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IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
IN AND FOR THE COUNTY OF WASHOE

MANUEL GRAIWER AND T.J. JESKY,
derivatively on behalf of BAKKEN RESOURCES,
INC., a Nevada Corporation,

Consolidated
Case No.: CV14-00544
Dept. No.: B15

Plaintiffs,

vs.

VAL HOLMS, an individual, HERMAN LANDEIS,
an individual, KAREN MIDTLYNG, an individual,
DAVID DEFFINBAUGH, an individual, BILL
BABER, an individual, W. EDWARD NICHOLS,
an individual, WESLEY PAUL, an individual, and
DOES 1-100,

Defendants.

AND RELATED CLAIMS

Consolidated with CV16-01086 and
CV17-00360

NOTICE OF DISMISSAL OF SHAREHOLDER DERIVATIVE ACTION, AND HEARING

PURSUANT TO FRCP 23.1.

TO ALL CURRENT SHAREHOLDERS OF BAKKEN RESOURCES, INC:

This Notice explains your rights concerning the proposed dismissal of all causes of
action and claims brought by the Estate of Val Holms in the consolidated case captioned
Graiwer v. Holms et al., CV16-01084. The proposed dismissal would result in a
dismissal, without prejudice, of the claims brought by the Estate of Val Holms against
BAKKEN RESOURCES, INC., DAN ANDERSON, KAREN MIDTLYNG, HERMAN R.

1 LANDEIS, BILL M. BABER, SOLANGE CHARAS, and DOUGLAS L. WILLIAMS, on the
2 terms and conditions summarized in this Notice.

3
4 **PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS**
5 **MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. THIS NOTICE HAS**
6 **BEEN SENT TO YOU PURSUANT TO RULE 23.1 OF THE NEVADA RULES OF CIVIL**
7 **PROCEDURE (NRCP) FOLLOWING THE EXECUTION AND ENTRY OF THE**
8 **STIPULATION AND ORDER RE: NOTICE TO SHAREHOLDERS PURSUANT TO**
9 **NRCP 23.1 AND HEARING FOR APPROVAL OF DISMISSAL OF DERIVATIVE**
10 **CLAIMS WITHOUT PREJUDICE (CV16-01086)**

11
12 THE PURPOSE OF THIS NOTICE IS TO INFORM YOU OF THE PROPOSED
13 DISMISSAL (THE "DISMISSAL") OF THE DERIVATIVE ACTION FILED IN THE
14 SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA IN AND FOR THE
15 COUNTY OF WASHOE, CASE NUMBER CV16-01086, DEPARTMENT NO. 15; AND
16 TO INFORM YOU OF THE HEARING TO BE HELD BY THE COURT TO CONSIDER
17 THE FAIRNESS, REASONABLENESS AND ADEQUACY OF THE DISMISSAL.

18
19 THIS NOTICE DESCRIBES THE RIGHTS YOU MAY HAVE REGARDING THE
20 PROPOSED DISMISSAL AND WHAT STEPS YOU MAY TAKE IN RELATION TO THE
21 DISMISSAL. THIS NOTICE IS NOT INTENDED TO BE AND SHOULD NOT BE
22 CONSTRUED AS AN EXPRESSION OF ANY OPINION BY THE COURT ABOUT THE
23 MERITS OF ANY CLAIMS OR DEFENSES ASSERTED BY ANY PARTY IN THE SUIT
24 OR THE FAIRNESS OR ADEQUACY OF THE DISMISSAL.

25 **A COURT HEARING TO APPROVE THE DISMISSAL**

26 The Court will hold a hearing in this legal action for the purpose of considering and
27 approving the proposed dismissal of the claims brought by the Estate of Val Holms. The
28 court has scheduled the hearing on the **15th day of October, 2019, at 2:30 pm**, before

1 the Honorable David Hardy, Department 15 of the Second Judicial District Court, 75
2 Court Street, Reno, Nevada.

3 The hearing will:

- 4 1. Determine whether the proposed dismissal should be approved as fair,
5 reasonable, adequate, and in the best interests of Bakken Resources, Inc.;
- 6 2. Determine whether an Order and Final Judgment should be entered
7 dismissing without prejudice, and without attorney's fees and costs to any
8 party, all causes of action and claims pending in CV16-01086.
- 9 3. Rule on any other matters that come before the court.

