7 Million over the equivalent period, as set out in the cash flow projection attached as Exhibit “B” to the Affidavit sworn by Lyle Furber on March 29, 2010. The principal reasons resulting in the variance are as follows:

- (a) The anticipated GST refund of \$511,000 was not received as Canada Revenue Agency has advised they will be carrying out a GST audit;
- (b) Operating costs were approximately \$912,000 less than anticipated as vendors and joint venture partners continue to issue invoices slower than anticipated. I am not aware of any suppliers registering complaints that their post-petition bills are not being paid on a timely basis; and
- (c) Itemized repairs and maintenance expenditures were \$250,000 less than anticipated as we focused our efforts on the tie-in of the Vulcan Well and with stabilizing production after the power outages that resulted from the snow storms in mid-April.

8. Attached hereto and marked as **Exhibit “B”** are updated cash flow projections for the period commencing May 1, 2010 and ending the week of June 21, 2010. The cash flow projections have been discussed with the Monitor, who has not expressed any concerns with them.

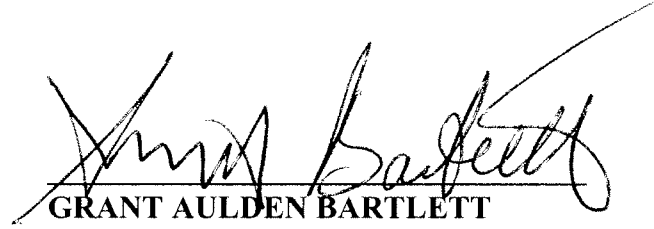
9. The updated cash flow projections indicate that the Applicants will have to utilize approximately \$185,000 of the authorized Scollard Share proceeds towards the end of the forecast period with the amount being repaid the following week..

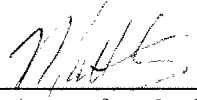
10. The Applicants have acted, and are continuing to act, in good faith and with due diligence in these proceedings.

11. In light of the foregoing, the Applicants request an extension of the Stay Period to June 25, 2010.

12. I swear this Affidavit in support of an application seeking an order, *inter alia*, extending the Stay Period to June 25, 2010.

SWORN BEFORE ME at the City of )  
Calgary, in the Province of Alberta, this )  
1<sup>st</sup> day of May, 2010. )

  
GRANT AULDEN BARTLETT

  
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A Commissioner for Oaths in and for the )  
Province of Alberta )

**MATTI LEMMENS**  
**STUDENT-AT-LAW**

EXHIBIT "A"

This is Exhibit "A" referred to  
in the Affidavit of

**Darian Resources Ltd. and Bowview Petroleum Inc.**  
**Actual Cash Flow - Consolidated**  
**(unaudited)**  
**March 29 - April 30, 2010**  
**Submitted on May 7, 2010**

Grant Aulden Bartlett  
Sworn before me this 7<sup>th</sup>  
Day of May, A.D. 2010  
Matt

**MATTI LEMMENS**  
**STUDENT-AT-LAW**

	<u>Actual</u>
<b><u>RECEIPTS</u></b>	
Petroleum and natural gas revenues	1,080,872
Royalties	<u>(98,518)</u>
	982,354
GST Refunds	
Funds released by Monitor	-
Sale of Scollard Shares and P&NG Assets	<u>104,769</u>
<b>Subtotal</b>	<b><u>1,087,123</u></b>
<b><u>DISBURSEMENTS</u></b>	
Operating Costs	(448,175)
Itemized repairs and maintenance	-
Contract Field Operators	(13,118)
Capital expenditures	(212,962)
Payroll	
Employees & benefits	(287,142)
Consultants	(24,861)
Lease payments	
Premises	(160,833)
Operating	(5,094)
Land & mineral lease rentals	(77,925)
General & administrative	(34,915)
Insurance	
Bank interest and fees	(47,953)
Professional fees	(75,000)
Restructuring costs	<u>(476,249)</u>
<b>Subtotal</b>	<b><u>(1,864,226)</u></b>
<b>NET CASH FLOW (DEFICIT)</b>	<b><u>(777,103)</u></b>
<b>OPENING CASH</b>	<b>2,434,622</b>
Restricted Funds	-
<b>CLOSING CASH</b>	<b><u>1,657,519</u></b>

This is Exhibit "B" referred to  
in the Affidavit of  
Grant Alden Bartlett  
Sworn before me this 7th  
Day of May A.D. 2010

**MATTI LEMMENS**  
**STUDENT-AT-LAW**

EXHIBIT "B"

**Darian Resources Ltd. and Bowview Petroleum Inc.**  
**Projected Cash Flow - Consolidated**  
(unaudited)  
Submitted on May 7, 2010

