

COURT FILE NUMBER 25-094321

ESTATE NUMBER 25-094321

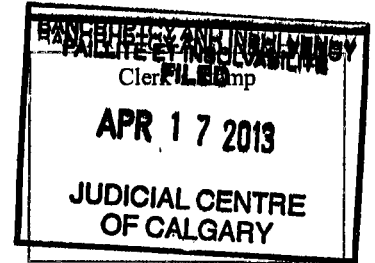
COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT IN THE MATTER OF THE BANKRUPTCY AND
INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF
IMPACT 2000 INC.

DOCUMENT SEVENTH REPORT OF ALVAREZ AND MARSAL
CANADA INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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INTRODUCTION

1. On November 2, 2011, Impact 2000 Inc. (“Impact” or the “Company”) sought protection from its creditors through filing a Notice of Intention to Make a Proposal (the “NOI”) under section 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (“BIA”) and a stay of proceedings was obtained on that date (the “Filing Date”). Alvarez & Marsal Canada Inc. (the “Trustee”) was named as Trustee under the NOI.
2. On November 29, 2012, an order was granted by the Court of Queen’s Bench of Alberta (the “Court”) to extend the initial stay period ending on December 2, 2012 to January 10, 2013 (the “First Stay Extension Order”).
3. On January 8, 2013, an order was granted by the Court to extend the stay period granted in the First Stay Extension Order to February 22, 2013 (the “Second Stay Extension Order”).
4. On February 20, 2013, an order was granted by the Court that further extended the stay period granted in the Second Stay Extension Order to February 28, 2013 (the “Third Stay Extension Order”). On February 28, 2013, the Third Stay Extension Order was extended by the Court to April 8, 2013 (the “Fourth Stay Extension Order”).
5. On April 8, 2013, the Fourth Stay Extension Order was extended for one day to April 9, 2013 (the “Fifth Stay Extension Order”) and then subsequently, an additional extension was further granted on April 9, 2013 to April 18, 2013 (the “Sixth Stay Extension Order”).
6. The purpose of this seventh report of the Trustee (the “Seventh Report” or “this Report”) is to provide this Court and interested parties with an update and information in respect of the following:
 - a) a brief update since the sixth report of the Trustee (the “Sixth Report”);

- b) Impact's ongoing restructuring efforts to date;
 - c) the Trustee's comments with respect to Impact's application for an extension of time for filing its proposal (the "Proposal") to May 2, 2013; and
 - d) the Trustee's recommendations.
7. Capitalized terms not defined in this Seventh Report are as defined in the First Stay Extension Order, the Second Stay Extension Order, the Third Stay Extension Order, the Fourth Stay Extension Order, the Fifth Stay Extension Order, the Sixth Stay Extension Order, the First Report, the Supplemental First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report and the Sixth Report.
8. All references to dollars are in Canadian currency unless otherwise noted.

TERMS OF REFERENCE

9. In preparing this Seventh Report, the Trustee has relied upon unaudited financial information, Impact's records and discussions with various advisors of Impact. The Trustee has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future oriented financial information relied upon in this report is based on Impact's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

LIMITATION IN SCOPE OF REVIEW

10. The Seventh Report has been prepared by the Trustee pursuant to the rules and regulations as set out in the BIA. The BIA provides that the Trustee shall incur no liability for any act or omission pursuant to its appointment or fulfillment of its duties, save and except for gross negligence or wilful misconduct on its part.

11. This Seventh Report is not and should not be construed or interpreted as an endorsement, comment or recommendation to any creditor, prospective investor, or any persons to advance credit and/or goods and services or to continue to provide credit and/or goods and services or to lend monies to Impact during these proceedings and/or at any other such time.
12. The Trustee has not audited or reviewed the assets of Impact, and with respect to such assets, the Trustee has relied to a significant degree upon information provided by Impact.
13. The Trustee is specifically not directed or empowered to take possession of the assets of the Company or to manage any of the business and affairs of the Company.

IMPACT'S BUSINESS AND FINANCIAL AFFAIRS

Background

14. Background information with respect to Impact's operations and restructuring during the NOI proceedings is included in the First Report, the Supplemental Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report, the Sixth Report and other materials, which has been posted by the Trustee on its website at: www.amcanadadocs.com/impact.

Update on the Sales Process for Redundant Equipment

15. As previously reported, on April 2, 2013, an order was granted approving the sale of the Redundant Equipment (the "Redundant Equipment Order") to Century Services Inc. ("Century") and approving the proposed distribution from the proceeds of this sale. The entirety of the Redundant Equipment Order was appealed by Canadian Western Bank ("CWB"), which led to confusion on whether the sale to Century was complete or could be completed. CWB subsequently agreed to amend their appeal to only appeal the distribution of funds, the sale to Century closed and the Trustee held the proceeds pending

determination of the appeal. The Trustee was advised by counsel to Takoda that the appeal was to be abandoned and has now received the filed Discontinuance of Appeal.