10 The court may adjourn and reconvene the hearing by oral announcement at such
11 hearing or at any time without notice of any kind to anyone other than the parties to the
12 derivative action. The court may approve the dismissal with or without any modification
13 and enter a Judgment and Order without further notice of any kind.

14 **SUMMARY OF THE CLAIMS IN THIS CONSOLIDATED DERIVATIVE ACTION**
15 **(CV16-01086)**

16 On May 17, 2016, Val Holms, as a stockholder of Bakken Resources, Inc. ("BRI"),
17 filed a Complaint in the Second Judicial District Court of the State of Nevada, pursuant to
18 Rule 23.1 of the Nevada Rules of Civil Procedure, against BAKKEN RESOURCES, INC.,
19 DAN ANDERSON, KAREN MIDTLYNG, HERMAN R. LANDEIS, BILL M. BABER,
20 SOLANGE CHARAS, and DOUGLAS L. WILLIAMS ("Defendants")(hereinafter the "2016
21 Derivative Action"). The 2016 Derivative Action was consolidated into CV14-00544, and
22 the case remains active.¹

23 Val Holms alleged claims for breach of fiduciary duty and intentional interference
24 with contract against the Defendants. Holms alleged that the Defendants took action to
25 wrongfully prevent consummation of a settlement agreement that had been reached
26 between Holms and Manuel Graiwer, in the consolidated case CV14-00544.

27 ¹ Val Holms died on December 24, 2016. James Madson Holms, as the Personal
28 Representative of the Estate of Val Holms, substituted in as Plaintiff in the 2016
Derivative Action by Court Order on April 6, 2017.

1 Holms also alleged that the Defendants breached their fiduciary duties by
2 approving of a financing transaction with a New York private equity firm, Eagle Private
3 Equity (“Eagle”), for a one-million dollar line of credit that was purportedly “intended for
4 the acquisition of mineral assets.” Holms alleged that the Eagle financing arrangement
5 was unconventional, unnecessary, and expressly intended to thwart his settlement with
6 Graiwer by diluting the value and voting power of his BRI stock, in order to prevent
7 anyone from acquiring his shares to obtain a controlling interest in BRI that would allow
8 for replacement of the Board of Directors.

9 **STATUS OF THE ACTION**

10 On March 27, 2019, this Court entered its Judgment in consolidated case CV17-
11 00360, declaring Allan Holms to be the rightful owner of the 26,235,000 shares of BRI
12 stock formerly owned by Val Holms, rendering the Estate of Val Holms without a claim to
13 ownership of any shares of BRI.

14 It is well established in Nevada that a former stockholder has no standing to
15 pursue derivative claims under NRCP 23.1. *Cohen v. Mirage Resorts, Inc.*, 119 Nev. 1,
16 19, 62 P.3d 720, 732 (2003)(“a former shareholder has no standing to sue for breach of
17 fiduciary duty on a derivative claim”). Thus, James Madson Holms, as the Personal
18 Representative of the Estate of Val Holms, no longer has any claim to ownership of BRI
19 stock, and therefore no longer maintains standing to pursue the claims alleged in the
20 2016 Derivative Action. Accordingly, each of the claims pending in CV16-01086 are
21 appropriately dismissed without prejudice.

22 All parties to the consolidated actions, through counsel, have stipulated to the
23 dismissal of the action.

24 **DISMISSAL TERMS**

25 The parties have agreed that the claims must be dismissed without prejudice, and
26 that all parties will bear their own costs and fees. No other conditions are being
27 proposed.

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YOUR RIGHT TO BE HEARD AT THE HEARING

The hearing for approval of the 2016 Derivative Action will occur in the Court before the Honorable David Hardy on the 15th day of October, 2019, at 2:30 p.m. in the Second Judicial District Court, Washoe County, located at 75 Court St., Reno, NV 89501 (the "Dismissal Hearing"). Current company shareholders who have no objection to the proposed dismissal need not take any further action. Any current company shareholder who wishes to be heard concerning any matters relating to the dismissal may, but is not required to, enter an appearance in this suit, and be represented by counsel of his, her, or its choice and expense, and present evidence or argument.