	Notes	Week Beginning										TOTAL	
		03-May-10	10-May-10	17-May-10	24-May-10	31-May-10	07-Jun-10	14-Jun-10	21-Jun-10	Fcst	Fcst		
<b>RECEIPTS</b>													
Petroleum and natural gas revenues	1				1,117,415							1,039,184	2,156,599
Royalties	1				144,007							130,368	274,375
GST Refund					1,261,422							1,169,552	2,430,974
<b>Subtotal</b>					<b>1,261,422</b>							<b>1,169,552</b>	<b>2,430,974</b>
<b>DISBURSEMENTS</b>													
Operating Costs	2	(147,282)	(277,996)	(277,996)	(277,996)	(277,996)	(277,996)	(277,996)	(277,996)	(277,996)	(277,996)	(277,996)	(2,093,256)
Itemized repairs and maintenance	2	(27,500)	(27,500)	(27,500)	(27,500)	(27,500)	(27,500)	(27,500)	(27,500)	(27,500)	(27,500)	(27,500)	(220,000)
Contract Field Operators	2	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(96,000)
Capital expenditures	3	(20,000)	-	-	-	-	-	(58,000)	-	-	-	-	(78,000)
Payroll	4	-	(76,713)	-	-	(97,065)	-	-	-	(76,713)	-	-	(250,492)
Employees & benefits	4	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(44,000)
Consultants	5	18,413	-	-	(68,598)	-	-	-	-	-	-	-	(50,185)
Lease payments	5	(5,094)	-	-	(63,089)	-	(5,094)	-	-	-	-	-	(10,188)
Premises	5	-	-	-	-	-	-	-	-	-	-	-	(63,089)
Operating	5	-	-	-	-	-	-	-	-	-	-	-	(40,000)
Land & mineral lease rentals	6	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(38,166)
General & administrative	7	(19,083)	(19,083)	(19,083)	(19,083)	(19,083)	(19,083)	(19,083)	(19,083)	(19,083)	(19,083)	(19,083)	(195,000)
Insurance	8	(5,245)	(5,245)	(5,245)	(5,245)	(5,245)	(5,245)	(5,245)	(5,245)	(5,245)	(5,245)	(5,245)	(41,960)
Bank interest and fees	9	-	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(195,000)
Professional fees	9	-	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(425,000)
Restructuring costs	10	-	(140,000)	(10,000)	(85,000)	-	(95,000)	-	(95,000)	-	-	(95,000)	(425,000)
<b>Subtotal</b>		<b>(209,208)</b>	<b>(609,038)</b>	<b>(343,241)</b>	<b>(549,928)</b>	<b>(470,306)</b>	<b>(491,335)</b>	<b>(429,038)</b>	<b>(429,038)</b>	<b>(429,038)</b>	<b>(429,038)</b>	<b>(543,241)</b>	<b>(3,645,336)</b>
<b>NET CASH FLOW (DEFICIT)</b>		<b>(209,208)</b>	<b>(609,038)</b>	<b>(343,241)</b>	<b>711,494</b>	<b>(470,306)</b>	<b>(491,335)</b>	<b>(429,038)</b>	<b>(429,038)</b>	<b>(429,038)</b>	<b>(429,038)</b>	<b>626,310</b>	<b>(1,214,362)</b>
<b>OPENING CASH</b>		1,657,519	1,448,311	839,273	496,032	1,207,526	737,220	245,885	1,847	1,847	1,847	1,847	1,657,519
From Restricted Funds	11												
<b>CLOSING CASH</b>		<b>1,448,311</b>	<b>839,273</b>	<b>496,032</b>	<b>1,207,526</b>	<b>737,220</b>	<b>245,885</b>	<b>1,847</b>	<b>1,847</b>	<b>1,847</b>	<b>1,847</b>	<b>443,157</b>	<b>443,157</b>
<b>RESTRICTED OPENING CASH</b>		4,206,193	4,206,193	4,206,193	4,206,193	4,206,193	4,206,193	4,206,193	4,206,193	4,206,193	4,206,193	4,206,193	4,206,193
To Current Account	11												
<b>RESTRICTED CLOSING CASH</b>		<b>4,206,193</b>	<b>4,206,193</b>	<b>4,206,193</b>	<b>4,206,193</b>	<b>4,206,193</b>	<b>4,206,193</b>	<b>4,206,193</b>	<b>4,206,193</b>	<b>4,206,193</b>	<b>4,206,193</b>	<b>4,206,193</b>	<b>4,206,193</b>

Notes:

1. Revenues (net of transportation charges) and royalties have been estimated based on recent historical results and estimated pricing.
2. Operating costs have been estimated based on recent historical operations with anticipated projects.
3. Capital expenditures to meet anticipated SEM abandonment obligations and final costs for 13-21 tie-in
4. It is assumed that wages, benefits and consulting fees will continue to be paid in the ordinary course.
5. It is assumed lease obligations will be paid in the ordinary course.
6. Estimated general and administrative costs based on recent historical costs.
7. Existing insurance policy for Property, Operators Extra Expense and Boiler and Machinery and Directors' and Officers' Insurance.
8. Includes interest obligations (under existing terms) to secured lender and bank fees. All other debt interest obligations will continue to be accrued.
9. Blake Cassels Graydon LLP for ERCB Board Hearing legal fees and KMPG audit and tax fees.
10. Costs associated with restructuring including those of the company's legal counsel, the Monitor and counsel for the Monitor, and legal counsel for the Independent Committee.
11. Restricted funds represents the proceeds from the sale of the Scollard shares and the selected P&NG assets and the release of up to \$500,000 to fund short fall.



Action No.: 1001-02216

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ALBERTA

JUDICIAL CENTRE OF CALGARY

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**IN THE MATTER OF THE *COMPANIES*  
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**AND IN THE MATTER OF  
BOWVIEW PETROLEUM INC.**

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**AFFIDAVIT  
OF GRANT AULDEN BARTLETT  
Sworn May 1, 2010  
(Extension of Stay to June 25, 2010)**

GRANT AULDEN BARTLETT  
MAY 07 2010  
CALGARY, ALBERTA

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**BORDEN LADNER GERVAIS LLP**  
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1000 Canterra Tower  
400 Third Avenue S.W.  
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**Attention:** Josef G. Krüger Q.C.  
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File No. 438585-000001