16. As a result, the Trustee has distributed the proceeds from the Century sale in accordance with the Redundant Equipment Order and the cash flow forecast as set out in the Fifth Report.

Cash flow forecasts

17. A cash flow forecast prepared by Impact was included in the Fifth Report and covered the period to May 23, 2013, the outside date to call a creditor meeting to vote on any proposal presented by Impact. Impact has advised that that cash flow forecast remains unchanged and therefore no updated cash flow forecast has been prepared at this time.

ONGOING RESTRUCTURING EFFORTS TO DATE

Update

18. On or about April 15, 2013, Impact, M. Wolowich and P. Wolowich as guarantors, CWB and Takoda Resources Inc. ("Takoda"), a company incorporated and capitalized by FC Takoda Holdings, LLC, a wholly owned subsidiary of Full Circle Capital Corporation, an affiliate of Full Circle Funding LP ("FCF"), reached an agreement (the "Assignment Agreement") whereby all loans and other obligations owed by Impact to CWB and all security held by CWB were assigned to Takoda and Impact, M. Wolowich and P. Wolowich released CWB from any and all claims.
19. Accordingly, Takoda as the assignee of CWB's secured position is now a creditor in the NOI proceedings and CWB is no longer a creditor of Impact nor an interested party in the NOI proceedings and have requested to be struck from the Service List.

20. The Trustee understands that Mrs. Patty Wolowich is a minority shareholder of Takoda and Mr. Mike Wolowich is an officer and employee of Takoda.
21. The Trustee understands that Impact, along with its counsel, continues diligently to have meaningful discussions with Full Circle Funding LP and Takoda to enter into a refinancing and/or the potential purchase of Impact's business, assets and/or undertakings to assist Impact in its restructuring.

Refinancing of the Business

22. The Trustee has been advised by Impact and Takoda's counsel, that now having acquired CWB's position, Takoda requires further time to assess whether it will provide funding to sponsor a proposal by Impact to its unsecured creditors.
23. As part of Takoda's assessment it has advised Impact that it requires appraisals of its assets and Impact has requested the Trustee to assist in obtaining two appraisal of Impact's remaining assets and to solicit auction proposals with respect to Impact's equipment. In order to complete these appraisals and to allow Takoda to complete its due diligence to determine whether it is prepared to sponsor a proposal by Impact to its unsecured creditors, Impact is requesting an extension to the current stay period to May 2, 2013, which is the last day under the 180 day limitation under the BIA.
24. Impact has further advised that if Takoda decides to sponsor a proposal by Impact to its unsecured creditors, Impact may make an application to continue its proposal proceedings under the *Companies' Creditors Arrangement Act*, RSC 1985, c C- 36, as amended ("CCAA") and to apply for a further stay of proceedings under the CCAA to allow reasonable time for Impact to make a proposal to its unsecured creditors.

APPLICATION TO EXTEND THE TIME TO PREPARE A PROPOSAL

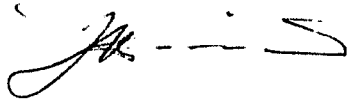
25. Pursuant to the BIA, Impact's stay of proceedings expires at midnight on April 18, 2013 (the "Stay Period"). The Trustee has been advised that Impact will be seeking an extension of the Stay Period for 14 days as allowed for under s. 50.4(9) of the BIA, which would be until, and including, May 2, 2013 (the "Stay Extension"). The deadline for Impact to file a Proposal to its creditors in these proceedings is May 2, 2013.
26. Impact has been acting in good faith and diligently in respect of these proceedings and in the consideration of its options to put forth a viable Proposal to its creditors.
27. The Trustee does not believe that any creditor will be materially prejudiced if the Stay Extension is granted.
28. Based on the review of Impact's financial information and its discussions with Takoda's counsel to potentially fund a Proposal to Impact's creditors, the Trustee is of the view that Impact may likely be able to make a viable Proposal to its creditors.
29. The Stay Extension is necessary to allow time for Takoda to assess and determine if it will sponsor a plan which would allow Impact to present a viable plan to its creditors.

RECOMMENDATION


30. The Trustee recommends that this Honourable Court approve the Stay Extension.

All of which is respectfully submitted this 17th day of April, 2013.

**ALVAREZ & MARSAL CANADA INC.,
in its capacity as Trustee under the Notice
of Intention to Make a Proposal of
Impact 2000 Inc.**

A handwritten signature in black ink, appearing to read 'Tim Reid'.

Tim Reid, CA•CIRP
Senior Vice-President

A handwritten signature in black ink, appearing to read 'Orest Konowalchuk'.

Orest Konowalchuk, CA•CIRP
Senior Manager