IF YOU CHOOSE TO OBJECT, YOU MUST FOLLOW THE FOLLOWING PROCEDURES or you shall not be heard, and no papers, briefs, or other documents by you shall be received and considered by the Court. No later than ten (10) day prior to the Dismissal Hearing, you must file with the Clerk of the Court the following:

- (a) a written notice of objection with your name, address and telephone number, along with a representation as to whether you intend to appear at the Dismissal Hearing;
- (b) competent evidence that you currently own shares of Company stock;
- (c) a statement of your objections to any matters before the Court, the grounds therefore and the reasons for your desiring to appear and be heard, as well as all documents or writings you desire the Court to consider; and
- (d) the identification of any witnesses you plan on calling at the Dismissal Hearing, along with a summary of their likely testimony.

The Washoe County District Court address is:

Second Judicial District Court,
The Honorable David Hardy, Dept. 15
75 Court Street
Reno, Washoe County, NV 89501

In addition, on or before ten (10) days prior to the Dismissal Hearing, you must also serve the same documents by hand, first class mail or overnight delivery upon all of the

1 following counsel of record:

2 ROBISON, SHARP, SULLIVAN & BRUST
3 71 Washington Street
4 Reno, Nevada 89503
5 FRANK C. GILMORE, ESQ.
Attorneys for Defendant/Counterclaimant
Allan G. Holms

6 LEMONS, GRUNDY & EISENBERG
7 6005 Plumas Street, Third Floor
8 P.O. Box 2670
9 Reno, NV 89519
10 TODD ALEXANDER, ESQ.
11 CARYN TIJSSELING, ESQ.
12 DOUGLAS BROWN, ESQ.
13 *Attorneys for the Estate of Val Holms*

14 DICKINSON WRIGHT PLLC
15 100 West Liberty Street, Suite 940
16 Reno, NV 89501
17 JOHN P. DESMOND
18 BRIAN R. IRVINE
19 JUSTIN J. BUSTOS
20 *Attorneys for Bakken Resources, Inc.*

21 If you follow the above procedures, even if you do not appear at the Dismissal
22 Hearing, the Court will consider your written submission. Unless the Court otherwise
23 directs, you shall not be entitled to object to the approval of the Dismissal, to any Order or
24 Judgment entered thereon, or to otherwise be heard, except by serving and filing a
25 written objection and supporting papers and documents as prescribed above. If you fail to
26 object in the manner and within the time prescribed above, you shall be deemed to have
27 waived any right to object and shall forever be barred from raising such objections(s) in
28 this or any other action or proceeding.

EXAMINATION OF PAPERS

21 This Notice provides only a summary of the circumstances surrounding this suit
22 and the claims and defenses asserted in this suit. You may inspect the pleadings, orders,
23 related documents and other papers on file in this legal action, during regular business
24 hours at the Clerk of the Court in the Second Judicial District Court of the State of
25 Nevada in and for the County of Washoe, 75 Court St., Reno, NV 89501.

NOTICE TO BANKS, BROKERAGE FIRMS AND OTHER NOMINEES

26 Any banks, brokerage firms, institutions, and other persons who are nominees
27 who hold Common Stock of the Company for the beneficiary interest of other persons,
28 within ten (10) days of receipt of this Notice, are requested to either (a) provide the

1 Company with the names and addresses of such beneficial holders, or (b) forward a copy
2 of this Notice to each such beneficial holder and provide the Company with written
3 confirmation that the Notice has been so forwarded. Additional copies of the Notice may
4 be obtained from the Company for forwarding to such beneficial owners. All such
5 correspondence should be addressed to the Company as follows:


6 Bakken Resources, Inc.,
7 1314 S Grand Blvd #2-112
8 Spokane, WA 99202

9 **AFFIRMATION**
10 **Pursuant to NRS 239B.030**

11 The undersigned does hereby affirm that this document does not contain the
12 social security number of any person.

13 DATED this 19 day of September, 2019.

14 Clerk of the Court of the Second Judicial District
15 Court of the State of Nevada, in and for the
16 County of Washoe

17 
18 CLERK OF THE COURT
19 